

By: Harrison

H.B. No. 4803

A BILL TO BE ENTITLED

AN ACT

relating to municipal and county ad valorem tax relief.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 140, Local Government Code, is amended by adding Section 140.014 to read as follows:

Sec. 140.014. AD VALOREM TAX RELIEF USING CERTAIN SURPLUS REVENUE. (a) In this section:

(1) "Consumer price index" means the index that the comptroller considers to most accurately report changes in the purchasing power of the dollar for consumers in this state.

(2) "Inflation rate" means the amount, expressed in decimal form rounded to the nearest thousandth, computed by determining the percentage change in the consumer price index for the most recent 12-month period for which the index can be determined as compared to the consumer price index for the 12-month period preceding that period.

(3) "Population growth rate" means the rate of growth of the state's population during the preceding calendar year, expressed in decimal form rounded to the nearest thousandth, determined by the board in accordance with the most recent population estimates published by the United States Census Bureau.

(4) "Surplus revenue" means the total amount of money received by a county or municipality in the preceding fiscal year in excess of the amount computed by:

1 (A) multiplying the amount of the adopted budget
2 of the county or municipality for the preceding fiscal year by the
3 sum of 1 and the population growth rate; and

4 (B) multiplying the amount computed under
5 Paragraph (A) by the sum of 1 and the inflation rate.

6 (b) By July 1 or as soon thereafter as practicable, the
7 comptroller shall determine the rate of inflation in this state and
8 publish that rate in the Texas Register.

9 (c) A county or municipality shall use the total amount of
10 surplus revenue generated by the county or municipality in the
11 preceding fiscal year for ad valorem tax relief in the current
12 fiscal year. The relief must be provided in a manner that reduces
13 the amount of ad valorem taxes that a property owner would otherwise
14 be required to pay.

15 SECTION 2. Chapter 26, Tax Code, is amended by adding
16 Section 26.046 to read as follows:

17 Sec. 26.046. ANNUAL LIMIT ON TAX RATE OF COUNTY OR
18 MUNICIPALITY. (a) In this section:

19 (1) "Consumer price index" means the index that the
20 comptroller considers to most accurately report changes in the
21 purchasing power of the dollar for consumers in this state.

22 (2) "Inflation rate" means the amount, expressed in
23 decimal form rounded to the nearest thousandth, computed by
24 determining the percentage change in the consumer price index for
25 the most recent 12-month period for which the index can be
26 determined as compared to the consumer price index for the 12-month
27 period preceding that period.

1 (3) "Population growth rate" means the rate of growth
2 of the state's population during the preceding calendar year,
3 expressed in decimal form rounded to the nearest thousandth,
4 determined by the board in accordance with the most recent
5 population estimates published by the United States Census Bureau.

6 (b) By July 1 or as soon thereafter as practicable, the
7 comptroller shall determine the rate of inflation in this state and
8 publish that rate in the Texas Register.

9 (c) Notwithstanding any other law, including Sections
10 26.042 and 26.07, the governing body of a county or municipality may
11 not adopt a tax rate for a tax year that exceeds the rate, expressed
12 in dollars per \$100 of taxable value, computed by:

13 (1) multiplying the total amount of money received by
14 the county or municipality from all sources during the preceding
15 tax year by the sum of 1 and the population growth rate;

16 (2) multiplying the amount computed under Subdivision
17 (1) by the sum of 1 and the inflation rate;

18 (3) subtracting from the amount computed under
19 Subdivision (2) the amount of money estimated to be received by the
20 county or municipality in the current tax year from all sources
21 other than ad valorem taxes; and

22 (4) dividing the amount computed under Subdivision (3)
23 by the current total value for the county or municipality.

24 (d) By August 7 or as soon thereafter as practicable, an
25 officer or employee designated by the governing body of a county or
26 municipality shall calculate the rate described by Subsection (c)
27 and submit the rate to the governing body of the county or

1 municipality.

2 (e) Notwithstanding Subsection (c), the governing body of a
3 county or municipality may adopt a tax rate for a tax year that
4 exceeds the rate computed under that subsection if:

5 (1) before the adoption of a tax rate for that tax year
6 the county or municipality pledged the taxes for payment of a debt;
7 and

8 (2) adopting a rate less than or equal to the rate
9 computed under that subsection would impair the obligation of the
10 contract creating the debt.

11 SECTION 3. Section 140.014, Local Government Code, as added
12 by this Act, applies only to a county or municipal fiscal year that
13 begins on or after the effective date of this Act.

14 SECTION 4. Section 26.046, Tax Code, as added by this Act,
15 applies only to the ad valorem tax rate adopted by a county or
16 municipality for an ad valorem tax year that begins on or after the
17 effective date of this Act.

18 SECTION 5. This Act takes effect January 1, 2024.