BILL ANALYSIS

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Truth in taxation laws were first passed through a constitutional amendment in 1978 to provide taxpayers with additional property tax information to create a more transparent system. The intent of these laws is to allow taxpayers to understand their property tax notices and to prohibit a local government from raising property taxes without having public notices to announce the intent to raise taxes and adopt the tax increase in a public meeting. Since the adoption of the first truth in taxation laws, additional provisions, such as effective tax rates and rollback tax rates, have been created in the Tax Code to calculate an increase in property taxes.

H.B. 2338 will create a "Truth in Taxation Summary," requiring the county tax assessor-collector to post the following tax rates for each political subdivision within the respective county on their website for five years: the adopted tax rate, the maintenance and operations tax rate, the debt tax rate, the effective tax rate, the effective maintenance and operations tax rate, and the rollback tax rate. The website will also post a brief explanation of each tax rate to clarify the property tax rate information. Each of these individual tax rates is already calculated by each political subdivision and is used to develop the overall property tax rate for each political subdivision.

With the Internet becoming more prevalent as a search tool and means of information, it is good policy for property tax rate information be provided in a concise table to the public. By only requiring the county tax assessor-collector to post the tax rate information once per year, there will not be a recurring cost or unfunded mandate upon counties for continuous maintenance of the website.

H.B. 2338 promotes transparency of property tax rates and strengthens the existing truth-in-taxation laws. The additional transparency will promote additional accountability among elected local government leaders as the public will be able to see the property tax rates over the course of a term in office.

H.B. 2338 amends current law relating to the posting on the Internet by the county assessor-collector of information regarding ad valorem tax rates.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 1 (Section 26.16, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 26, Tax Code, by adding Section 26.16, as follows:

> Sec. 26.16. POSTING OF TAX RATES ON COUNTY'S INTERNET WEBSITE. (a) Requires the county assessor-collector for each county that maintains an Internet website to post on the website of the county the following information for the most recent five tax years beginning with the 2012 tax year for each taxing unit all or part of the territory of which is located in the county:
>
> > (1) the adopted tax rate;

(2) the maintenance and operations rate;

(3) the debt rate;

(4) the effective tax rate;

(5) the effective maintenance and operations rate; and

(6) the rollback tax rate.

(b) Requires each taxing unit, all or part of the territory of which is located in the county, to provide the information described by Subsection (a) pertaining to the taxing unit to the county assessor-collector annually following the adoption of a tax rate by the taxing unit for the current tax year. Authorizes the chief appraiser of the appraisal district established in the county to assist the county assessor-collector in identifying the taxing units required to provide information to the assessor-collector.

(c) Requires that the information described by Subsection (a) be presented in the form of a table under the heading "Truth in Taxation Summary."

(d) Requires the county assessor-collector to post immediately below the table prescribed by Subsection (c) the following statement:

"The county is providing this table of property tax rate information as a service to the residents of the county. Each individual taxing unit is responsible for calculating the property tax rates listed in this table pertaining to that taxing unit and providing that information to the county.

"The adopted tax rate is the tax rate adopted by the governing body of a taxing unit.

"The maintenance and operations rate is the component of the adopted tax rate of a taxing unit that will impose the amount of taxes needed to fund maintenance and operation expenditures of the unit for the following year.

"The debt rate is the component of the adopted tax rate of a taxing unit that will impose the amount of taxes needed to fund the unit's debt service for the following year.

"The effective tax rate is the tax rate that would generate the same amount of revenue in the current tax year as was generated by a taxing unit's adopted tax rate in the preceding tax year from property that is taxable in both the current tax year and the preceding tax year.

"The effective maintenance and operations rate is the tax rate that would generate the same amount of revenue for maintenance and operations in the current tax year as was generated by a taxing unit's maintenance and operations rate in the preceding tax year from property that is taxable in both the current tax year and the preceding tax year.

"The rollback tax rate is the highest tax rate a taxing unit may adopt before requiring voter approval at an election. In the case of a taxing unit other than a school district, the voters by petition may require that a rollback election be held if the unit adopts a tax rate in excess of the unit's rollback tax rate. In the case of a school district, an election will automatically be held if the district wishes to adopt a tax rate in excess of the district's rollback tax rate."

(e) Requires the comptroller of public accounts by rule to prescribe the manner in which the information described by this section is required to be presented.

SECTION 2. Effective date: September 1, 2011.