

- SUBJECT:** Simplified notification of tax increases for small taxing authorities
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 10 ayes — Oliveira, McCall, Bonnen, Y. Davis, Heflin, Hilbert, Keffer, T. King, Ramsay, Sadler
- 0 nays
- 1 absent — Craddick
- WITNESSES:** For — George Christian, Texas Taxpayers and Research Association; Harvey Everheart, Mesa Underground Water Conservation District; Scott Holland, Irion County Water Conservation District; Allan Lange, Lipan-Kickapoo Water Conservation District
- Against — None
- BACKGROUND:** HB 155 by Junell, enacted by the 73rd Legislature, established simplified notification procedures for taxing units with low tax levies. It exempted some taxing units from requirements that they publish a quarter-page advertisement in the local newspaper with detailed financial information about a proposed tax increase. Instead, the taxing unit needed only to publish a notice in the legal-notices section of the newspaper. The law applied to taxing units that proposed a total tax rate of 5 cents or less per \$100 of taxable value and that would impose total taxes of \$150,000 or less.
- Last session, the Legislature enacted SB 841 by Cain, which substantially amended laws regarding property tax appraisals. Among other provisions, that law repealed the simplified notification procedures. Current law requires all taxing units proposing tax increases to follow the provisions of Tax Code, sec. 26.04 and notification guidelines issued by the comptroller. An affected property owner may seek an injunction against the taxing unit if it did not comply in good faith with these requirements.
- DIGEST:** HB 1520 would amend Tax Code, chapter 26 by establishing a simplified tax-rate notice for taxing units with low tax levies. It would apply only to taxing units for which the total tax rate proposed for a tax year was 50 cents or less

per \$100 of taxable value and would result in a total tax levy of \$500,000 or less when applied to the unit's current total value.

Affected taxing units would be exempt from current notice and publication requirements and not be subject to an injunction for failing to comply with those requirements.

Affected taxing units could provide public notice of a proposed tax rate either by mailing a notice of the proposed rate to each owner of taxable property or by publishing a notice in the legal-notices section of a local general-circulation newspaper. The taxing unit would have to provide notice at least seven days before adopting the proposed rate. The notice would have to include the date, time, and location of the public meeting at which the tax rate would be adopted and would have to indicate, in language specified by the bill, whether and by how much the proposed tax rate would exceed the unit's current effective tax rate. A taxing unit that provided this notice would be exempt from sections of the Tax Code requiring a public hearing in cases where the tax rate was unchanged but the total tax levy increased.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

**SUPPORTERS  
SAY:**

HB 1520 would reduce unnecessary publication costs associated with the current notification requirements and would enable small taxing units to use their limited resources to serve their taxpayers better. Current notification requirements can represent a substantial expenditure in the small budgets of low-rate taxing units such as rural fire prevention and water conservation districts. These districts still would have to notify the public and hold open meetings before adopting tax rates. These districts are small enough that word-of-mouth is often the most effective form of communication, making the purchase of expensive quarter-page ads unnecessary.

The bill would set 50 cents per \$100 valuation as the maximum rate a taxing unit could impose and still be exempt from the full notification requirements. This rate would conform to the maximum rate that a groundwater conservation district can set under Water Code, chapter 36. Because water conservation districts often have very low tax rates and very low overall tax levies, HB 1520 would enable them to channel more of their limited resources to carrying out their conservation efforts.

HB 1520  
House Research Organization  
page 3

OPPONENTS      No apparent opposition.  
SAY: