

## **BILL ANALYSIS**

C.S.H.B. 30  
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Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The bill author has informed the committee that local taxing units in Texas must typically get voter approval for significant property tax increases, thus ensuring taxpayer input, and that under current law certain taxing units are permitted to bypass this requirement in the year after a declared disaster, but the author also informed the committee that, despite being intended to help communities recover quickly, this exception has drawn criticism for enabling tax hikes without voter consent, often catching residents off guard during already difficult times and leading to confusion and eroded public trust. C.S.H.B. 30 seeks to allow greater flexibility for certain taxing units responding to disasters by modifying how they calculate their voter-approval tax rate. The bill allows the taxing units located in federal and state declared disaster areas to use either the existing special taxing unit formula or a new formula set by the bill that incorporates a disaster debris rate.

### **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. 30 repeals the Tax Code provision that authorizes a taxing unit other than a school district, in the year following the year in which a disaster occurs, to adopt a property tax rate that exceeds the voter-approval tax rate (VATR) or de minimis rate, as applicable, without holding an election to approve the adopted tax rate when increased expenditure of money by the taxing unit is necessary to respond to the disaster and the governor declares any part of the area in which the taxing unit is located as a disaster area.

C.S.H.B. 30 amends the Tax Code to establish that, with respect 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 applicable federal law relating to the cost to remove debris or wreckage in the taxing unit, the VATR the governing body of the taxing unit may direct the designated officer or employee to calculate under state law is equal to the lesser of the VATR calculated in the manner provided for a special taxing unit or the VATR calculated according to the formula specified under the bill's provisions that incorporates a disaster debris rate, as defined by the bill. The bill clarifies that the governing body of such a taxing unit that does not meet the criteria relating to designation as a disaster area may direct the designated officer or employee to calculate the VATR in the manner provided for a special taxing unit.

C.S.H.B. 30, for purposes of provisions regarding the calculation and adoption of certain tax rates in a disaster area, defines the following terms:

- "disaster debris cost" as a taxing unit's share of the cost to remove debris or wreckage in the taxing unit as determined by an estimate made under applicable federal law; and
- "disaster debris rate" as a rate expressed in dollars per \$100 of taxable value and calculated according to the formula specified under the bill's provisions.

C.S.H.B. 30 repeals Section 26.042(d), Tax Code.

C.S.H.B. 30 applies only to a property tax year that begins on or after the bill's effective date.

### **EFFECTIVE DATE**

January 1, 2026.

### **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.B. 30 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.

The introduced repealed a Tax Code provision, which the substitute does not repeal, that authorizes a public school district in the year following the year in which a disaster occurs, to adopt a property tax rate that exceeds the VATR without holding an election to approve the adopted tax rate when increased expenditure of money by the district is necessary to respond to the disaster that has impacted the district and the governor has requested federal disaster assistance for the area in which the district is located. The introduced accordingly amended certain Education Code provisions and repealed the following provisions to conform to the repeal of the Tax Code provision, whereas the substitute does not:

- a Tax Code provision prohibiting, with respect to taxing unit or a school district that adopts a property tax rate that exceeds certain VATRs without holding an election due to a disaster, the amount by which that rate exceeds the taxing unit's VATR for that tax year from being considered when calculating the taxing unit's VATR for the tax year following the year in which the taxing unit adopts that VATR; and
- an Education Code provision establishing, with respect to a school district that adopts such a VATR due to a disaster, that the amount by which the district's maintenance tax rate exceeds the district's VATR for the preceding year is not considered in determining a district's tier one maintenance and operations tax rate or the district's enrichment tax rate for the current tax year.

The substitute includes the following Tax Code provisions absent from the introduced:

- a provision establishing that the VATR the governing body of a certain taxing unit located in an area declared a disaster area may direct the designated officer or employee to calculate is equal to the lesser of specified VATRs;
- a provision clarifying that the governing body of a taxing unit that does not meet the specified criteria relating to designation as a disaster area may direct the designated officer or employee to calculate the VATR in the manner provided for a special taxing unit; and
- a provision defining "disaster debris cost" and "disaster debris rate" for purposes of the calculation and adoption of certain tax rates in a disaster area.

The introduced specified that its provisions apply only to property taxes imposed for a property tax year that begins on or after the bill's effective date, whereas the substitute specifies that its provisions apply only to a property tax year that begins on or after such date.