**BILL ANALYSIS**

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| Senate Research Center | C.S.S.B. 1449 |
| 89R21363 RDS-D | By: Bettencourt |
|  | Local Government |
|  | 4/16/2025 |
|  | Committee Report (Substituted) |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In 2019 the Texas Legislature passed S.B. 2, the Property Tax Reform and Transparency Act of 2019, which made sweeping overhauls to the state's property tax system. Under S.B. 2 taxing units in a declared disaster area are allowed to utilize the prior law's eight percent voter-approval tax rate multiplier when calculating their tax rate, which allows the taxing unit the ability to generate sufficient cash flow to provide the local match for federal disaster recovery.

However, concerns have been raised that some taxing units have abused their ability to utilize this additional tax authority, and have levied additional property taxes during events that did not incur disaster-related expenses to the taxing unit.

S.B. 1449 seeks to address these concerns by repealing a taxing unit's ability to set a higher tax rate when the taxing unit is located in a disaster area.

Committee Substitute Changes:

Amends the Tax Code provisions that allow a taxing unit in a declared disaster area to calculate a higher tax rate to allow the taxing unit to collect additional revenue equal to the taxing unit's required local FEMA match.

C.S.S.B. 1449 amends current law relating to the effect of a disaster and associated costs to remove debris or wreckage on the calculation of certain tax rates and the procedure for adoption of a tax rate by a taxing unit.

**RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 26.042, Tax Code, by amending Subsections (a), (f), and (g) and adding Subsections (a-1), (a-2), and (a-3), as follows:

(a) Authorizes the governing body of a taxing unit other than a school district or a special taxing unit, notwithstanding Sections 26.04 (Submission of Roll to Governing Body; No-New-Revenue and Voter-Approval Tax Rates) and 26.041 (Tax Rate of Unit Imposing Additional Sales and Use Tax), to direct the designated officer or employee to calculate the voter-approval tax rate of the taxing unit in the manner provided by Subsection (a-2) or (a-3), as applicable, rather than for a special taxing unit, if any part of the taxing unit is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States and at least one person is granted an exemption under Section 11.35 (Temporary Exemption for Qualified Property Damaged by Disaster) for property located in the taxing unit.

(a-1) Defines "disaster debris cost" and "disaster debris rate."

(a-2) Provides that this subsection applies only to a taxing unit that is wholly or partly located in an area declared a disaster area by the president of the United States and for which an estimate has been made under 42 U.S.C. Section 5173 relating to the cost to remove debris or wreckage in the taxing unit. Provides that, for a taxing unit to which this subsection applies, the voter-approval tax rate the governing body of the taxing unit, is authorized to direct the designated officer or employee to calculate under Subsection (a) is equal to the lesser of the voter-approval tax rate calculated in the manner provided for a special taxing unit or the voter-approval tax rate calculated according to a certain formula.

(a-3) Authorizes the governing body of the taxing unit, for a taxing unit to which Subsection (a) applies but Subsection (a-2) does not apply, to direct the designated officer or employee to calculate the voter-approval tax rate in the manner provided for a special taxing unit.

(f) Deletes existing text prohibiting the amount by which that rate exceeds the taxing unit's voter-approval tax rate for that tax year, if a taxing unit adopts a tax rate under Subsection (d) (relating to when increased expenditure of money by a taxing unit other than a school district is necessary to respond to a disaster), from being considered when calculating the taxing unit's voter-approval tax rate for the tax year following the year in which the taxing unit adopts the rate.

(g) Makes conforming changes to this subsection.

SECTION 2. Repealer: Section 26.042(d) (relating to providing that, if the taxing unit is located in a disaster area, an election is not required to approve the tax rate adopted in the year after the disaster occurs), Tax Code.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: January 1, 2026.