

BILL ANALYSIS

Senate Research Center
88R4728 RDS-D

S.B. 1999
By: Bettencourt
Local Government
4/6/2023
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 2019 the Texas Legislature passed S.B. 2, The Property Tax Reform and Transparency Act of 2019, which made sweeping overhauls to the State's property tax system. Part of S.B. 2 created the unused increment rate, which allows taxing units to "bank" additional increment "pennies" that can be levied for three years.

The unused increment rate was created to incentivize governing bodies of taxing units to exercise fiscal restraint when setting a tax rate, by providing a mechanism for taxing units to "bank" additional levy authority in exchange for setting lower tax rates. However, the unused increment rate has created some confusion amongst taxing unit officials and taxpayers, both in its calculation and its levy. Further, the unused increment rate creates shocks for some taxpayers, when a "penny" of taxation that was banked in prior tax years is levied on sometimes increased property values.

S.B. 1999 seeks to simplify the unused increment rate by converting the rate to a dollar amount yield that a taxing unit may carry forward.

As proposed, S.B. 1999 amends current law relating to the calculation of the unused increment rate of a taxing unit.

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 26.013(a), Tax Code, by adding Subdivisions (1-a) and (1-b), to define "foregone revenue amount" and "preceding total value."

SECTION 2. Amends Section 26.013(b), Tax Code, to redefine "unused increment rate."

SECTION 3. Effective date: January 1, 2024.