

## **BILL ANALYSIS**

Senate Research Center

S.B. 1760  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Current law allows a property owner to designate a lessee or other person to act as an agent of the owner for any purpose in connection with the property or the property owner. S.B. 1760 will add refunds to the list of actions for which a property owner may direct someone to act on his/her behalf. This language will provide that a homeowner whose late application for a homestead exemption is granted need not apply for a refund in order to receive the refund, and if a correction to value decreases a property owner's tax liability after the tax has been paid, the homeowner need not apply for a refund to receive it.

Currently, local taxing jurisdictions receive between seven percent and 12 percent interest on taxes that become delinquent and eight percent on taxes that taxpayers over 65 choose to defer. Taxpayers who obtain refunds from taxing jurisdictions are limited to two percent plus prime rate. At today's rate, this amounts to 5.25 percent. S.B. 1760 amends the law by stating that unless otherwise provided for in the code, interest will accrue at the annual rate equal to the sum of two percent and the most recent prime rate quoted and published by the Federal Reserve Board.

As in other states, the comptroller of public accounts of the State of Texas (comptroller) should be required to compile and annually publish a list of all individual tax rates in the state by taxing entity and rank them from highest to lowest. Publication of the information would cause a natural downward deterrent on increases in tax rates. S.B. 1760 amends Chapter 5 of the Tax Code by adding language requiring preparation and publication on the comptroller's Internet website the list of the total tax rate imposed by each taxing unit in the state. The bill excludes school districts.

Currently in an election held to ratify certain school district taxes, the law requires the ballot to be prepared to permit voting for or against the proposition and to include the adopted tax rate and the difference between that rate and the rollback tax rate. More transparency could be obtained by requiring the purpose of the tax increase to be provided on the ballot. S.B. 1760 requires that the notice state the purpose of the increase. The bill amends Chapter 49, Water Code, to require similar notices regarding rate increases for other taxing units.

Taxpayers are required to hire independent appraisers who are appropriately licensed by the state to testify in court against the appraisal district during a dispute. Appraisal districts are permitted to use employees who are licensed as property tax professionals, a cost advantage to the appraisal districts. S.B. 1760 allows a court to give preference to the testimony of a licensed independent appraiser.

S.B. 1760 amends current law relating to the transparent and equitable application of ad valorem tax procedures.

### **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 1.111, Tax Code, by adding Subsection (a-1), as follows:

(a-1) Authorizes a lessee designated by a property owner as the owner's agent under Subsection (a) (authorizing a property owner to designate a lessee or other person to act as the agent of the owner for any purpose under this title in connection with the property or the property owner) to, subject to the property owner's approval, designate a person to act as the lessee's agent for any purpose under this title for which the lessee is authorized to act on behalf of the owner in connection with the owner or the owner's property. Provides that an agent designated by a lessee under this subsection has the same authority and is subject to the same limitations as an agent designated by a property owner under Subsection (a).

SECTION 2. Amends Section 5.07, Tax Code, by adding Subsections (d) and (e), as follows:

(d) Provides that a property tax form that requires a signature may be signed by means of an electronically captured handwritten signature.

(e) Provides that a property tax form is not invalid or unenforceable solely because the form is a photocopy, facsimile, or electronic copy of the original.

SECTION 3. Amends Chapter 5, Tax Code, by adding Section 5.091, as follows:

Sec. 5.091. STATEWIDE LIST OF TAX RATES. (a) Requires the comptroller of public accounts of the State of Texas (comptroller), each year, to prepare a list that includes the total tax rate imposed by each taxing unit in this state, other than a school district, if the tax rate is reported to the comptroller, for the year preceding the year in which the list is prepared. Requires the comptroller to list the tax rates in descending order.

(b) Requires the comptroller to publish on the comptroller's Internet website the list required by Subsection (a) not later than December 31 of each year.

SECTION 4. Amends Section 11.431(b), Tax Code, to provide that a person is not required to apply for a refund under this subsection to receive the refund.

SECTION 5. Amends Section 26.05(b), Tax Code, as follows:

(b) Requires that the vote on the ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate, for a taxing unit other than a school district, be a record vote, and at least 60 percent of the members of the governing body must vote in favor of the ordinance, resolution, or order. Provides that for a school district, the vote on the ordinance, resolution, or order setting a tax rate that exceeds the sum of the effective maintenance and operations tax rate of the district as determined under Section 26.08(i) (providing that the effective maintenance and operations tax rate of a school district is the tax rate that meets certain standards set forth) and requires that the school district's current debt rate be a record vote, and at least 60 percent of the members of the governing body must vote in favor of the ordinance, resolution, or order. Makes no further change to this subsection.

SECTION 6. Amends Section 26.06(d), Tax Code, to require the governing body of a taxing unit to, after each hearing, give notice of the meeting at which it will vote on the proposed tax rate and to set forth the required form and language of the notice.

SECTION 7. Amends Section 26.15(f), Tax Code, as follows:

(f) Requires the taxing unit to, if a correction that decreases the tax liability of a property owner is made after the owner has paid the tax, refund to the property owner the difference between the tax paid and the tax legally due, except as provided by Section

25.25(n) (providing the tax years for which a taxing unit is responsible for refunding taxes under an incorrect appraisal role). Provides that a property owner is not required to apply for a refund under this subsection to receive the refund.

SECTION 8. Amends Section 26.08(b), Tax Code, to require the governing body of a school district to order that the election be held in the school district on a date not less than 30 or more than 90 days after the day on which it adopted the tax rate and to set forth the required language of the ballots that are required to be prepared to permit voting for or against the proposition at the election.

SECTION 9. Amends Section 42.23, Tax Code, by adding Subsection (i) to authorize the court, when an appraisal district employee testifies as to the value of real property in an appeal under Section 42.25 (Remedy for Excessive Appraisal) or 42.26 (Remedy for Unequal Appraisal), to give preference to an employee who is a person authorized to perform an appraisal of real estate under Section 1103.201 (Certificate or License Required), Occupations Code.

SECTION 10. Amends Section 42.43(b), Tax Code, as follows:

(b) Requires the taxing unit, for a refund made under this section, to include with the refund interest on the amount refunded calculated at an annual rate of 9.5 percent, calculated from the delinquency date for the taxes until the date the refund is made. Deletes existing text requiring a taxing unit, for a refund made under this section, to include with the refund interest on the amount refunded calculated at an annual rate that is equal to the sum of two percent and the most recent prime rate quoted and published by the Federal Reserve Board as of the first day of the month in which the refund is made, but not more than a total of eight percent, calculated from the delinquency date for the taxes until the date the refund is made.

SECTION 11. Amends Sections 140.010(e) and (f), Local Government Code, as follows:

(e) Requires a county or municipality that proposes a property tax rate that exceeds the lower of the effective tax rate or the rollback tax rate to provide a notice and sets forth the required language of the notice.

(f) Requires a county or municipality to:

(1) provide the notice required by Subsection (d) (relating to the notice that a county or municipality that proposes a property tax rate that does not exceed the lower of the effective tax rate or the rollback tax rate is required to provide) or (e), as applicable, not later than the later of September 1 or the 30th day after the first date that the taxing unit has received each applicable certified appraisal roll by certain public outlets set forth;

(2) post the notice on the Internet website of the county or municipality, if applicable, beginning not later than the later of September 1 or the 30th day after the first date that the taxing unit has received each applicable certified appraisal roll and continuing until the county or municipality adopts a tax rate.

SECTION 12. Amends Subchapter H, Chapter 49, Water Code, by adding Section 49.2361, as follows:

Sec. 49.2361. **ADDITIONAL NOTICE FOR CERTAIN TAX INCREASES.** Requires that the notice required by Section 49.236 (Notice of Tax Hearing) include a description of the purpose of the proposed tax increase if a district proposes to adopt a combined tax rate that would authorize the qualified voters of the district by petition to require a rollback election to be held in the district.

SECTION 13. Provides that the changes in law made by this Act apply only to an ad valorem tax year that begins on or after the effective date of this Act.

SECTION 14. (a) Effective date, except as provided by Subsection (b) of this section: January 1, 2016.

(b) Effective date, Section 42.23(i), Tax Code, as added by this Act: January 1, 2020.