



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 7/14/2020

Item Creation Date:

FIN Chapter 44 Amendment

Agenda Item#: 19.

Summary:

ORDINANCE amending Section 44-27 of the Code of Ordinances, Houston, Texas, relating to notice for purposes of setting an Ad Valorem Tax Rate; making findings and containing other provisions relating to the foregoing subject; providing for severability; and declaring an emergency

Background:

The Finance Department recommends amending Section 44-27 of the City of Houston Code of Ordinances to align with the new requirements in Chapter 26 of the Texas Tax Code, pursuant to Senate Bill 2. The changes are shown in the attached redline.

Currently, before the passage of any ordinance required under Section 44-25 of the City Code of Ordinances, City Council shall:

- (1) Have published in the major Houston newspaper, at least 30 days prior to the date of passage, an analysis of anticipated increased revenues; and
- (2) Hold at least three public hearings thereon no less than ten days before the date of passage, each at least a week apart from the other hearing, which may be combined with any hearing required by the Texas Tax Code. Two such required public hearings would be held in the evening and one during the day.

Senate Bill 2, known as the Texas Property Tax Reform and Transparency Act of 2019, made numerous changes to the process for adopting an ad valorem tax rate.

The changes, found in Chapter 26, and effective on January 1, 2020, compress the schedule for adoption of an ad valorem tax rate. Most notably, a taxing unit that adopts a tax rate that exceeds the voter-approval tax rate must do so not later than the 71st day before the next uniform election date prescribed by Section 41.001 of the Election Code. In 2020, that date is August 24.

If the City were to attempt to adopt a tax rate that exceeds the voter-approval tax rate the City would not be able to comply with both the Chapter 26 deadline for adoption and the hearing requirement in Section 44-27.

Previously, if the City were to exceed the lower of the rollback tax rate or the effective rate, Chapter 26 required the City to hold two public hearings. Now, pursuant to Senate Bill 2, only one public hearing is required if the City proposes to exceed the lower of the voter-approval tax rate or the no-new-revenue tax rate.

Further, pursuant to Senate Bill 2, Chapter 26 now prescribes the form in which the City must provide a comparison between the taxes imposed on the average residence homestead in the prior year and the taxes proposed to be imposed on the average residence homestead in the current year.

DocuSigned by:

A blue ink signature of Tantri Eno.

z84CD915D02C7...
Tantri Eno, Director
Finance Department

Contact Information:

Melissa Dubowski, Deputy Director
Alma Tamborello, Division Manager

Phone: 832-393-9101
Phone: 832-393-9099

A blue ink signature of Melissa Dubowski with a "DS" stamp above it.

ATTACHMENTS:

Description

Ordinance
Redline ORD
Signed Coversheet

Type

Ordinance/Resolution/Motion
Backup Material
Signed Cover sheet