

BILL ANALYSIS

Senate Research Center
84R5343 LEH-F

S.B. 744
By: Zaffirini
Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

To pass a budget a local government must officially adopt the property tax rate each year. When a local government approves an order or resolution to adopt a tax rate annually, there is specific language that must be stated in conjunction with the motion if the adopted tax rate exceeds the effective tax rate. Even if the adopted tax rate itself remains unchanged (or in certain circumstances even decreases), the local government must officially state it is increasing the tax rate if the adopted tax rate exceeds the effective tax rate.

Some have contended that the current requirement actually is more confusing for taxpayers because it could give the misleading impression that a taxing entity is raising the tax rate in situations where property values have increased, but the actual tax rate has remained the same or decreased. S.B. 744 streamlines the language required to be stated when adopting a tax rate that is greater than the effective tax rate to remove ambiguous language, but still make clear that the effective tax rate would be exceeded.

As proposed, S.B. 744 amends current law relating to the form of a motion to adopt an ordinance, resolution, or order setting an ad valorem tax rate that exceeds the effective tax rate.

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 26.05(b), Tax Code, as follows:

(b) Requires that a motion to adopt an ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate be made in a certain form. Sets forth the required language for the form.

SECTION 2. (a) Provides that the change in law made by this Act applies to the ad valorem tax rate of a taxing unit beginning with the 2015 tax year, except as provided by Subsection (b) of this section.

(b) Provides that the change in law made by this Act, if the governing body of a taxing unit adopted an ad valorem tax rate for the taxing unit for the 2015 tax year before the effective date of this Act, applies to the ad valorem tax rate of that taxing unit beginning with the 2016 tax year, and the law in effect when the tax rate was adopted applies to the 2015 tax year with respect to that taxing unit.

SECTION 3. Effective date: upon passage or September 1, 2015.