

## **BILL ANALYSIS**

Senate Research Center  
80R13595 DRH-D

H.B. 3195  
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Engrossed

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

Under current truth-in-taxation law, there is no budgetary mechanism to identify when total property taxes in a city or county will go up from one year to the next. The effective tax rate calculation is useful for isolating tax increases on existing homes and businesses, but does not account for increased levy due to new property added since the last year.

H.B. 3195 requires a city council or county commissioners court to identify at the budget stage that the proposed budget anticipates raising more total property taxes than the year before. The bill also requires a separate ratification vote to adopt a budget that raises more total property taxes than in the previous year.

### **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 102.005, Local Government Code, by amending Subsection (b) and adding Subsection (c), as follows:

(b) Requires a proposed budget that will require raising more revenue from property taxes than in the previous year to contain a cover page with a certain statement in 18-point or larger type.

(c) Requires the proposed budget to be available for inspection by any person, rather than any taxpayer. Requires the municipal clerk, if the municipality maintains an Internet website, to take action to ensure that the proposed budget is posted on the website.

SECTION 2. Amends Sections 102.006(a) and (c), Local Government Code, as follows:

(a) Authorizes any person, rather than any taxpayer in the municipality, to attend and participate in the public hearing on the proposed budget.

(c) Requires the notice of the proposed budget hearing to include, in type of a size at least equal to the type used for other items in the notice, any statement required to be included in the proposed budget under Section 102.005(b).

SECTION 3. Amends Section 102.0065, Local Government Code, by adding Subsection (d), to require the special notice of the proposed budget hearing to include, in type of a size at least equal to the type used for other items in the notice, any statement required to be included in the proposed budget under Section 102.005(b).

SECTION 4. Amends Section 102.007, Local Government Code, by adding Subsection (c), as follows:

(c) Provides that an adoption of a budget that will require raising more revenue from property taxes than in the previous year requires a separate vote of the governing body to ratify the property tax increase reflected in the budget. Provides that a vote under this

subsection is in addition to and separate from the vote to adopt the budget or a vote to set the tax rate required by Chapter 26, Tax Code.

SECTION 5. Amends Section 102.008, Local Government Code, as follows:

Sec. 102.008. New heading: APPROVED BUDGET FILED WITH MUNICIPAL CLERK: POSTING ON INTERNET. Makes a conforming change.

SECTION 6. Amends Section 102.011, Local Government Code, to provide that, if a municipality has already adopted chapter provisions that require the preparation of an annual budget covering all municipal expenditures and if the municipality conducts a public hearing on the budget and otherwise complies with the provisions of this chapter relating to property tax increases, the charter provisions control.

SECTION 7. Amends Section 111.003, Local Government Code, to make conforming changes.

SECTION 8. Amends Section 111.006(b), Local Government Code, to make conforming changes.

SECTION 9. Amends Sections 111.007(a) and (c), Local Government Code, to make conforming changes.

SECTION 10. Amends Section 111.0075, Local Government Code, by adding Subsection (d), to make conforming changes.

SECTION 11. Amends Section 111.008, Local Government Code, to make conforming changes.

SECTION 12. Amends Section 111.009, Local Government Code, as follows:

Sec. 111.009. New heading: APPROVED BUDGET FILED WITH COUNTY CLERK: POSTING ON INTERNET. Makes conforming changes.

SECTION 13. Amends Section 111.033, Local Government Code, to make conforming changes.

SECTION 14. Amends Section 111.037(b), Local Government Code, to make conforming changes.

SECTION 15. Amends Section 111.038, Local Government Code, to make conforming changes.

SECTION 16. Amends Section 111.0385, Local Government Code, to make conforming changes.

SECTION 17. Amends Section 111.039, Local Government Code, to make conforming changes.

SECTION 18. Amends Section 111.040, Local Government Code, as follows:

Sec. 111.040. New heading: APPROVED BUDGET FILED WITH OFFICERS: POSTING ON INTERNET. Makes conforming changes.

SECTION 19. Amends Section 111.067, Local Government Code, to make conforming changes.

SECTION 20. Makes application of this Act prospective.

SECTION 21. Effective date: September 1, 2007.