

By: Harrison

H.B. No. 107

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,

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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:

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

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

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

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

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

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

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(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.

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

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

(1) multiplying the total amount of money received by the county or municipality from all sources during the preceding

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tax year by the sum of 1 and the population growth rate;

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

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

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

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

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

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

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

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

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

SECTION 5. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect on the 91st day after the last day of the legislative session.