

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1638
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Finance
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The concept of truth in taxation involves two separate concepts which are often intertwined. The first involves notice and education of the public of the taxing unit's activities regarding adoption of the tax rate. The second concept involves potential limitation on the raising of tax rates.

There needs to be a better process for making the notice portion of truth in taxation available because the current notice process confuses individuals, rather than informs them. To provide individuals with a simpler tax rate, there would need to be a shift from an effective tax rate to a "hard rate."

C.S.S.B. 1638 simplifies the notice of public hearings on certain tax proposals. The bill also makes changes to the formulas used to calculate the effective tax rate and the rollback tax rate.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to any state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 26.012(a), Tax Code, to redefine "effective maintenance and operations rate."

SECTION 2. Amends Sections 26.04(c) and (e), Tax Code, as follows:

(c) Redefines the formula for determining the effective tax rate and redefines the formula for determining the rollback tax rate.

(e) Requires that the designated officer or employee make available upon request by the property owner and include on the home page of any Internet website operated by the unit certain information. Deletes existing text related to the manner in which certain information is to be made available to the public.

SECTION 3. Amends Section 26.06(a), Tax Code, to require that each public hearing under this subsection be on a weekday after 6 p.m. or on a Saturday that is not a public holiday, rather than be on a weekday that is not a public holiday.

SECTION 4. Amends Section 26.06(b), Tax Code, as amended by Chapter 1368, Acts of the 79th Legislature, Regular Session, 2005, as follows:

(b) Requires the notice for each of the public hearings to contain a statement in a certain form. Requires that the statement state that additional information may be obtained from the unit by request or on the home page of any Internet website operated by the unit. Requires that the additional information available include access to a tax calculator, available either through the unit's website or a link on the unit's website, to allow a homeowner to calculate the effect of the proposed tax rate on the owner's current year taxable value, the effect of the proposed tax rates for all taxing units on the owner's current year taxable value, and the tax rate and the owner's taxable value for the preceding two years.

SECTION 5. Amends Section 26.06, Tax Code, by amending Subsections (d) and (e) and adding Subsection (h), as follows:

(d) Requires that the notice of the meeting at which the proposed tax rate will be voted on include a certain statement. Deletes existing text relating to the statement that was previously to be included in the notice.

(e) Requires that the meeting to vote on the tax increase to be held after 6 p.m. or on a Saturday.

(h) Requires the governing body, if it proposes the adoption of a tax rate that exceeds the rollback rate, to provide written notice to each single-family residence homestead in the taxing unit. Requires the notice to include information relating to rollback election provisions.

SECTION 6. Repealer: Section 1, Chapter 807, Acts of the 79th Legislature, Regular Session, 2005, amending Section 26.06(b), Tax Code.

SECTION 7. Makes application of this Act prospective.

SECTION 8. Effective date: January 1, 2008.