

BILL ANALYSIS

Senate Research Center

H.B. 671
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law requires a school district to hold an election every time the district adopts a tax rate that exceeds the district's rollback tax rate. This requirement must be met even when a school district is attempting to increase the tax rate to a rate that is lower than a rate previously approved by the voters and also when a district is attempting to reduce the tax rate to a rate that is still above the rollback tax rate. There is concern that, due to the expense of conducting an election, this requirement creates an unnecessary financial burden on school districts and that the requirement reduces local control over the tax rate. Moreover, concerns have been raised that the requirement may provide a disincentive to reducing local tax rates.

H.B. 671 seeks to address this situation by allowing a school district to adopt a tax rate without having to hold an election under certain circumstances.

H.B. 671 amends current law relating to the calculation of the rollback tax rate of a school district.

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 26.08, Tax Code, by adding Subsections (q) and (r), as follows:

(q) Provides that this subsection applies only to a school district described by Subsection (n) (relating to setting forth the rollback tax rate of a school district whose maintenance and operations tax rate for the 2005 tax year was \$1.50 or less per \$100 of taxable value) whose adopted tax rate was approved at an election under this section in the 2006 tax year or any subsequent tax year. Provides that notwithstanding Subsection (n), for purposes of this section, the rollback tax rate of the school district is the higher of:

(1) the amount computed under Subsection (n); or

(2) the sum of the highest maintenance and operations tax rate adopted by the district for the 2007 tax year or any subsequent tax year in which the adopted tax rate of the district was approved at an election under this section, and the district's current debt rate.

(r) Provides that Subsection (q) applies to a school district only if the district has adopted a tax rate equal to or higher than the rate provided by that subsection for any tax year in the preceding 10 tax years.

SECTION 2. (a) Provides that the change in law made by this Act applies to the ad valorem tax rate of a school district beginning with the 2013 tax year, except as provided by Subsection (b) of this section.

(b) Provides that if the governing body of a school district adopted an ad valorem tax rate for the school district for the 2013 tax year before the effective date of this Act, the change in law made by this Act applies to the ad valorem tax rate of that school district beginning with the 2014 tax year, and the law in effect when the tax rate was adopted applies to the 2013 tax year with respect to that school district.

SECTION 3. Effective date: upon passage or September 1, 2013.