

BILL ANALYSIS

C.S.H.B. 3120
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Community colleges in Texas are considered special taxing units and have the ability to raise the voter-approval tax rate for increased operating expenses by up to eight percent annually without voter approval. As one of the few community college taxing districts that encompass two entire counties—Hidalgo and Starr Counties—the South Texas College governing board holds significant taxing authority in the region. C.S.H.B. 3120 seeks to ensure taxpayer oversight of any significant potential increases in maintenance and operations taxes in the South Texas College taxing district by lowering the threshold of the allowable year-over-year percentage increase in the amount of revenue the district raises that triggers a voter election.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3120 amends the Tax Code to classify a junior college district whose service area boundaries and taxing district boundaries are identical and that is located in at least one county adjacent to an international border as a special junior college district for property tax assessment purposes and to establish a separate formula for such a district to use in calculating its voter-approval property tax rate. In doing so, the bill reduces the allowable year-over-year percentage increase in the amount of revenue the district raises from eight percent, which applies to all other junior college districts, to 3.5 percent.

C.S.H.B. 3120 excludes the application of the special junior college district's voter-approval tax rate formula from provisions relating to the following:

- the calculation and adoption of certain tax rates in a declared disaster area; and
- a petition election to reduce the tax rate of certain taxing units.

The bill's provisions apply only to property taxes imposed for a property tax year that begins on or after the bill's effective date.

EFFECTIVE DATE

January 1, 2024.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3120 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

While both the introduced and the substitute reduce the allowable year-over-year percentage increase in the amount of revenue raised by the district subject to the bill as compared to all other junior college districts, the substitute increases the percentage from three percent, as provided in the introduced, to 3.5 percent.