



TEXAS MUNICIPAL LEAGUE

August 30, 2012

President Leonard Reed, Mayor, Willis
Executive Director Bennett Sandlin

MEMORANDUM

TO: Officers and Members of the TML Legislative Policy Committee on Revenue and Tax

FROM: Bill Longley, Legal Counsel

SUBJECT: Summary of Actions Taken at the Two Committee Meetings (May 4 and August 24, 2012)

Attached is a summary of all recommendations made at either of the two committee meetings. The recommendations are divided into the following categories:

- **Seek Introduction and Passage** – for these initiatives, the committee recommended that the League draft appropriate legislation, seek a sponsor for that legislation, and actively pursue passage of such legislation by providing testimony and through other means.
- **Support** – for these initiatives, the committee recommended that the League actively attempt to obtain passage of the appropriate legislation if it is introduced by some other entity.
- **Endorse** – for these initiatives, the committee recommended that TML make its support known as time allows.
- **Oppose** – for these initiatives, the committee recommended that the League actively and vigorously oppose the passage of related legislation.
- **Take No Position** – for these initiatives, the committee recommended that the League take no position or no action on related legislation.

The attached summary of recommendations is, in effect, your Committee Report. It will be put into resolution form and submitted to the 2012 TML Resolutions Committee when it meets in Grapevine on Tuesday, November 13, 2012, in conjunction with the TML Annual Conference. The membership of the Committee on Utilities and Transportation will be well represented on the Resolutions Committee to ensure that the attached Committee Report gets appropriate consideration.

If you have any questions or comments, please feel free to contact us at any time.

cc: TML Officers
Municipal Intergovernmental Liaisons

TEXAS MUNICIPAL LEAGUE
LEGISLATIVE POLICY COMMITTEE ON
MUNICIPAL REVENUE AND FINANCE

Summary of Actions Taken

1. **Appraisal Caps**

The Committee voted to recommend that TML **oppose** legislation that negatively expands appraisal caps.

The Committee voted to recommend that TML **take no position** on legislation that would authorize a council-option reduction in the current ten-percent cap on annual appraisal growth.

2. **Revenue, Tax, and Expenditure Caps**

The Committee voted to recommend that TML **oppose** legislation that would impose a revenue cap of any type, including a reduced rollback rate, mandatory tax rate ratification elections, lowered rollback petition requirements, limitations on overall city expenditures, exclusion of the new property adjustment in effective rate and rollback rate calculations, or legislation that lowers the rollback rate and gives a city council the option to re-raise the rollback rate.

3. **Effective and Rollback Rate “Reform”**

The Committee voted to recommend that TML **support** legislation that would simplify the effective tax rate calculation for notice purposes only, provided the legislation would have no effect on the underlying effective tax rate and rollback tax rate calculations themselves, nor upon the hold harmless exemptions to those rates.

4. **Property Tax Exemptions**

The Committee voted to recommend that TML **oppose** new property tax exemptions that substantially erode the tax base.

5. **Property Tax Exemption for Disabled Veterans**

The Committee voted to recommend that TML **support** legislation that would help offset the losses incurred by cities disparately impacted as a result of H.B. 3613 adopted in 2009.

6. **Tax Freezes**

The Committee voted to recommend that TML **oppose** legislation that would impose a property tax freeze that can be implemented by any mechanism other than council action.

7. Centralized Collection of Property Taxes

The Committee voted to recommend that TML **oppose** legislation that would remove the authority of a city to collect its own property taxes.

8. Sales Price Disclosure

The Committee voted to recommend that TML **support** legislation requiring mandatory disclosure of real estate sales prices.

9. "Prop 2" Pollution Control Exemption

The Committee voted to recommend that TML **support** legislation that would clarify that the "Prop 2" pollution control property tax exemption isn't meant to apply to the environmental characteristics of end products.

The Committee voted to recommend that TML **oppose** legislation that would extend the "Prop 2" pollution control property tax exemption to processes, facilities, or end products.

10. Rolling Average Appraisals

The Committee voted to recommend that TML **oppose** legislation that would erode the concept that appraisals must reflect the true market value of property.

11. Homestead Exemption Increases

The Committee voted to recommend that TML **take no position** on legislation that would allow a council-option city homestead exemption of up to 30 percent.

The Committee voted to recommend that TML **oppose** legislation that would impose new mandatory homestead exemptions or exemption increases.

12. CHDOs

The Committee voted to **take no position** on legislation that would expand or contract eligibility for the CHDO property tax exemption (other than legislation relating to municipal approval of CHDO exemptions).

13. **Sales Tax Exemptions**

The Committee voted to recommend that TML **oppose** any sales tax exemption that would substantially erode the sales tax base or remove any items from the sales tax base.

The Committee voted to recommend that TML **oppose** legislation that would lengthen or broaden the scope of the current sales tax holiday.

14. **Sales Tax for Property Tax Relief**

The Committee voted to recommend that TML **support** legislation that would create a new council-option city sales tax for property tax relief that may exceed the two-percent local cap.

The Committee voted to recommend that TML **support** legislation that would automatically convert existing sales taxes for property tax relief to any newly-created sales tax for property tax relief that would not count against the two-percent local cap.

The Committee voted to recommend that TML **oppose** a requirement that the adoption of a new sales tax for property tax relief shall result in a lower property tax rollback rate for the adopting city.

15. **Expansion of Sales Tax Base**

The Committee voted to recommend that TML **support** legislation that expands the sales tax base, but only if the city tax base fully benefits from the expansion.

The Committee voted to recommend that TML **oppose** legislation that would expand the sales tax base without fully benefitting the city tax base.

16. **Streamlined Sales Tax Project/Sales Tax Sourcing**

The Committee voted to recommend that TML **oppose** legislation that would alter the city share or the calculation or sourcing of city sales taxes.

The Committee voted to recommend that TML **seek introduction and passage** of legislation that would convert the sales tax reallocation process from a ministerial process into a more formalized administrative process that would, at a minimum, require prior notice to all affected parties.

17. Type A/Type B Sales Taxes

The Committee voted to recommend that TML take no position on legislation that would broaden the authority of Type A or Type B sales tax corporations.

The Committee voted to recommend that TML take no position on legislation that would limit the authority of Type A or Type B sales tax corporations.

18. Emergency Service Districts and Sales Taxes

The Committee voted to recommend that TML seek introduction and passage of legislation that would authorize cities—in relation to annexation, planned annexation, voluntary annexation, negotiated annexation, or limited purpose annexation—to replace some or all emergency services district (ESD) sales taxes in an area with city sales taxes, provided an ESD's existing sales tax debt is proportionately and reasonably provided for in some manner.

The Committee voted to recommend that TML support legislation that would permit a municipal development district's sales tax, notwithstanding a competing ESD sales tax, to apply in the extraterritorial jurisdiction, as current law allows, provided an ESD's existing sales tax debt is proportionately and reasonably provided for in some manner.

The Committee voted to recommend that TML endorse legislation that would allow cities to remove themselves from ESDs if the city is capable of providing the services.

19. Elections to Issue City Debt

The Committee voted to recommend that TML oppose legislation that would expand election requirements for issuance of any city debt or that would impose a petition/election procedure where none currently exists.

20. RV Park Hotel/Motel Tax

The Committee voted to recommend that TML support legislation that would apply hotel occupancy taxes to RV parks, except for stays of longer than 30 days.

21. Local Parks Grants Funding

The Committee voted to recommend that TML endorse legislation that would increase future local parks funding.

The Committee voted to recommend that TML oppose legislation that would cut state appropriations for future local parks grant funding.

The Committee voted to recommend that TML oppose legislation that would divert sporting goods sales taxes away from use for parks.

The Committee voted to recommend that TML oppose legislation that would create earmarks of local parks grant funds.

22. Major Events Trust Fund

The Committee voted to recommend that TML oppose legislation that would limit or eliminate the current flexibility of the Major Events Trust Fund as a tool for cities to attract or host major events and conventions.