

BILL ANALYSIS

Senate Research Center
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S.B. 1090
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Property Tax
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas has thousands of political subdivisions, including cities, counties, school districts, hospital districts, and junior colleges, that have taxing and debt issuance authority. Bond propositions for cities and counties have had an average passing rate of 85 percent since 2014. This trend has resulted in a local debt principal and interest total of \$354.5 billion, a 40 percent increase since 2009, and the second highest per capita local debt in the country.

Apart from potentially jeopardizing local entities' credit ratings, more local debt means higher property taxes and less affordable housing. This is because property tax rates must generate sufficient revenue to provide payment of debt service on outstanding and projected General Obligations debt.

Because a vote to pass a bond is generally a vote for higher property taxes, and because there is no requirement that voters have a stake in property ownership to participate in a bond election, the threshold for approving this debt should be greater than a simple majority. S.B. 1090 sets the threshold of approving bond propositions that impact ad valorem taxes on property owners to at least a two-thirds majority of voters. This will keep local debt in check and diminish the burden that rising property taxes have on homeowners and businesses.

As proposed, S.B. 1090 amends current law relating to the vote required to authorize the issuance of certain bonds.

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 the heading to Chapter 2, Election Code, to read as follows:

CHAPTER 2. VOTE REQUIRED FOR ELECTION

SECTION 2. Amends Chapter 2, Election Code, by adding Subchapter E, as follows:

SUBCHAPTER E. SUPERMAJORITY REQUIREMENT FOR CERTAIN ELECTIONS

Sec. 2.101. POLITICAL SUBDIVISION BOND ELECTION. Provides that, notwithstanding any other law, an election held by a political subdivision to authorize the issuance of bonds does not authorize the issuance of the bonds unless at least two-thirds of the voters voting in the election vote in favor of authorizing the issuance of bonds.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2019.