

**SUBJECT:** Notice of property tax increase hearings

**COMMITTEE:** Ways and Means — committee substitute recommended

**VOTE:** 8 ayes — Craddick, Ramsay, Grusendorf, Heflin, Horn, Oliveira, Telford, Thompson  
0 nays  
3 absent — Holzheuser, Stiles, Williamson

**WITNESSES:** For — None  
Against — Sheryl Cole, Texas Municipal League

**BACKGROUND :** A municipality must post notice and hold a public hearing before raising property taxes by an amount exceeding the lower of the rollback rate or 103 percent of the current effective tax rate. The notice must be either mailed to each owner of taxable property or placed in a newspaper with general circulation in the taxing unit.

**DIGEST:** CSHB 2044 would require that municipalities raising property taxes over a prescribed amount notify taxpayers by including a notice with taxpayers' water or wastewater utility bills; publishing a notice in the general circulation newspaper with the highest subscription rate in the municipality; and mailing a copy of the notice to the household of each person who voted in the most recent municipal election. The bill would also revise the content of the notice, no longer requiring that it include the names of the members of the municipality's governing body or their votes on the proposal to consider the tax increase.

A municipality with access to a public, educational, or governmental educational channel would have to broadcast the notice on that channel at least five times a day for the seven days preceding the hearing. The hearing could be held seven or more days after notice was published or mailed.

CSHB 2044 would take effect September 1, 1998.

SUPPORTERS  
SAY:

CSHB 2044 would improve public awareness regarding property tax rates by requiring municipalities to use all reasonable means at their disposal to notify taxpayers of an impending increase. Truth in taxation provisions were adopted in order to ensure that taxpayers received an accurate picture of their property tax burden and were allowed an opportunity to contribute to the rate setting process. The notification provisions, however, need some improvement in order to reach the maximum number of taxpayers and allow for their input.

Communities often place notices in small local newspapers that go largely unread rather than in the major newspapers that are often the most widely read in given community.

CSHB 2044 would require that notice of a rate increase hearing be placed in the newspaper with the greatest circulation in the locality. The bill would further increase taxpayer notification by requiring municipalities sending water or wastewater utility bills to include hearing notices and those with access public television stations to broadcast them repeatedly.

The provisions of CSHB 2044 would not strain the resources of small taxing units. The Tax Code already includes simplified notification procedures for taxing units where the total tax rate proposed is less than five cents on each \$100 valuation of taxable property or would impose less than \$150,000 in total additional taxes.

OPPONENTS  
SAY:

The added notification requirements of CSHB 2044 would be an unfunded mandate on municipalities. Many citizens in small communities near large cities subscribe to both their own daily newspapers and the large metropolitan daily. If more citizens of one of the suburbs of Fort Worth, for example, happen to subscribe to the *Fort Worth Star-Telegram* than to the local daily, the bill would require the each city to place the notice regarding a tax increase hearing in the *Star-Telegram*, where a quarter page ad costs about \$4,000. The entire metropolitan area would see the notice rather than just the residents of the city who would be affected by it.

Although current law provides simplified notice posting procedures for very small taxing units, many localities that are too large to qualify would still be burdened by the expense resulting from CSHB 2044. The bill could result

in increased costs for larger cities as well. The bill would allow notice to be included in water utility bills already being mailed, but printing costs alone could add up quickly in cities like Houston and Dallas.

**NOTES:** The committee substitute added language requiring the inclusion of hearing notices in water or wastewater utility bills and broadcasting over any available public television channel.