

SUBJECT: Amending certain property tax rate public hearing notice requirements

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 10 ayes — Meyer, Thierry, Button, Cole, Guerra, Martinez Fischer,
Murphy, Noble, Sanford, Shine

0 nays

1 absent — Rodriguez

WITNESSES: For — Bill Longley, Texas Municipal League; John Carlton, Texas State Association of Fire and Emergency Districts; (*Registered, but did not testify*: Melissa Shannon, Bexar County Commissioners Court; Jim Allison, County Judges and Commissioners Association of Texas; Cheryl Johnson, Galveston County Tax Office; Christopher Young, Linebarger)

Against — None

On — (*Registered, but did not testify*: Korry Castillo, Comptroller of Public Accounts)

BACKGROUND: Tax Code ch. 26 governs how local taxing units may propose and adopt property tax rates. A proposed rate must be approved by election if a taxing unit other than a special taxing unit or a municipality with a population under 30,000 adopts a rate exceeding the voter-approval tax rate or the de minimis rate, whichever is greater.

The "voter-approval rate" for a taxing unit other than a special unit is the rate that would increase tax revenues by 3.5 percent. For special taxing units, the voter-approval rate is the rate that would increase revenues by 8 percent. The "de minimis rate" is the rate that would increase tax revenues by \$500,000.

The voters of certain taxing units may petition to require an election to be held to determine whether to lower the tax rate to the voter-approval rate

if the adopted rate is less than or equal to the de minimis rate and greater than the voter-approval rate as calculated for either a taxing unit or a special taxing unit, whichever was greater.

A taxing unit other than a school district may not adopt a tax rate until the governing body has held a public hearing. Under sec. 26.063, certain provisions must be added to those public hearing notices when the de minimis rate of a taxing unit exceeds the voter-approval rate, including information on required elections or the ability of voters to petition.

DIGEST:

HB 2429 would amend public hearing notice requirements for a taxing unit that proposed a property tax rate exceeding the voter-approval rate, but was not required to hold an automatic election and for which voters could not petition to hold an election.

Instead of providing notice that an election was required, the notice would have to include a statement that the proposed rate was greater than the voter-approval tax rate but not greater than the de minimis rate and did not exceed the rate that allowed voters to petition for an election. The notice also would state that if the taxing unit adopted the proposed rate, it would not be required to hold an election on the rate.

The notice also would have to include certain information about the de minimis rate.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2021. The bill would apply only to a tax rate notice provided on or after the effective date.

**SUPPORTERS
SAY:**

HB 2429 would address an oversight in law by providing additional notice requirements for a public hearing on a taxing unit's proposed property tax rate. Currently, the law does not include a notice for a situation in which a taxing unit's proposed rate exceeds the voter-approval tax rate but does not exceed an 8 percent increase (the voter-approval rate as calculated for a special taxing unit) or the de minimis rate. This means that some taxing

units have had to provide inaccurate statements to their taxpayers regarding a required election to determine the tax rate when such an election is not actually required. The bill would require those taxing units to provide factual information to their taxpayers by including a statement in the public hearing notice that while the proposed rate was higher than the voter-approval rate, it did not qualify for an automatic election or a petition to hold an election.

CRITICS
SAY:

No concerns identified.