

Senate Bill 2

Texas Property Tax Reform and Transparency Act of 2019



Estimates provided by
Senator Paul Bettencourt, SD 7

Major Property Tax Law Changes with SB2/HB3

- M&O Property Tax rates to be compressed to 0.93 for tax year 2019. Estimate 7 to 8 penny tax rate reduction on fall property tax bills.
- Cities and Counties over 30,000 in population have a rollback rate reduction from 8% to 3.5% in 2020. This is the first reduction of rollback rates in 38 years.
- School M&O property tax levy cap of 2.5% for individual school districts starting in 2020. Restructuring of local property tax revenues to be replaced by state revenues district by district basis.
- Thus, up to 8 pennies of a tax rate cut in 2019 before the 3.5% and 2.5% limits take effect in 2020. Estimate on a median valued home of \$187,392 in 2019 would be a saving of \$735 to \$1066 by 2024. (see chart)

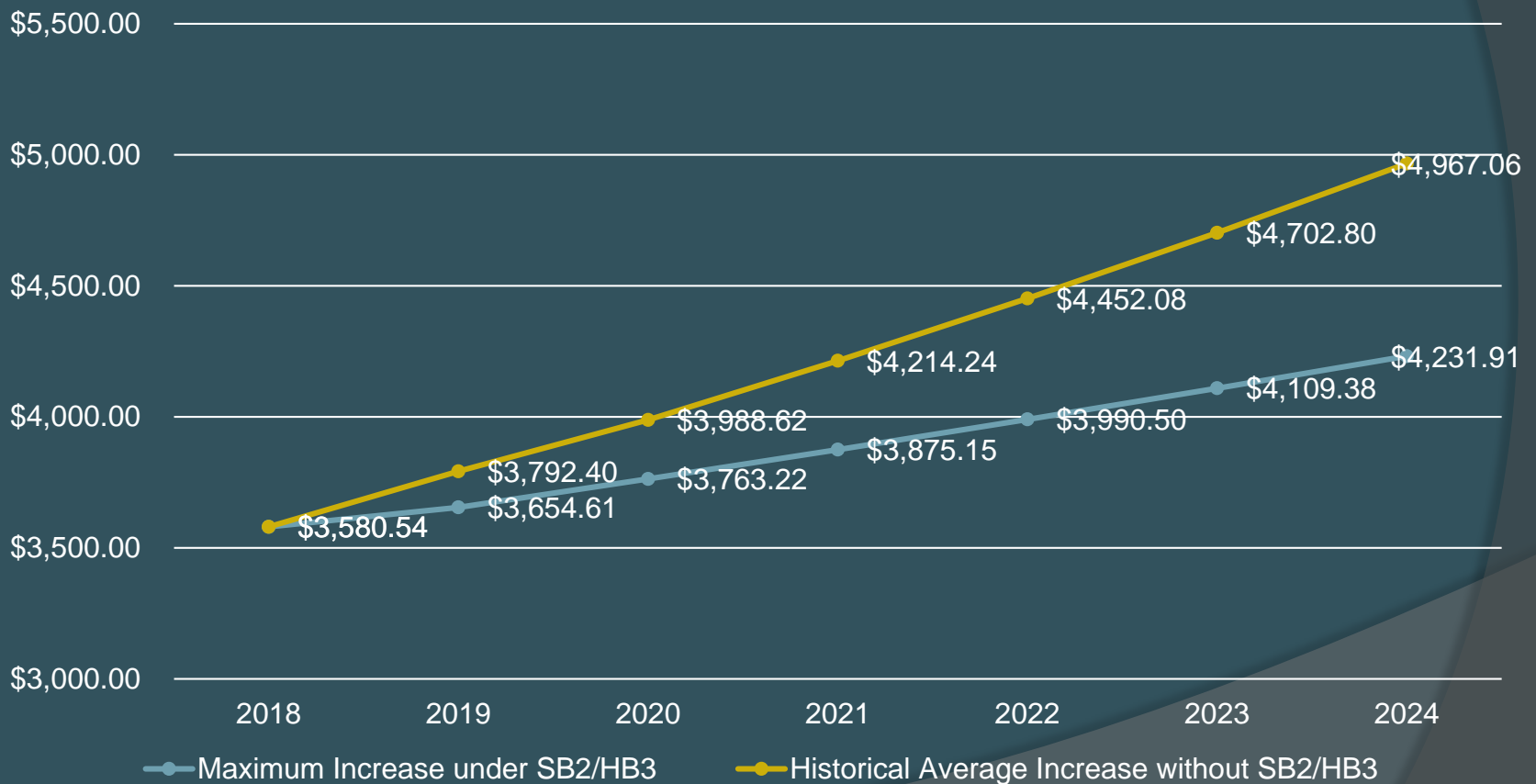
Estimates provided by Senator Paul Bettencourt, SD 7

Sources: Texas Comptroller of Public Accounts

Projections based historical trends and school district homestead values for an average home in Texas.

Estimated Property Tax Bill Savings on a Median Valued Home in Texas

Using Comptroller estimates for 2020 and historical averages for 2021-2024, the average home owner is projected to save \$735.15 between 2019-2024



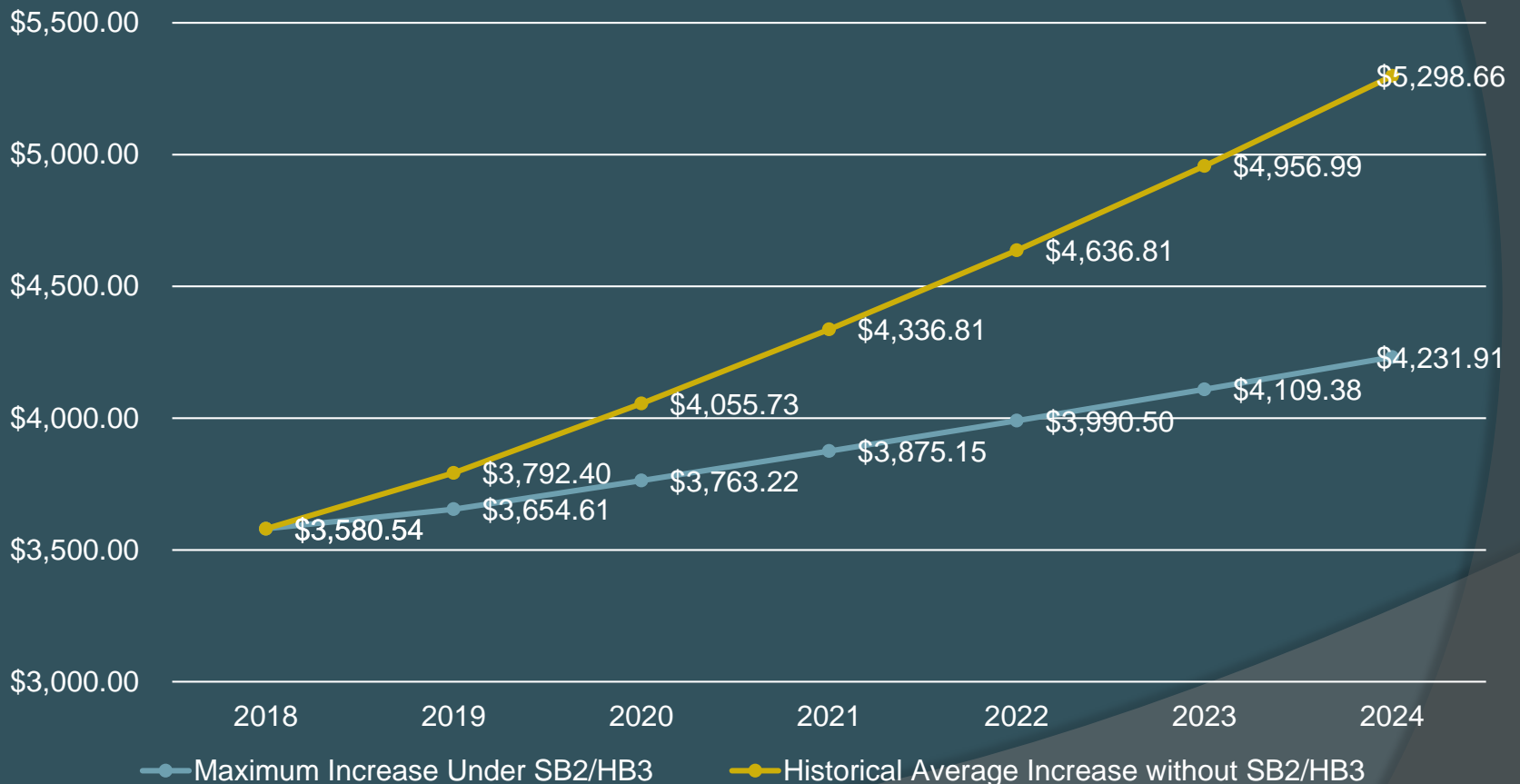
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Projections based historical trends and school district homestead values for an average home in Texas.

Property Tax Bill Savings Estimates for a Median Valued Home

Using an above average 5.8% growth in 2018 through 2014, the average homeowner is projected to save \$1,066.76 between 2019-2024



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Projections based historical trends and school district homestead values for average home in Texas.

What will be different under Senate Bill 2?

SB 2 – Comparison of Enrolled Bill to Current Law

	Enrolled	Current Law
General Provisions		
Reference to Certain Terms	Reference in law to “effective maintenance and operations rate” means “no-new-revenue maintenance and operations rate”; reference to “effective tax rate” means “no-new-revenue tax rate”; and reference to “rollback tax rate” means “voter-approval tax rate” (Tax Code Section 1.045)	
Electronic delivery between appraisal districts and property owners	Tax Code Sections 1.07(a) and 1.085(a) are amended to add information for appraisal review board hearings that can be delivered electronically by agreement; adds requirement of notices by email to owners of residential property who request them (new Tax Code Section 1.086).	Current provisions for electronic notices concern appraisals and other matters—not appraisal review board evidence and specific email notifications.
State Responsibilities		
Comptroller Advisory Board	Tax Code Section 5.01 is added to create the Property Tax Administration Advisory Board to advise the Comptroller about state oversight of appraisal districts; at least six members appointed by the Comptroller; required to make recommendations on effectiveness and efficiency of the property tax system, best practices, and complaint resolution procedures; Chapter 2110 regarding state advisory committees does not apply.	Comptroller’s Property Value Study Advisory Committee under Government Code Section 403.302(m-1) and (n) are repealed.
Appraisal Review Board (ARB) and Arbitrator Training by the Comptroller	<p>Tax Code Section 5.041 is amended to require 8 hours training for newly appointed ARB members and 4 hours for continuing education. The amendment also allows a fee of \$50 to be charged for training participants who are not ARB members</p> <p>Tax Code Section 5.043 is added to require the development of online curricula and an arbitration manual, as well as a training program for arbitrators that is at least 4 hours (may be provided online).</p>	<p>Current law does not specify the number of hours for the ARB courses and does not provide for charging a fee for persons who are not ARB members and take the course.</p> <p>No provision exists for training arbitrators by the Comptroller. Section 41A.06(c) allowing training generally is repealed</p>

SB 2 – Comparison of Enrolled Bill to Current Law

	Enrolled	Current Law
State Responsibilities (continued)		
Appraisal Manuals and Materials	Tax Code Section 5.05(c-1) and (c-2) are added to require appraisal districts to appraise property according to manuals required by law to be prepared and issued by the Comptroller based on generally accepted appraisal methods and techniques.	Tax Code Section 5.05 is permissive regarding the issuance of manuals; the Comptroller may approve materials published by professional organizations.
Tax Rate Calculation Forms	Tax Code Section 5.07(f), (g), (h), (i), and (j) are added to require the Comptroller to prescribe forms for use by designated employees or officers of taxing units to calculate tax rates and be capable of electronic completion, certification, and incorporation into the property tax database.	
Biennial Property Tax Report	Tax Code Section 5.09 is amended to require that tax rate and levy data include special districts, as well as cities, counties, and school districts, and be reviewed in a specific manner.	
Statewide List of Tax Rates	Tax Code Section 5.091 is amended to require that the tax rate list be categorized alphabetically by county and taxing unit and published on January 1 of the year following the tax year in which the rates are reported. Appraisal districts must submit the rates.	Current law does not require that appraisal districts submit tax rate information to the Comptroller and does not prescribe how the list will be prepared.
Appraisal District Reviews (MAP) and General Audits	Tax Code Sections 5.102(a) and (c) and 5.13(d) are amended to require review and audits of appraisal district compliance with appraisal manuals required by law to be issued by the Comptroller.	Current law requires a review of compliance with generally accepted appraisal standards, procedures, and methodology without reference to manuals.
Appraisal Review Board (ARB) Survey	Tax Code Section 5.104 is added to provide detailed requirements for the Comptroller's ARB survey for protesting parties to submit comments and suggestions; includes detailed requirements for the content of the survey and who may submit it; allows for electronic submission through URL; and requires an annual report to be issued by the Comptroller.	Tax Code Section 5.103(e) and (f) providing a general requirement for an ARB survey are repealed.

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Freeport Goods and Rendition Filing		
Deadline for Freeport Application	Tax Code Section 11.4391(a) is amended to change the deadline for late application for a Freeport goods exemption to the later of June 15 or 60 days after the date the notice under Section 22.22 is delivered.	Current law provides only for a June 15 deadline.
Rendition Filing	Tax Code Section 22.23(c) is repealed. Section 22.23(d) is amended to permit filing extensions for regulated companies to conform with other property owners--May 15 automatic extension on request and May 30 for good cause on request.	Current law requires that business personal property be rendered by April 1 in counties in which Freeport exemptions exist. The repeal will move the rendition deadline for all owners of this property to April 15 (except for regulated companies that may render on April 30).
Appraisal Methodology		
Publications	Tax Code Section 23.01(h) is added to provide that generally accepted appraisal methods and techniques are those included in the most recent versions of the Appraisal of Real Estate and the Dictionary of Real Estate Appraisal published by the Appraisal Institute; the Uniform Standards of Professional Appraisal Practice published by the Appraisal Foundation; and a publication that includes information on mass appraisal.	Tax Code Chapter 23, governing the appraisal of property by appraisal districts, did not include specific appraisal publications that guide what generally accepted appraisal methods and techniques are.
Appraisal Notices		
Notices of Appraised Value	Tax Code Section 25.19 is amended to remove estimated taxes from notices of appraised value (in 2021 for counties with populations of 120,000 or more and 2022 for other counties); requires language on the notice that qualifying property owners have the right to a protest hearing before a special appraisal review board panel in the five largest counties.	Current law requires that notices of appraised value include the amount of tax that would be imposed on the property using the tax rate for the preceding year. Language about the right to protest to special appraisal review board panels is new.

SB 2 – Comparison of Enrolled Bill to Current Law

	Enrolled	Current Law
Appraisal Notices (continued)		
Notices of Residence Homestead Eligibility	Tax Code Section 25.192 is added and applies only to residential property that has not qualified for a residence homestead in the current year. If the records of the appraisal district indicate that the address of the property is also the address of the owner, the chief appraiser must send a notice that states that the property does not have a homestead exemption, but that the district records indicate that the property may qualify. Additional information about the application process must be provided (specific language in the bill). An application must be provided with the notice.	Tax Code Section 25.19(b-2) that has similar language is repealed.
Notices of Exemption Cancellation or Modification by Appraisal District	Tax Code Section 25.193 is added. By April 1 or as soon thereafter as practicable if the property is a single-family residence that qualifies for a residence homestead exemption, or by May 1 or as soon thereafter as practicable for a residential property that does not qualify for a residence homestead exemption, the chief appraiser shall deliver a clear and understandable notice if an exemption or partial exemption that was approved for the preceding year was canceled or reduced for the current year. The notice must be sent separately from any other notice sent by the chief appraiser.	

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Appraisal Roll Certification		
Date and Exception	Tax Code Section 26.01 is amended by adding (a-1) to provide that if an appraisal review board does not approve the appraisal records by July 20, an estimate of taxable value shall be certified to each taxing unit not later than July 25 by the chief appraiser.	Current law does not authorize a certified estimate of taxable value to be provided to taxing units and used for purposes of tax rate calculation generally. Previously, only school districts were authorized to use an estimate provided by the chief appraiser in April.
Definitions: Tax Rates Tax Code Sections 26.012 and 26.013		
Last Year's Levy	Subdivision (13) allows the portion of taxable value of property that is the subject of an appeal under Chapter 42 on July 25 that is not in dispute to be calculated in the levy.	This is an additional adjustment in the no-new-revenue rate calculation.
Special Taxing Units	These are taxing units, other than school districts, for which the M&O tax rate is 2.5 cents or less; junior college districts; and hospital districts.	
De minimis Rate	It is the tax rate equal to the sum of (1) the no-new-revenue M&O rate; (2) the rate that when applied to the taxing unit's current total value will impose taxes equal to \$500,000; and (3) a taxing unit's current debt rate.	
No-new-revenue	This term replaces the word "effective."	
Unused Increment Rate	This is the difference between the actual tax rates and the voter-approval rates for the 3 previous years.	

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Rollback Tax Rates		
Voter-approval Rate	This term replaces the word “rollback.”	
Tax Code Section 26.04 and Other Provisions in Chapter 26	8% over the no-new-revenue M&O rate, plus the current debt rate, for special taxing units 3.5% over the no-new-revenue M&O rate, plus the current debt rate and the unused increment rate, for other taxing units (except school districts)	The current rollback rate is 8% for all taxing units, except for school districts. Provisions concerning school district rates are found in the Education Code.
Provisions for Taxing Units in Disaster Areas	8% until the earlier of the second year that the value of the taxing unit is restored, or the third year after the disaster occurred	
Rate Certification and Submission		
Use of Comptroller’s Prescribed Tax Rate Calculation Forms	Tax Code Section 26.04 is amended to add subsections (d-1), (d-2), and (d-3) to require prescribed forms to be completed and certified before rate adoption; must be certified as correct (does not apply to school districts).	
Publication and Posting	Tax Code Section 26.04(e) is amended to require Internet website posting of tax rates and debt information by August 7. Subsection (e-1) is amended to state that certification of tax rates and notice requirements do not apply to school districts.	Current law requires delivery of the tax rate information by mail to each property owner in the taxing unit or through publication in a newspaper by August 7; this is repealed because the real time tax notice will be delivered by August 7 to each property owner by mail.
Real-time Tax Notices		
Delivery	Tax Code Section 26.04 is amended by adding subsection (e-2) to require notice by August 7 (or as soon thereafter as practicable) to every property owner about the tax rate information website, along with the name and address of assessor for county to request tax rate information by mail.	

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Rate Adjustments		
County Indigent Defense Compensation Expenditures	Tax Code Section 26.0442 is added to allow no-new-revenue M&O rates to be adjusted for these expenditures.	
Eligible County Hospital Expenditures	Tax Code Section 26.0443 is added to allow no-new-revenue M&O rates to be adjusted amounts paid by counties or cities to maintain a county hospital.	
Tax Rate Adoption		
Deadline	Tax Code Section 26.05(a) is amended to require rates be adopted no later than the 71 st day before the next uniform election date in November of that year if the rate exceeds the voter-approval tax rate.	Current law requires a deadline of September 30 or 60 days after receiving the appraisal roll; this deadline remains for taxing units that do not exceed the voter-approval rate.
Hearings or Meetings to Vote on Tax Increases	Tax Code Section 26.06 is amended by adding subsections (d-1) and (d-2); hearings on tax rates may not be held until the 5 th day after the real-time tax notice is delivered (does not apply to school districts).	
Special Provision regarding Sales Tax	Tax Code Section 26.05 is amended by adding (e-1) to require a taxing unit's chief financial officer or auditor to certify the unit's sales tax levy used to pay debt service before setting its property tax rate.	
Taxpayer Remedies		
Injunction: Rate Adoption	Tax Code Section 26.04(g) is amended to allow an injunction if a taxing unit or chief appraiser has not complied with computation, publication, or posting requirements; defense if failure was in good faith.	Current law provides that an injunction can only be granted if failure to comply was not in good faith. Compliance with Sections 26.16, 26.17, or 26.18 is added as a subject for seeking relief.
Injunction: Tax Collection	Tax Code Section 26.05(e) is amended to allow an injunction if a taxing unit has not complied with Sections 26.04 or 26.05; deadline for filing and other provisions added; defense if failure was in good faith.	Current law provides that an injunction can only be granted if failure to comply was not in good faith. Provisions for tax payment, refunds, and filing are new.

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	Enrolled	Current Law
Tax Rate Adoption Notices & Elections		
Taxing Units with Low Levies	Tax Code Section 26.052 is amended by adding subsection (f) to require posting on the taxing unit's Internet website, in addition to its newspaper notice of proposed tax rate	Current law requires that the tax rate notice be mailed to property owners or published in a newspaper.
Hearing to Increase Taxes	Tax Code Section 26.06(a) is amended to require one public hearing to adopt a tax rate; it may not be held before the 5 th day after the notice is given.	Current law requires two hearings to adopt a tax rate; the second hearing is repealed.
Notices Generally	Tax Code Section 26.06 is amended by adding subsection (b-1) to provide for simplified language. New requirements are added in subsections (b-2), (b-2), (b-3), and (b-4), as well as the intent of the Legislature to limit the rate of property tax growth.	The simplified notice is currently in Local Government Code Section 140.010, which is repealed.
Notice of Public Hearing	Tax Code Section 26.06(c) is amended to require posting of notices of public hearings for taxing unit rate adoption hearings on its Internet website, in addition to its newspaper notice. The governing body is permitted to vote on the tax rate at the public hearing under subsection (d). If a separate meeting is held to vote on the rate, it may not be held later than the 7 th day after the public hearing.	Current law requires that a separate meeting must be held to vote on the tax rate. Current law requires that the separate meeting may not occur earlier than the 3 rd day or later than the 14 th day after the second public hearing (no long to occur).
Notice of Meeting to Vote on Tax Rate that Does Not Exceed a Prescribed Rate	Tax Code Section 26.061 is added and applies only to the governing body of a taxing unit (except for a school district) that proposes a tax rate that does not exceed the no-new-revenue or voter-approval rate. Specific language is prescribed and must be published in a newspaper and the unit's Internet website.	

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	Enrolled	Current Law
Tax Rate Adoption Notices & Elections (continued)		
Notice of Meeting to Vote on a Tax Increase	Tax Code Section 26.062 is added and applies to the notices required if tax rates exceed the no-new-revenue and voter-approval rates. A table is required regarding residence homestead values and other information.	
Alternative Notice Provisions	Tax Code Section 26.063 is added only for a taxing unit other than a special taxing unit or a city with less than 30,000 population, when the de minimis rate exceeds the voter-approval rate. Specific language for notices, including those if an election is required.	
Automatic Elections	<p>Tax Code Section 26.07 is amended require elections to approve tax rates (except for school districts and certain exceptions for small cities) if adopted rates exceed the voter-approval rate for the unit. An election is not required in cases of disasters. The election is required to be held in November.</p> <p>Tax Code Section 26.08 is amended to require elections to approve tax rates for school districts.</p>	<p>Current law provides a petition process for voters to call an election to repeal an increase in taxes (exceeding the rollback rate of 8% in prior law). This process is repealed.</p> <p>Current law requires school district elections to ratify taxes. The terminology is changed to refer to approval of tax rates.</p>
Authorized Petitions	Tax Code Section 26.075 is added to permit a petition election to reduce the tax rate of taxing units, other than school districts, special taxing units, and cities with populations of 30,000 or more. Qualified voters may petition for an election if the de minimis rate exceeds the voter-approval rate and the adopted rate is the de minimis rate or lower and greater than the voter-approval rate. The petition is valid if it is signed by 3% of the registered voters of a taxing unit.	

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	Enrolled	Current Law
Property-Tax-Related Information Database		
Content	Tax Code Section 26.17 is added to require that tax rates and hearing information for all taxing units be posted on a single Internet website maintained by the appraisal district; identification of property, owners, and values is provided by appraisal district and rate information is submitted by taxing units; information to be included in the database is specified.	
Access	Tax Code Section 26.17 requires that the information be public and searchable by property address and owner, except for confidential information; information will be available as rates are adopted and hearings/meetings set (within 3 business days of submission by taxing units). The database must provide a link to the Internet website used by each taxing unit in which the property is located.	
Taxpayer Comments	Tax Code Section 26.17 requires that the database include the ability for property owners to complete and submit electronically a form on which the owner may provide opinions and comments to governing bodies of taxing units concerning tax rates	

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Taxing Unit Postings		
Internet Websites	Tax Code Section 26.18 is added to require that all taxing units must maintain or have access to a generally accessible website for use under this section. Certain information is required.	
Content	Tax Code Section 26.18 requires posting of information about members of governing bodies, mailing addresses of taxing units, budgets, and audits for all taxing units.	
County Postings		
Internet Website	<p>Tax Code Section 26.16 is amended to require counties to maintain an Internet website to post tax rate information for the most recent five years.</p> <p>Subsection (d-1) is added to require the county assessor-collector to post for each taxing unit the tax rate calculation forms used by the taxing unit to calculate the no-new-revenue and voter-approval tax rates for the most recent five years beginning with the 2020 tax year, as certified by the designated officer or employee of the taxing unit; and the name and official contact information for each member of the governing body of the taxing unit. By August 7 or as soon thereafter as practicable, the county assessor-collector shall post on the website the tax rate calculation forms for the current tax year.</p>	Current law only requires posting of tax rate information if a county assessor-collector maintains an Internet website.

Question & Answer