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Senator Bettencourt Files Senate Bill 2 - The Texas Property Tax Reform and Relief Act
And Representative Burrows files identical bill, House Bill 2, in the Texas House

Austin - Today Governor Abbott, Lt. Governor Patrick, and Speaker Bonnen announced that Senator Paul Bettencourt (R-Houston) filed Senate Bill 2, the Texas Property Tax Reform and Relief Act. Representative Burrows (R-Lubbock) filed the identical bill in the house. These two bills start the conversation for meaningful property tax reform and relief for all Texas taxpayers. At the opening of the 86th Legislative session, Governor Abbott told Senators, "**We are going to solve school finance reform and property tax reform this session!**". Lt. Governor Patrick added, "**I first came to Austin as a civilian witness to lower property taxes in 2003. It has been a long fight, but it is a fight worth having for the people. People desperately need property tax reform, our businesses need property tax reform, and we have set out on this day a major piece of legislation to set the tone on this major issue.**".

"**The average homeowner in Houston has endured a 37% increase on their property tax bill in just four years to nearly \$5,000 in total and annual property values on an average Dallas home have climbed to over 33% to \$5,000 too!**", said Chairman Bettencourt. "**As appraised values go up, tax rates must come down,**" he added.

The Property Tax Reform & Relief Act of 2019 has five main goals:

- (1) Lower the rollback rate from 8 percent to 2.5 percent for taxing units that collect more than \$15 million in tax revenues and establish election notice requirements based on whether a school district will or will not exceed a 2.5% rollback rate for Maintenance and Operation property tax.
- (2) Requires an automatic tax ratification election in November if the rollback rate is exceeded in a taxing unit.
- (3) Creates a property tax administrative advisory board that recommends improvements to the effectiveness and efficiency of the property tax system, best practices and complaint resolution procedures.
- (4) Make information about the tax rates proposed by local taxing units online with a, "real time tax rate notice", for taxpayers and defines easy to understand, "no new revenue tax rate", limits for the public, and,
- (5) Reforms appraisal process on ARB hearings, ARB votes, and requires all appraisal districts to follow appraisal manuals issued by the Texas Comptroller for better transparency, accountability, and consistency.

Taxpayers throughout Texas are feeling the crushing effects of skyrocketing property tax bills. A look at the property tax levy growth across the major counties in Texas between 2013 - 2017 shows that Harris County had a 51% increase, Bexar County had a 37% increase, Dallas County saw a 33% increase and both Tarrant and Travis counties had roughly an 18% increase. Levy growth in the five largest Texas cities during this same time period showed a 38% hike in Houston, a 34% jump in San Antonio, a 32% increase in Austin, a 30% rise in Dallas, plus 24% more in Fort Worth. The problem is as appraised property values rise, tax rates must come down. Senate property tax hearings start Wednesday at 8 AM.

"**I have said that the state bird of Texas is no longer just the mockingbird it's the construction crane,**" quipped Chairman Bettencourt. "**These increases impact homeowners and business owners across the state and the time to pass meaningful property tax reform for all Texans is right now,**" he concluded.

Highlighting Lt. Governor Patrick's (R-Texas) commitment to property tax reform this session he named Senator Bettencourt Chair of the Senate Committee on Property Tax.

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Senate Bill 2
Property Tax Reform & Relief Act of 2019

Changes relating to the tax rate process:

- For taxing units that collect more than \$15 million in tax revenue annually:
 - Lowers the rollback tax rate from the current 8% to 2.5%.
 - Requires an automatic ratification election if a taxing unit adopts a tax rate that exceeds the rollback rate, eliminating the petition requirement in current statute.
 - Requires rollback elections to be held on the uniform November election day and adjusts the property tax calendar accordingly.
- For taxing units that collect no more than \$15 million in tax revenue annually:
 - Retains the current 8% rollback rate.
- Renames the effective tax rate as the "No-New-Revenue tax rate" so that property owners and local elected officials can better understand and utilize the tax rate as a benchmark for evaluating the tax rates proposed by local taxing units.
 - The no-new-revenue is last year's tax rate, adjusted for changes in taxable value. The no-new-revenue tax rate takes into account all property on the tax roll of a taxing unit both last year and this year.
 - A proposed tax rate that is greater than the no-new-revenue tax rate represents a tax increase.
- Creates the "real-time tax rate notice" to inform property owners of the tax rates proposed by their local taxing units for their property. The real-time tax rate notice:
 - Is analogous to the notice of appraised value that property owners receive each spring under current law.
 - Will be available at a website that allows property owners to enter their address and then view a tax rate notice customized to their property. The notice will display each taxing unit in which the property is located, as well as the proposed tax rate, no-new-revenue tax rate and rollback tax rate for each taxing unit. The notice will also display the taxable value of the property and will calculate the amount of property tax that would be imposed on the property at the proposed tax rate, the no-new-revenue tax rate and the rollback tax rate.

- Will provide an email address for each local government within which a property is located so that property owners can express their support or opposition for the tax rates proposed by those local governments.
- Will be available online in time for property owners to express their support or opposition for the proposed tax rates *before* those rates are adopted.
- Establishes an "office of tax rate notices" in each county and places responsibility on that office for publishing the real-time tax rate notice and for maintaining the real-time tax rate database that populates the notice.
- Revises and reformats the tax notice required by Tax Code § 26.06 to increase the understandability and usefulness of the notice to taxpayers. For example, the notice will:
 - Clearly state whether or not the proposed tax rate represents a tax increase, depending on whether or not the proposed tax rate is greater than the no-new-revenue tax rate;
 - Clearly state whether or not a rollback election will be held if the taxing unit adopts the proposed tax rate; and
 - Display a table comparing, both in dollar values and percentage change, (i) the property tax on the average homestead in the taxing unit last year to (ii) the property tax that would be imposed on the average homestead in the taxing unit this year at the proposed tax rate and the no-new-revenue tax rate, so that property owners can clearly see whether the proposed tax rate represents a tax increase or decrease and the magnitude of the change.
- Prohibits a taxing unit from adopting a tax rate:
 - Before the taxing unit has certified the accuracy of the no-new-revenue tax rate and rollback tax rate calculations;
 - Before a taxing unit that imposes an additional sales tax for property tax relief has certified that the sales tax revenue has been applied to reduce the debt component of the taxing unit's property tax rate;
 - Until the 14th day after the taxing unit has submitted the information required for the real-time tax rate notice to the office of tax rate notices;
 - Before the office of tax rate notices has delivered the real-time tax rate notice; or
 - Before the taxing unit has published the tax rate and budget information required by Tax Code § 26.18 on the county's website.

- Requires all taxing units to use electronic forms promulgated by the Texas Comptroller to calculate the no-new-revenue tax rate and the rollback tax rate in order to:
 - Increase accuracy and uniformity in the calculations.
 - Facilitate publication of the worksheets and promote transparency.
- Requires the no-new-revenue tax rate and rollback tax rate worksheets of each taxing unit to be published:
 - As part of the truth-in-taxation notice required by Tax Code § 26.16;
 - As an appendix to the taxing unit's budget; and
 - On the taxing unit's website.
- Prohibits a taxing unit from reducing its anticipated collection rate to 100% in calculating the no-new-revenue tax rate, if the anticipated collection rate exceeds 100%.
- Allows a property owner to enjoin the collection of taxes by a taxing unit that fails to comply with the computation, publication or posting requirements of Tax Code §§ 26.04, 26.16, 26.17 or 26.18.
- Strengthens the remedies available to a property owner if a taxing unit fails to comply with the notice requirements of Tax Code §§ 26.04 and 26.05. Remedies include an injunction, the right to delay the payment of taxes, a refund of taxes already paid, reasonable attorney's fees and court costs.
- Requires each county to maintain an Internet website for purposes of publishing the truth-in-taxation notice required by Tax Code § 26.16.
- Requires each taxing unit to maintain an Internet website for purposes of the publishing the tax rate, budget, public hearing and contact information required by Tax Code §§ 26.04(e), 26.05(b), 26.062 and 26.18.

Changes relating to the appraisal process:

- Establishes special ARB panels in counties with a population of 1,000,000 or more to hear protests related to commercial, industrial, utility and multi-family property.
- Clarifies that a majority vote by ARB members is binding for decisions and thus prohibits ARB panels from requiring a unanimous vote.
- Eliminates challenges by local governments to the value of an entire category of properties before an appraisal review board.

- Eliminates Sunday ARB hearings and requires evening hearings to be scheduled to begin between 5 pm and 7 pm.
- Sets the statutory deadline for filing all property tax protests to May 15, thereby eliminating confusion for owners of multiple types of property.
- Requires all appraisal districts to follow appraisal manuals issued by the Texas Comptroller to promote more transparent, accountable and consistent appraisals statewide.

Changes relating to both the tax rate process and the appraisal process:

- Creates a Property Tax Administration Advisory Board in the Texas Comptroller's office to oversee the entire property tax process.

Changes relating to both the rollback tax rate calculation and ballot language for ISD's:

- Adjusts the school district rollback tax rate calculation to reflect the 2.5% revenue cap recommendation in the Public School Finance Commission Report.
- Modifies the required ballot language if an election is required, due to a district wishing to exceed the 2.5% revenue increase.

Senate Committee on Property Tax

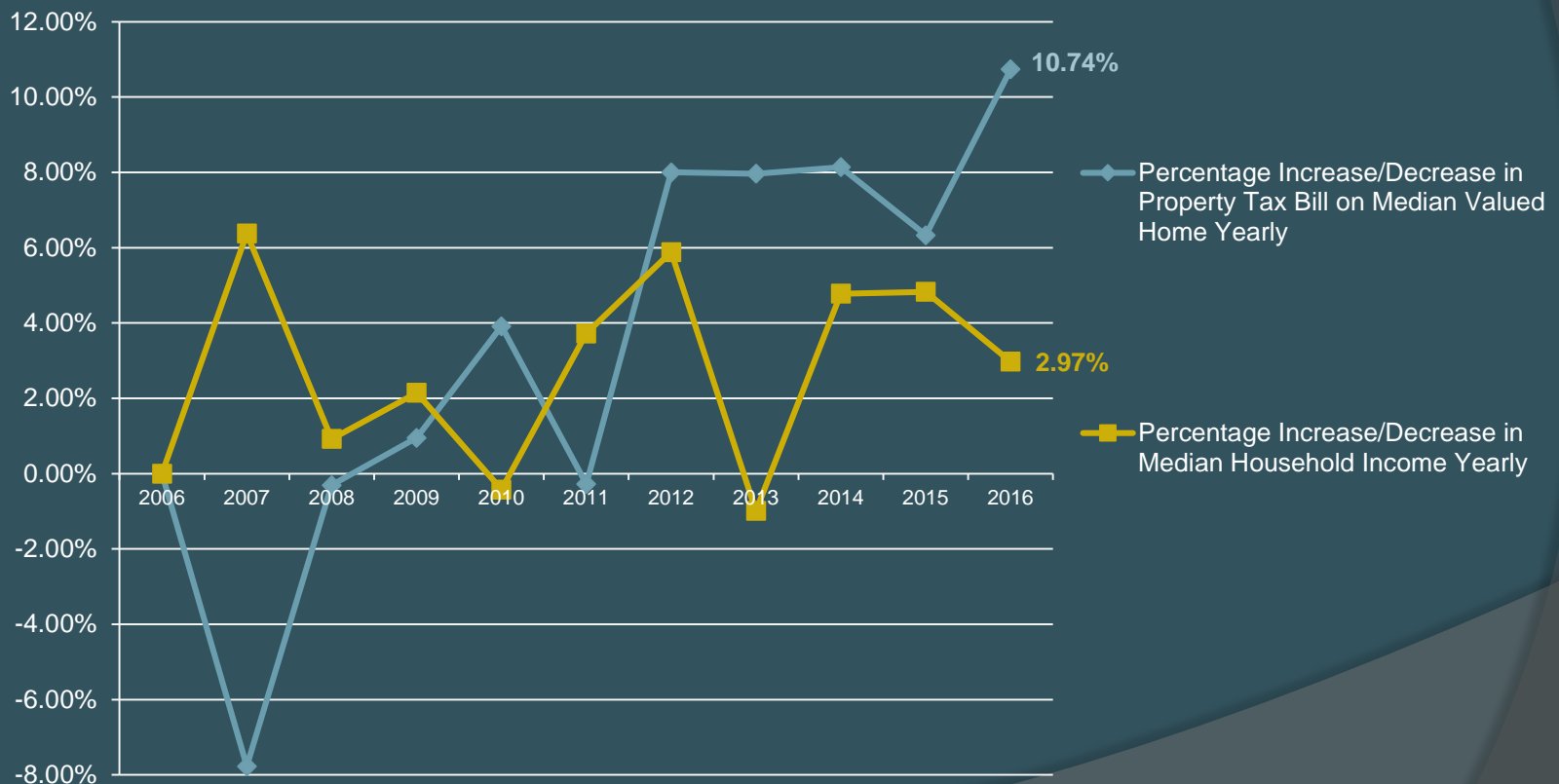


Senate Bill 2
Property Tax Reform
and Relief Act of 2019



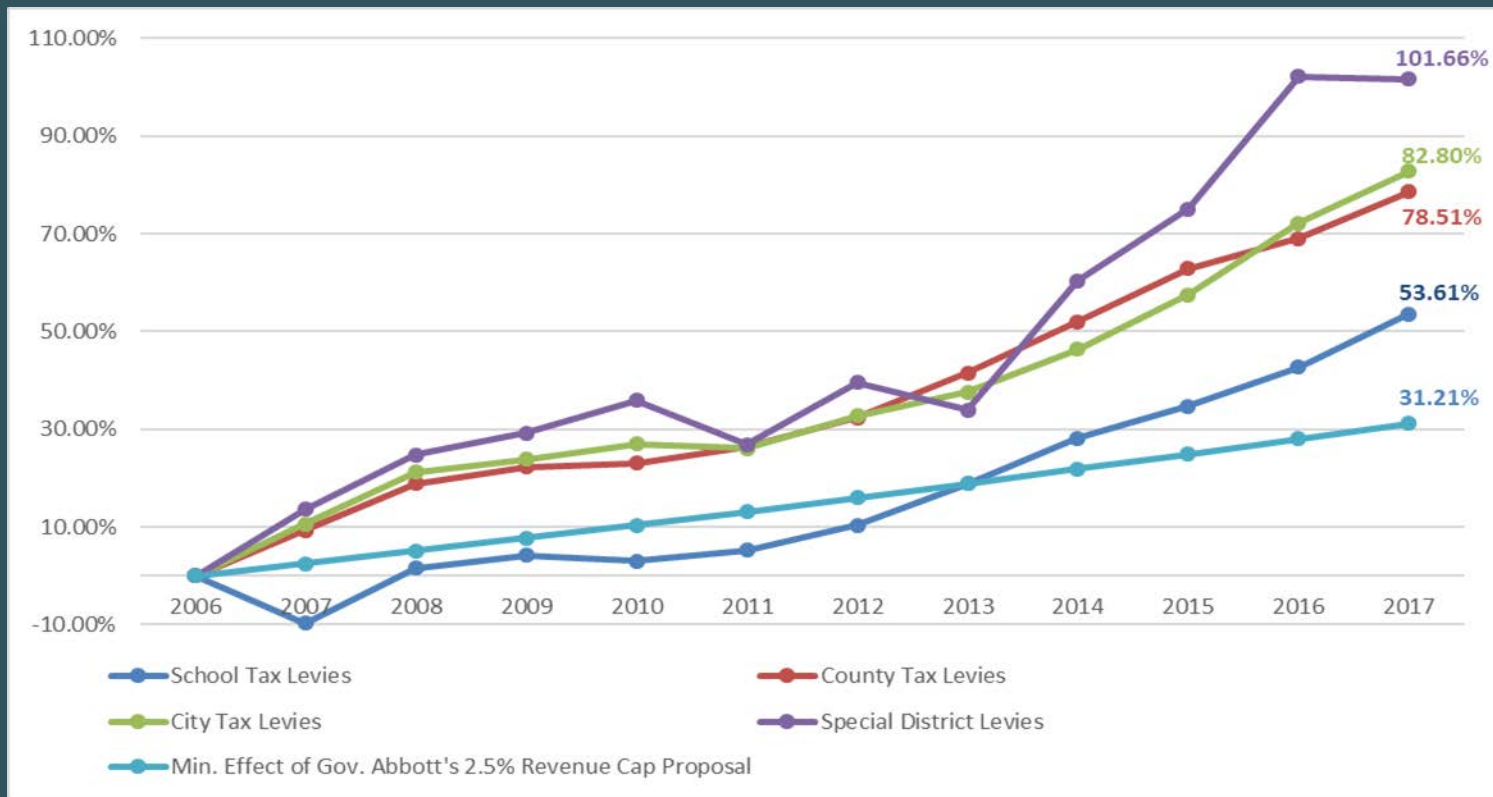
Property Taxes on a Median Valued Home vs. Median Household Income

In 2016, Property Taxes on a Median Valued Home Grew 2.94 Time Faster than Median Household Income.



2006-2017 Property Tax Levy Growth

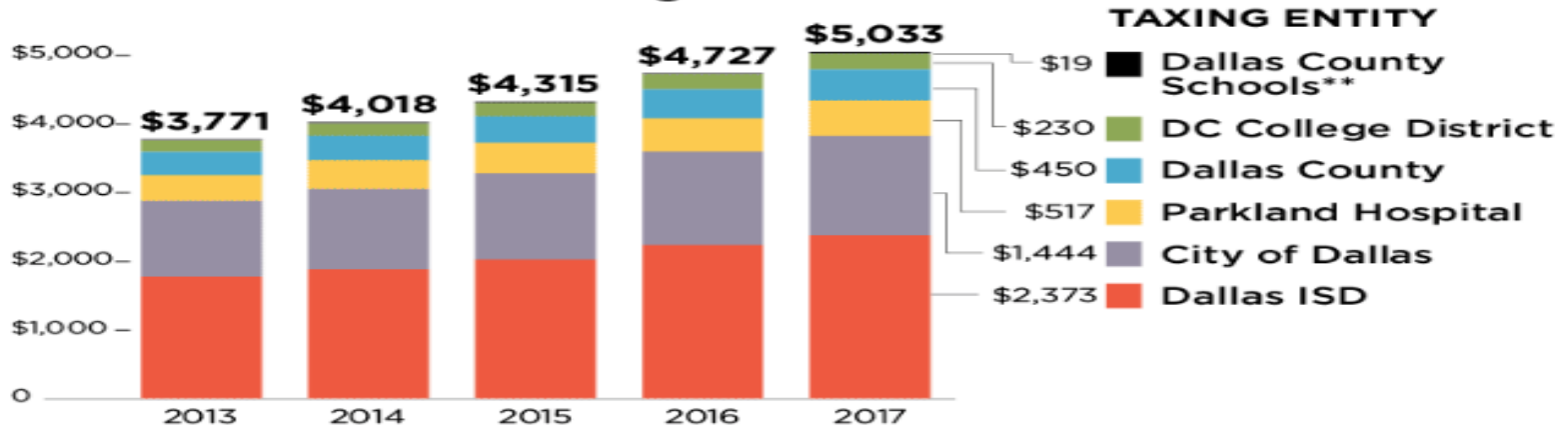
Since 2006, Property Tax Levies by class of taxing jurisdictions have grown by almost 54%, 79%, 83% and even over 100%.



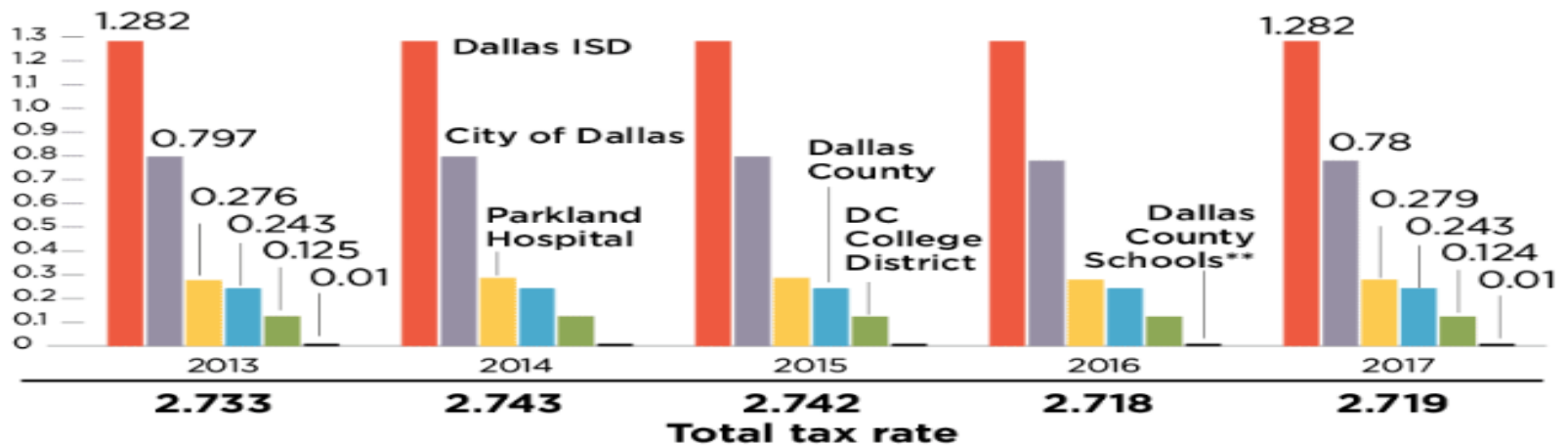
Dallas property tax bills have climbed steadily

Property tax bills in Dallas include bills from six taxing entities, each with its own rate. The bills have climbed despite mostly flat tax rates because homes have increased in value.

Annual taxes on the average Dallas home*



Tax rates have held steady

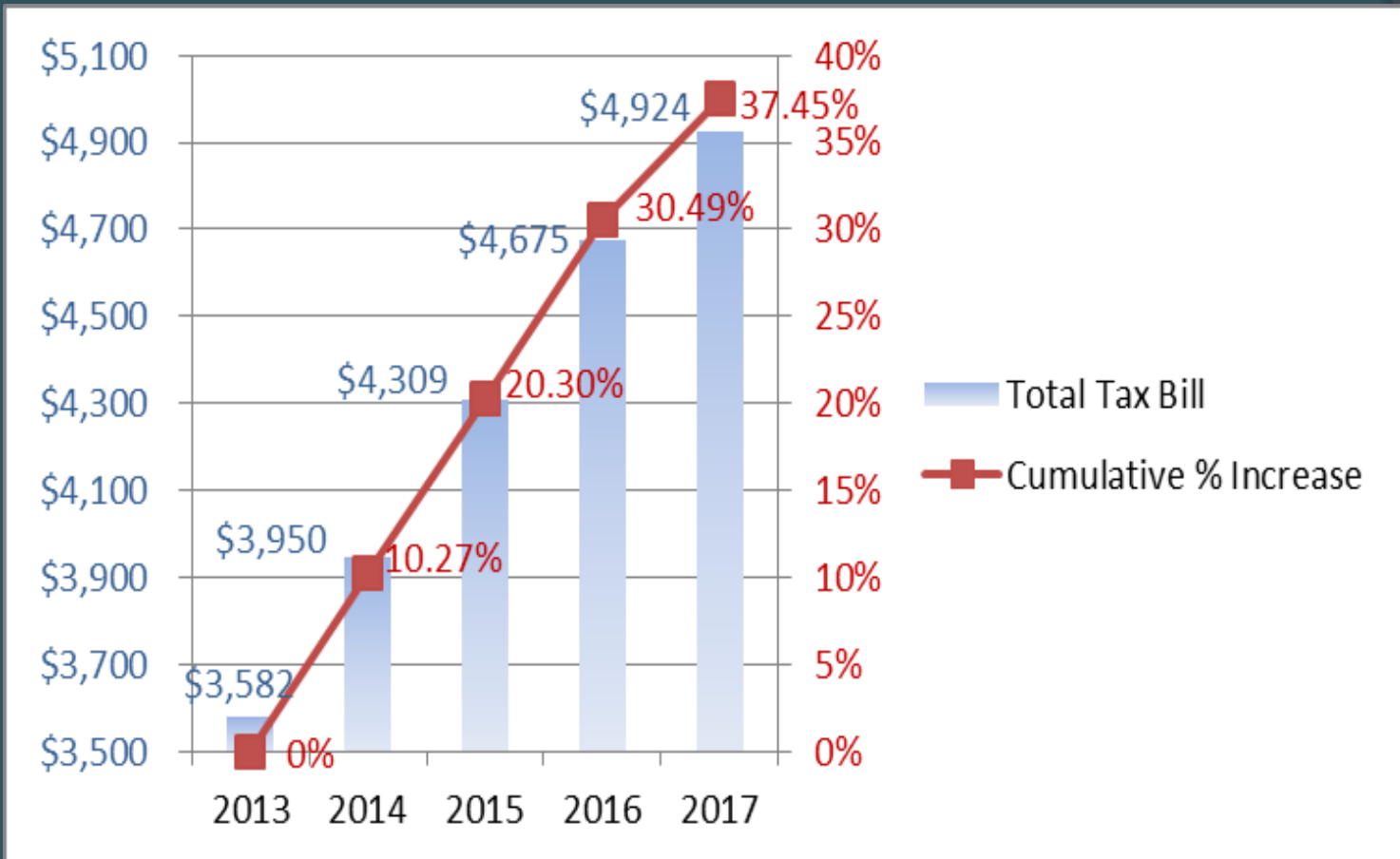


*The average taxable value among single-family residences in Dallas increased from \$137,993 in 2013 to \$185,074 in 2017. The average taxable value takes into account the overall impact of homestead and other exemptions.

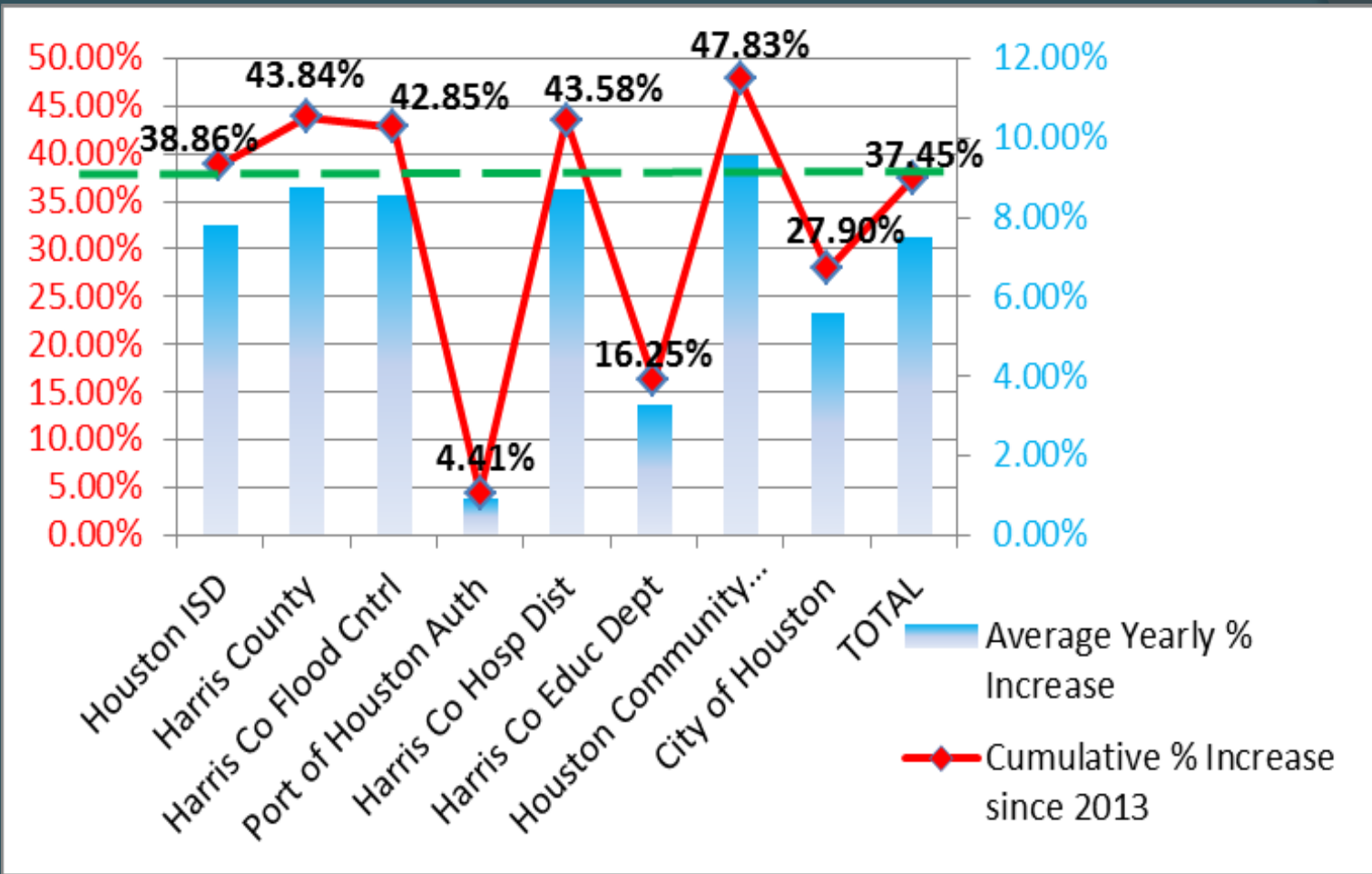
**Dallas County Schools has been dissolved, and so in the future its taxing authority will be assumed by local school districts.

Staff Graphic

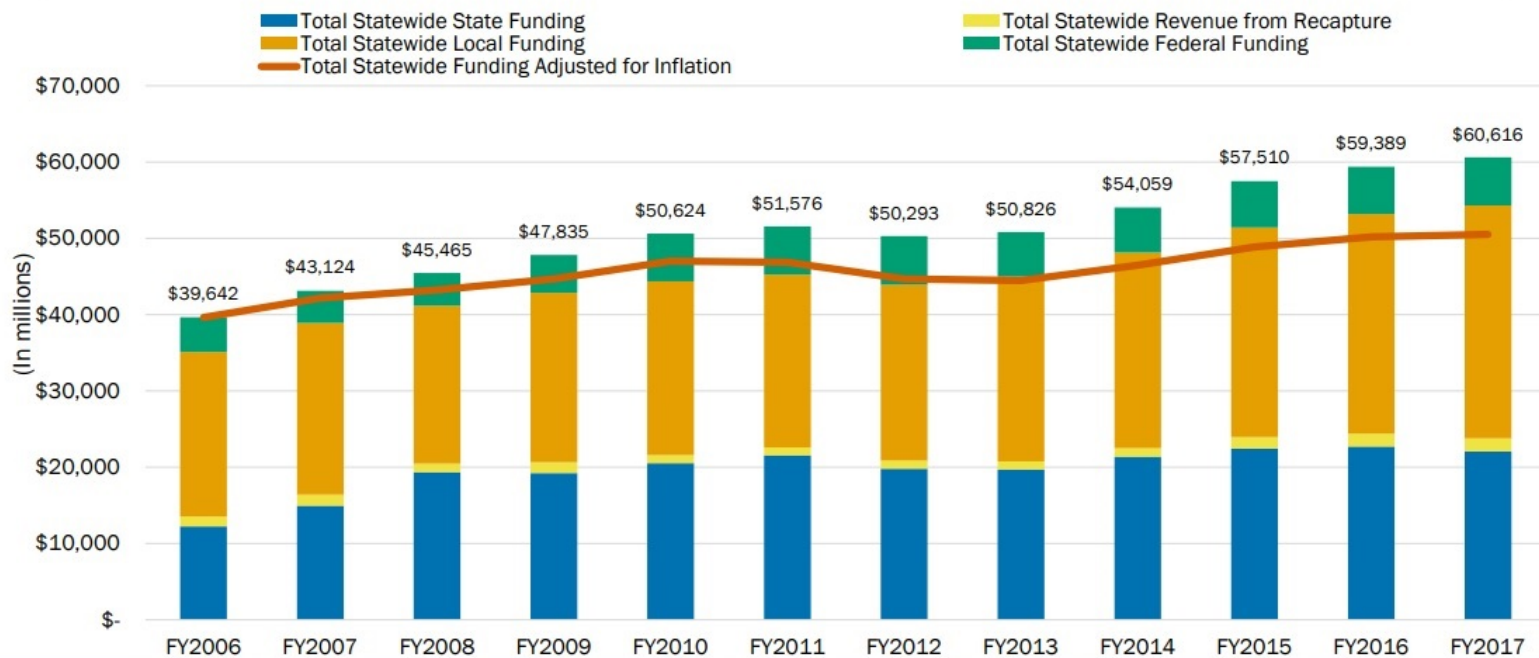
Average City of Houston Homeowner's 4 Year Property Tax Bill Increase



Tax Growth by Taxing Jurisdiction 2013-2017



Total annual funding has increased 53% (from \$39.6 billion in FY2006 to \$60.6 billion in FY2017)



Data sources: TEA PEIMS Financial Data, TEA Payment Report, and the General Appropriations Act

Comparison of the percentage breakdown of funding sources between FY2007 and FY2017

