

BILL ANALYSIS

Senate Research Center
87R3144 CJC-F

S.B. 1429
By: Bettencourt
Local Government
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Concerns have been raised regarding the existing notices of public hearings on property tax rate increases. It has been reported that these notices do not adequately address a situation in which a taxing unit exceeds the voter-approval tax rate but does not exceed either the de minimis rate or the voter-approval tax rate calculated as if the taxing unit were a special taxing unit. S.B. 1429 seeks to ensure taxing units provide accurate property tax rate notices by creating alternate notice provisions applicable to this situation.

As proposed, S.B. 1429 amends current law relating to the alternate provisions for ad valorem tax rate notices when the de minimis rate of a taxing unit exceeds the voter-approval 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 26.063, Tax Code, by adding Subsection (d), as follows:

(d) Provides that this subsection applies only to a taxing unit that is not required to hold an election under Section 26.07 (Automatic Election to Approve Tax Rate of Taxing Unit Other than School District) and for which the qualified voters of the taxing unit are prohibited from petitioning to hold an election under Section 26.075 (Petition Election to Reduce Tax Rate of Taxing Unit Other than School District). Requires the taxing unit, in the notice required to be provided by the taxing unit under Section 26.06(b-1) or (b-3) (relating to required statements in a notice of a public hearing), as applicable, to:

(1) add the following to the end of the list of rates included in the notice:
"DE MINIMIS RATE \$_____ per \$100";

(2) substitute the following for the definition of "voter-approval tax rate": "The voter-approval tax rate is the highest tax rate that (name of taxing unit) may adopt without holding an election to seek voter approval of the rate, unless the de minimis rate for (name of taxing unit) exceeds the voter-approval tax rate for (name of taxing unit).";

(3) add the following definition of "de minimis rate": "The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate for (name of taxing unit), the rate that will raise \$500,000, and the current debt rate for (name of taxing unit)."; and

(4) substitute the following for the provision that provides notice that an election is required: "The proposed tax rate is greater than the voter-approval tax rate but not greater than the de minimis rate and does not exceed the rate that allows voters to petition for an election under Section 26.075, Tax Code. If (name of taxing unit) adopts the proposed tax rate, (name of taxing unit) is not required to hold an election so that the voters may accept or reject the proposed tax rate and

the qualified voters of the (name of taxing unit) may not petition the (name of taxing unit) to require an election to be held to determine whether to reduce the proposed tax rate."

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2021.