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March 8, 2017

To: Urban Counties Policy Committee

From: Donald Lee, Executive Director

Re: **Discussion of the Proposal by House Ways & Means
Chairman for Revenue Caps on Cities and Counties**

Background:

House Ways and Means Committee Chair Dennis Bonnen filed his own proposal for revenue caps. HB 15 would impact the current property tax process.

The bill:

- Lowers the 8% rollback tax rate to 4%. Allows an increase back to 8% if the area is declared a disaster in the current tax year;
- Requires an automatic election if a government taxing unit proposes a rate that exceeds the rollback rate;
- Requires local governments to annually publish a "No New Taxes Maintenance and Operations Rate," a rate that would raise the same amount of money as the previous year;
- Restricts debt service taxes to debt approved by voters;
- Creates a statewide database to allow property owners to see how each jurisdiction's proposed tax rates will affect an individual tax bill;
- Establishes a statewide list of all tax rates to be prepared annually by the Comptroller;
- Directs the Comptroller to create tax worksheet forms to calculate the no new taxes tax rate and rollback tax rate;
- Requires appraisal districts to send annual estimated amount of taxes notices by August 7 or as soon thereafter;
- Prohibits an assessor from certifying an anticipated collection rate that is lower than any collection rate from the previous three years;

- Requires any public hearing on a proposed tax rate or any public meeting to adopt a tax rate to be held on or after the 14th day after the governing body submits the rates to the Comptroller;
- Allows adoption of a tax rate only after current tax year information is posted in Comptroller's property tax database and the appraisal district has delivered estimated amount of tax notices;
- Expands grounds for an injunction restraining tax collection to include any noncompliance with the submission of the appraisal roll to the governing body. An action must be filed no later than 15 days after a new tax rate is adopted; and
- Makes conforming changes and repeals.

The Texas Conference of Urban Counties Policy Committee approved the following position in the Taxation Policy section of the Policy Platform:

Oppose arbitrary limits on local government that are more restrictive than limits on state government, so long as:

- a. Commissioners Courts remain limited in their ability to manage county business and control county budgets; and
- b. There is no constitutional protection against unfunded mandates.

Recommended Resolution:

None.