

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 23, 2023

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2714 by Thompson, Ed (Relating to the authority of the officer or employee designated by the governing body of a municipality to calculate certain ad valorem tax rates of the municipality to recalculate those rates.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 26 of the Tax Code, relating to Assessment, to provide that an officer or employee designated by the governing body of a municipality to calculate the municipality's no-new-revenue tax rate and voter-approval tax rate for a tax year using the certified estimate is allowed to recalculate those rates for that tax year after the municipality receives the certified appraisal roll. The bill would designate the recalculated voter-approval tax rate as the taxing unit's voter-approval tax rate in the applicable preceding tax year for purposes of calculating the unused increment rate.

The bill would direct the designated officer or employee to certify the recalculation on the tax rate calculation forms, to electronically integrate them into the database, and to submit the tax rate calculation forms used in recalculating the rates to the county assessor-collector for each county in which all or part of the territory of the taxing unit is located. The county assessor-collectors must post the recalculated form on the Internet website.

Under current law, the chief appraiser is required to certify the appraisal roll or provide a certified estimate of taxable value to the taxing units by July 25. If the chief appraiser certifies an estimate of taxable value, the taxing unit is required to use the certified estimate to calculate tax rates. Taxing units must adopt a tax rate for the current year before the later of September 30 or the 60th day after the date the certified appraisal roll or certified estimate of taxable value is received. Failure to adopt a tax rate in a timely manner could result in the taxing unit having to use the lower of its no-new revenue rate for the current year or last year's tax rate.

Any late recalculation beyond the one addressed in the bill related to the issuance of the certified appraisal roll could interfere with the preparation of tax bills as well as trigger an election to obtain voter approval for the governing body's tax rate in the November election.

Local Government Impact

Allowing a municipality to recalculate tax rates after receiving the certified appraisal roll could affect the tax rates for the taxing unit. The bill does not provide a deadline by which the recalculation must occur. As a result, a municipality may have already calculated, provided public notice, held hearings on a proposed tax rate, and adopted the tax rate before receiving the certified appraisal roll and requesting the recalculation. The recalculation could affect anticipated collection rates.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD, BRI