

BILL ANALYSIS

Senate Research Center
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S.B. 1407
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Property values have risen substantially over the past 10 years in Texas, resulting in increased school property tax payments for many taxpayers. While other taxing entities, such as cities and counties, can use the increased revenue from rising property values to reduce their property tax rates, school districts play by a different set of rules. When property taxpayers are required to remit higher payments to their local school district, many assume that the increased dollars equate to increased resources for their school district. In truth, and for those districts deemed "property wealthy" and subject to Robin Hood recapture, increased property values and higher tax collections translate into greater amounts being remitted to state coffers for redistribution to other, "property poor," school districts. When local taxpayers in "property wealthy" districts write higher checks, it simply means the local district must send more money to other school districts.

In other districts, increased values and revenue mean that a greater share of the operations of the school district are paid by local taxpayers. As local property values increase, that school district receives fewer funds recaptured from other property wealthy school districts. That does not mean the school district has any more money, only that local taxpayers are covering more of what it takes to operate the schools.

S.B. 1407 requires that all property tax payers receive a disclosure regarding the proportion of their property taxes paid to their local school district and, where applicable, those funds subject to recapture. S.B. 1407 requires that property taxpayers living in property-wealthy districts subject to Robin Hood recapture receive a disclosure on their tax bill or other separate statement identifying the percent of taxes paid that are retained by the local school district, and the remaining proportion used for other school districts. Property taxpayers living in other school districts would receive a disclosure regarding the percentage of their local school district's operations paid through local taxes, and that proportion funded through contributions from other school districts. The disclosure for taxpayers in these districts would also include percentage data on the local tax and state contributions from the prior tax year. These disclosures would inform all Texas property tax payers about the proportion of their taxes paid used to finance their local school districts.

As proposed, S.B. 1407 amends current law relating to the information required to be included in or with a school district ad valorem tax bill.

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 31.01, Tax Code, by adding Subsections (d-2) and (d-3), as follows:

(d-2) Provides that this subsection applies only to a school district that has a wealth per student that exceeds the amount specified by Section 41.002(a)(1) (relating to prohibiting a school district from having a wealth per student that exceeds a certain amount),

Education Code, and that, for the school year beginning in the current tax year, has entered into an agreement with the commissioner of education (commissioner) to purchase average daily attendance credits as provided by Subchapter D (Purchase of Attendance Credit), Chapter 41 (Equalized Wealth Level), Education Code, in an amount sufficient, in combination with any other actions taken under that chapter, to reduce the school district's wealth per student to a level that is equal to or less than the equalized wealth level as determined by the commissioner under that chapter. Requires that, in addition to any other required information, the tax bill or the separate statement separately state the percentages of certain taxes.

(d-3) Provides that this subsection applies only to a school district to which Subsection (d-2) does not apply. Requires that the tax bill or separate statement, in addition to any other required information, separately state the percentages of certain taxes and revenue from current and preceding tax years relating to school districts' maintenance and operations revenue.

SECTION 2. Effective date: January 1, 2018.