

# Property Tax Reform

## A Comparison of SB 1 and HB 32

*Both bills address property tax notices, appraisal review board procedures, and appraisal district and state administration of the property tax system. SB 1 also addresses rollback tax rates for local units of government, while HB 32 does not. HB 4 (filed by Chairman Bonnen) contains rollback tax rate changes.*

| Item              | SB 1 by Bettencourt et.al.  | HB 32 by Bonnen, D.  |
|-------------------|---|--|
| Title             | Texas Property Tax Reform and Relief Act of 2017  | Property Tax Payer Empowerment Act of 2017   |
| Caption           | Relating to ad valorem taxation   | Relating to the administration of the ad valorem tax system; authorizing fees  |
| Tax Notices       | Requires offices of tax notices in appraisal districts to send by July 22 to each property owner a notice indicating the address of an Internet website [(county name)CountyTaxRates.gov]] to locate property tax information (database) and the county collector's phone number to request paper copy of tax rate information  | Requires appraisal districts to send by August 7 to each property owner a notice indicating the address of an Internet website to locate property tax information (database) that does not identify the appraisal district and the county collector's phone number to request a paper copy of tax rate information |
| Database          | Information—accessible to public and searchable by property owner name and address—concerning tax rates; amount of taxes resulting from effective and proposed tax rates for each taxing unit; date, time, and location of rate adoption hearing for each taxing unit; information entered by designated officer or employee of each taxing unit; link to each taxing unit's website; tax rate calculation worksheets; and an email address for each taxing unit to receive comments; estimated taxes deleted from notices of appraised value | Same, except (1) no requirement for an email address for each taxing unit to receive comments; (2) tax rate calculation worksheets not required to be attached to database; and (3) no designated name (real-time tax rate database)   |
| Tax Rate Hearings | Not until the 14 <sup>th</sup> day after the information entered by taxing unit officer or employee in the database   | Same   |

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| Tax Rate Adoption             | Not until property tax rate information notices delivered; taxing units have entered information in database, incorporated calculation forms, and posted required information on their individual websites; and the county has published tax rate information for all taxing units | Same, except no requirement for county publication of all taxing unit tax rate information   |
| “Effective Tax Rate”          | Equivalent Tax Rate  | No-new-revenue Tax Rate  |
| ETR and Rollback Calculations | Must be prepared on forms prescribed by the comptroller and certified as accurate by designated officer or employee; must be posted on websites and attached to taxing unit budgets  | Same   |
| Rollback Tax Rates            | Reduced from 8% to 4%, except for small taxing units defined as those with tax rates of 2 cents or less <b>or</b> total property tax and sales tax levy of \$20 million or less (retain 8% rollback tax rate); retains 8% rollback rate for up to 5 years in disaster areas        | Not in HB 32 (in HB 4—reduced from 8% to 6%, except for small taxing units defined as those with tax rates of 2 cents or less <b>or</b> M&O property tax levy of \$25 million or less; junior college districts exempt; retains 8% rollback rate for up to 3 years in disaster areas |
| Elections                     | Mandatory November elections for all taxing units that exceed rollback tax rates   | Mandatory elections (from 30—90 days after tax rate adoption) for taxing units other than small taxing units that exceed rollback tax rate; small taxing units continue the petition process to call elections   |
| Local Option Rollback Rate    | May 2018 election in small taxing units to ask voters to decide on 4% or 8% rollback tax rates   | Not in HB 32   |
| Truth-in-Taxation Adm.        | Revisions to notices to be more understandable, including tables to compare property taxes on average homesteads; technical changes to wording; more website posting options; numerous technical changes to current law  | Not in HB 32   |

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| Taxpayer Remedy        | Injunctions authorized to stop tax rate adoption and tax collection if notice, rate calculation, and posting requirements violated; good faith defense permitted   | Same, except no provision for good faith defense   |
| Advisory Board         | Property Tax Administration Advisory Board appointed by Comptroller to advise the Comptroller on state administration and oversight of appraisal districts and tax offices   | Same, except that membership includes representatives of taxing units (as well as taxpayers, appraisal districts, and school districts)                    |
| Comptroller Reporting  | Revisions to the Comptroller’s statewide list of tax rates and timing of publication   | Same   |
| Comptroller ARB Survey | Revisions to the distribution and submission of the surveys to property owners and agents, as well as the Comptroller’s report   | Same   |
| ARB Special Panels     | Creation of special panels in counties with populations of 1 million or more for commercial, industrial, utility, and multi-family property valued at \$50 million or more; must hear protests on request of owner/agent; may be assigned to other protests at discretion of ARB chairman; members with certain professional backgrounds | Same   |
| ARB Procedures         | Numerous changes to scheduling hearings and evidence production by appraisal districts; prohibition against ARB increasing values, taxing unit challenges of level of appraisal, and hearings on Sundays and after 7 p.m. on weekdays; deadline for ARB to act after protest hearings; unanimous panel voting prohibited                 | Same, except several technical changes to evidence production by appraisal districts (i.e., changes in wording related to “delivery” and other amendments) |

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| ARB Membership        | Must complete Comptroller training and members may not be related; limitation on terms of service; and appointment of ARB chairman and secretary by administrative district judge  | Same                |
| Binding Arbitration   | Arbitrator training required to be provided by Comptroller and completed by arbitrators before eligibility and continuation of service   | Same                |
| Property Tax Calendar | Numerous changes to accommodate November mandatory elections for taxing units that adopt tax rates that exceed the rollback rate including but not limited to: renditions on April 1 (with exceptions and extensions); notices of appraised value by April 15; protest filings by May 15; certification of appraisal roll by July 10; submission of tax rates to governing bodies by July 22; deadline to adopt tax rates that exceed rollback rates—August 15 | Not in HB 32        |
| Appraisal Matters     | Comptroller appraisal manuals to be followed by appraisal districts and reviewed for compliance every two years  | Not in HB 32        |