

By: Bonnen of Brazoria

H.B. No. 4

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the calculation of the ad valorem rollback tax rate of a  
3 taxing unit and voter approval of a proposed tax rate that exceeds  
4 the rollback tax rate.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 26.012, Tax Code, is amended by adding  
7 Subdivision (18) to read as follows:

8 (18) "Small taxing unit" means a taxing unit, other  
9 than a school district, for which the maintenance and operations  
10 tax rate proposed for the current tax year:

11 (A) is two cents or less per \$100 of taxable  
12 value; or

13 (B) would impose taxes of \$25 million or less  
14 when applied to the current total value for the taxing unit.

15 SECTION 2. Section 26.04, Tax Code, is amended by amending  
16 Subsection (c) and adding Subsection (c-1) to read as follows:

17 (c) An officer or employee designated by the governing body  
18 shall calculate the effective tax rate and the rollback tax rate for  
19 the unit, where:

20 (1) "Effective tax rate" means a rate expressed in  
21 dollars per \$100 of taxable value calculated according to the  
22 following formula:

23 EFFECTIVE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY  
24 LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

1 ; and

2 (2) "Rollback tax rate" means a rate expressed in  
3 dollars per \$100 of taxable value calculated according to the  
4 following applicable formula:

5 (A) for a small taxing unit:

6 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND  
7 OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

8 ; or

9 (B) for a taxing unit other than a small taxing  
10 unit:

11 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND  
12 OPERATIONS RATE x 1.05) + CURRENT DEBT RATE

13 (c-1) Notwithstanding any other provision of this section,  
14 the governing body of a taxing unit other than a small taxing unit  
15 may direct the designated officer or employee to calculate the  
16 rollback tax rate of the unit according to the formula applicable to  
17 a small taxing unit if any part of the unit is located in an area  
18 declared a disaster area during the current tax year by the governor  
19 or by the president of the United States.

20 SECTION 3. Section 26.041, Tax Code, is amended by amending  
21 Subsections (a), (b), and (c) and adding Subsection (c-1) to read as  
22 follows:

23 (a) In the first year in which an additional sales and use  
24 tax is required to be collected, the effective tax rate and rollback  
25 tax rate for the unit are calculated according to the following  
26 formulas:

27 EFFECTIVE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY

1 LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] -  
 2 SALES TAX GAIN RATE

3  
 4 [~~and~~]

5  
 6 ROLLBACK TAX RATE FOR SMALL TAXING UNIT = (EFFECTIVE  
 7 MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT  
 8 RATE - SALES TAX GAIN RATE

9  
 10 and

11  
 12 ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL  
 13 TAXING UNIT = (EFFECTIVE MAINTENANCE AND OPERATIONS  
 14 RATE x 1.05) + CURRENT DEBT RATE - SALES TAX GAIN RATE

15 where "sales tax gain rate" means a number expressed in dollars per  
 16 \$100 of taxable value, calculated by dividing the revenue that will  
 17 be generated by the additional sales and use tax in the following  
 18 year as calculated under Subsection (d) [~~of this section~~] by the  
 19 current total value.

20 (b) Except as provided by Subsections (a) and (c) [~~of this~~  
 21 ~~section~~], in a year in which a taxing unit imposes an additional  
 22 sales and use tax, the rollback tax rate for the unit is calculated  
 23 according to the following applicable formula, regardless of  
 24 whether the unit levied a property tax in the preceding year:

25 ROLLBACK TAX RATE FOR SMALL TAXING UNIT = [(LAST YEAR'S  
 26 MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / ([~~TOTAL~~  
 27 CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT

1 DEBT RATE - SALES TAX REVENUE RATE)

2  
3 or

4  
5 ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL  
6 TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS  
7 EXPENSE x 1.05) / (CURRENT TOTAL VALUE - NEW PROPERTY  
8 VALUE)] + (CURRENT DEBT RATE - SALES TAX REVENUE RATE)

9 where "last year's maintenance and operations expense" means the  
10 amount spent for maintenance and operations from property tax and  
11 additional sales and use tax revenues in the preceding year, and  
12 "sales tax revenue rate" means a number expressed in dollars per  
13 \$100 of taxable value, calculated by dividing the revenue that will  
14 be generated by the additional sales and use tax in the current year  
15 as calculated under Subsection (d) [~~of this section~~] by the current  
16 total value.

17 (c) In a year in which a taxing unit that has been imposing  
18 an additional sales and use tax ceases to impose an additional sales  
19 and use tax, the effective tax rate and rollback tax rate for the  
20 unit are calculated according to the following formulas:

21 EFFECTIVE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY  
22 LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +  
23 SALES TAX LOSS RATE

24  
25 [~~and~~]

26  
27 ROLLBACK TAX RATE FOR SMALL TAXING UNIT = [(LAST YEAR'S

1 MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / (~~[TOTAL]~~  
2 CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT  
3 DEBT RATE

4  
5 and

6  
7 ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL  
8 TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS  
9 EXPENSE x 1.05) / (CURRENT TOTAL VALUE - NEW PROPERTY  
10 VALUE)] + CURRENT DEBT RATE

11 where "sales tax loss rate" means a number expressed in dollars per  
12 \$100 of taxable value, calculated by dividing the amount of sales  
13 and use tax revenue generated in the last four quarters for which  
14 the information is available by the current total value and "last  
15 year's maintenance and operations expense" means the amount spent  
16 for maintenance and operations from property tax and additional  
17 sales and use tax revenues in the preceding year.

18 (c-1) Notwithstanding any other provision of this section,  
19 the governing body of a taxing unit other than a small taxing unit  
20 may direct the designated officer or employee to calculate the  
21 rollback tax rate of the unit according to the formula applicable to  
22 a small taxing unit if any part of the unit is located in an area  
23 declared a disaster area during the current tax year by the governor  
24 or by the president of the United States.

25 SECTION 4. The heading to Section 26.043, Tax Code, is  
26 amended to read as follows:

27 Sec. 26.043. ROLLBACK AND EFFECTIVE TAX RATES [~~RATE~~] IN

1 CITY IMPOSING MASS TRANSIT SALES AND USE TAX.

2 SECTION 5. The heading to Section 26.07, Tax Code, is  
3 amended to read as follows:

4 Sec. 26.07. ELECTION TO REDUCE TAX RATE OF SMALL TAXING UNIT  
5 [~~REPEAL INCREASE~~].

6 SECTION 6. Section 26.07(a), Tax Code, is amended to read as  
7 follows:

8 (a) If the governing body of a small taxing unit [~~other than~~  
9 ~~a school district~~] adopts a tax rate that exceeds the taxing unit's  
10 rollback tax rate calculated as provided by this chapter, the  
11 qualified voters of the taxing unit by petition may require that an  
12 election be held to determine whether or not to reduce the tax rate  
13 adopted for the current year to the rollback tax rate calculated as  
14 provided by this chapter.

15 SECTION 7. The heading to Section 26.08, Tax Code, is  
16 amended to read as follows:

17 Sec. 26.08. ELECTION TO APPROVE TAX RATE OF TAXING UNIT  
18 OTHER THAN SMALL TAXING UNIT [~~RATIFY SCHOOL TAXES~~].

19 SECTION 8. Section 26.08, Tax Code, is amended by amending  
20 Subsections (a), (b), (d), (d-1), (d-2), (e), and (h) and adding  
21 Subsection (r) to read as follows:

22 (a) If the governing body of a taxing unit other than a small  
23 taxing unit [~~school district~~] adopts a tax rate that exceeds the  
24 taxing unit's [~~district's~~] rollback tax rate, the registered voters  
25 of the taxing unit [~~district~~] at an election held for that purpose  
26 must determine whether to approve the adopted tax rate. When  
27 increased expenditure of money by a taxing unit [~~school district~~]

1 is necessary to respond to a disaster, including a tornado,  
2 hurricane, flood, or other calamity, but not including a drought,  
3 that has impacted the taxing unit [~~a school district~~] and the  
4 governor has requested federal disaster assistance for the area in  
5 which the taxing unit [~~school district~~] is located, an election is  
6 not required under this section to approve the tax rate adopted by  
7 the governing body for the year following the year in which the  
8 disaster occurs.

9 (b) The governing body shall order that the election be held  
10 in the taxing unit [~~school district~~] on a date not less than 30 or  
11 more than 90 days after the day on which it adopted the tax rate.  
12 Section 41.001, Election Code, does not apply to the election  
13 unless a date specified by that section falls within the time  
14 permitted by this section. At the election, the ballots shall be  
15 prepared to permit voting for or against the proposition:  
16 "Approving the ad valorem tax rate of \$\_\_\_\_\_ per \$100 valuation in  
17 (name of taxing unit [~~school district~~]) for the current year, a rate  
18 that is \$\_\_\_\_\_ higher per \$100 valuation than the [~~school district~~]  
19 rollback tax rate of (name of taxing unit), for the purpose of  
20 (description of purpose of increase)." The ballot proposition must  
21 include the adopted tax rate and the difference between that rate  
22 and the rollback tax rate in the appropriate places.

23 (d) If the proposition is not approved as provided by  
24 Subsection (c), the governing body may not adopt a tax rate for the  
25 taxing unit [~~school district~~] for the current year that exceeds the  
26 taxing unit's [~~school district's~~] rollback tax rate.

27 (d-1) If, after tax bills for the taxing unit [~~school~~

1 ~~district~~] have been mailed, a proposition to approve the taxing  
2 unit's [~~school district's~~] adopted tax rate is not approved by the  
3 voters of the taxing unit [~~district~~] at an election held under this  
4 section, on subsequent adoption of a new tax rate by the governing  
5 body of the taxing unit [~~district~~], the assessor for the taxing unit  
6 [~~school~~] shall prepare and mail corrected tax bills. The assessor  
7 shall include with each bill a brief explanation of the reason for  
8 and effect of the corrected bill. The date on which the taxes  
9 become delinquent for the year is extended by a number of days equal  
10 to the number of days between the date the first tax bills were sent  
11 and the date the corrected tax bills were sent.

12 (d-2) If a property owner pays taxes calculated using the  
13 originally adopted tax rate of the taxing unit [~~school district~~]  
14 and the proposition to approve the adopted tax rate is not approved  
15 by the voters, the taxing unit [~~school district~~] shall refund the  
16 difference between the amount of taxes paid and the amount due under  
17 the subsequently adopted rate if the difference between the amount  
18 of taxes paid and the amount due under the subsequent rate is \$1 or  
19 more. If the difference between the amount of taxes paid and the  
20 amount due under the subsequent rate is less than \$1, the taxing  
21 unit [~~school district~~] shall refund the difference on request of  
22 the taxpayer. An application for a refund of less than \$1 must be  
23 made within 90 days after the date the refund becomes due or the  
24 taxpayer forfeits the right to the refund.

25 (e) For purposes of this section, local tax funds dedicated  
26 to a junior college district under Section 45.105(e), Education  
27 Code, shall be eliminated from the calculation of the tax rate



1 adopted by the governing body of a [~~the~~] school district. However,  
2 the funds dedicated to the junior college district are subject to  
3 Section 26.085.

4 (h) For purposes of this section, increases in taxable  
5 values and tax levies occurring within a reinvestment zone under  
6 Chapter 311 (Tax Increment Financing Act), in which a school [~~the~~]  
7 district is a participant, shall be eliminated from the calculation  
8 of the tax rate adopted by the governing body of the school  
9 district.

10 (r) Except as otherwise expressly provided by law, this  
11 section does not apply to a tax imposed by a taxing unit if a  
12 provision of an uncodified local or special law enacted by the 85th  
13 Legislature, Regular Session, 2017, or by an earlier legislature  
14 provides that Section 26.07 does not apply to a tax imposed by the  
15 taxing unit.

16 SECTION 9. Section 26.16(d), Tax Code, is amended to read as  
17 follows:

18 (d) The county assessor-collector shall post immediately  
19 below the table prescribed by Subsection (c) the following  
20 statement:

21 "The county is providing this table of property tax rate  
22 information as a service to the residents of the county. Each  
23 individual taxing unit is responsible for calculating the property  
24 tax rates listed in this table pertaining to that taxing unit and  
25 providing that information to the county.

26 "The adopted tax rate is the tax rate adopted by the governing  
27 body of a taxing unit.

1           "The maintenance and operations rate is the component of the  
2 adopted tax rate of a taxing unit that will impose the amount of  
3 taxes needed to fund maintenance and operation expenditures of the  
4 unit for the following year.

5           "The debt rate is the component of the adopted tax rate of a  
6 taxing unit that will impose the amount of taxes needed to fund the  
7 unit's debt service for the following year.

8           "The effective tax rate is the tax rate that would generate  
9 the same amount of revenue in the current tax year as was generated  
10 by a taxing unit's adopted tax rate in the preceding tax year from  
11 property that is taxable in both the current tax year and the  
12 preceding tax year.

13           "The effective maintenance and operations rate is the tax  
14 rate that would generate the same amount of revenue for maintenance  
15 and operations in the current tax year as was generated by a taxing  
16 unit's maintenance and operations rate in the preceding tax year  
17 from property that is taxable in both the current tax year and the  
18 preceding tax year.

19           "The rollback tax rate is the highest tax rate a taxing unit  
20 may adopt before requiring voter approval at an election. In the  
21 case of a small taxing unit [~~other than a school district~~], the  
22 voters by petition may require that a rollback election be held if  
23 the unit adopts a tax rate in excess of the unit's rollback tax  
24 rate. In the case of a taxing unit other than a small taxing unit  
25 [~~school district~~], an election will automatically be held if the  
26 unit [~~district~~] wishes to adopt a tax rate in excess of the unit's  
27 [~~district's~~] rollback tax rate."

1 SECTION 10. Sections 31.12(a) and (b), Tax Code, as amended  
2 by S.B. 2242, Acts of the 85th Legislature, Regular Session, 2017,  
3 are amended to read as follows:

4 (a) If a refund of a tax provided by Section 11.431(b),  
5 26.07(g), 26.08(d-2), 26.15(f), 31.11, 31.111, or 31.112 is paid on  
6 or before the 60th day after the date the liability for the refund  
7 arises, no interest is due on the amount refunded. If not paid on or  
8 before that 60th day, the amount of the tax to be refunded accrues  
9 interest at a rate of one percent for each month or part of a month  
10 that the refund is unpaid, beginning with the date on which the  
11 liability for the refund arises.

12 (b) For purposes of this section, liability for a refund  
13 arises:

14 (1) if the refund is required by Section 11.431(b), on  
15 the date the chief appraiser notifies the collector for the unit of  
16 the approval of the late homestead exemption;

17 (2) if the refund is required by Section 26.07(g), on  
18 the date the results of the election to reduce the tax rate are  
19 certified;

20 (3) if the refund is required by Section 26.08(d-2),  
21 on the date the subsequent tax rate is adopted;

22 (4) if the refund is required by Section 26.15(f):

23 (A) for a correction to the tax roll made under  
24 Section 26.15(b), on the date the change in the tax roll is  
25 certified to the assessor for the taxing unit under Section 25.25;  
26 or

27 (B) for a correction to the tax roll made under

1 Section 26.15(c), on the date the change in the tax roll is ordered  
2 by the governing body of the taxing unit;

3 (5) [~~(4)~~] if the refund is required by Section 31.11,  
4 on the date the auditor for the taxing unit determines that the  
5 payment was erroneous or excessive or, if the amount of the refund  
6 exceeds the applicable amount specified by Section 31.11(a), on the  
7 date the governing body of the unit approves the refund;

8 (6) [~~(5)~~] if the refund is required by Section 31.111,  
9 on the date the collector for the taxing unit determines that the  
10 payment was erroneous; or

11 (7) [~~(6)~~] if the refund is required by Section 31.112,  
12 on the date required by Section 31.112(d) or (e), as applicable.

13 SECTION 11. Section 33.08(b), Tax Code, is amended to read  
14 as follows:

15 (b) The governing body of the taxing unit or appraisal  
16 district, in the manner required by law for official action, may  
17 provide that taxes that become delinquent on or after June 1 under  
18 Section 26.07(f), 26.08(d-1), 26.15(e), 31.03, 31.031, 31.032,  
19 31.04, or 42.42 incur an additional penalty to defray costs of  
20 collection. The amount of the penalty may not exceed the amount of  
21 the compensation specified in the applicable contract with an  
22 attorney under Section 6.30 to be paid in connection with the  
23 collection of the delinquent taxes.

24 SECTION 12. Section 130.016(b), Education Code, is amended  
25 to read as follows:

26 (b) If the board of trustees of an independent school  
27 district that divests itself of the management, control, and

1 operation of a junior college district under this section or under  
2 Section 130.017 [~~of this code~~] was authorized by [~~Subsection (e)~~  
3 ~~of~~] Section 45.105(e) or under former Section 20.48(e) [~~20.48 of~~  
4 ~~this code~~] to dedicate a portion of its tax levy to the junior  
5 college district before the divestment, the junior college district  
6 may levy an ad valorem tax from and after the divestment. In the  
7 first two years in which the junior college district levies an ad  
8 valorem tax, the tax rate adopted by the governing body may not  
9 exceed the rate that, if applied to the total taxable value  
10 submitted to the governing body under Section 26.04, Tax Code,  
11 would impose an amount equal to the amount of taxes of the school  
12 district dedicated to the junior college under [~~Subsection (e) of~~  
13 Section 45.105(e) or former Section 20.48(e) [~~20.48 of this code~~]  
14 in the last dedication before the divestment. In subsequent years,  
15 the tax rate of the junior college district is subject to Section  
16 26.07 or 26.08, Tax Code, as applicable.

17 SECTION 13. Sections 281.124(d) and (e), Health and Safety  
18 Code, are amended to read as follows:

19 (d) If a majority of the votes cast in the election favor the  
20 proposition, the tax rate for the specified tax year is the rate  
21 approved by the voters, and that rate is not subject to a rollback  
22 election under Section 26.07 or 26.08, Tax Code. The board shall  
23 adopt the tax rate as provided by Chapter 26, Tax Code, as  
24 applicable.

25 (e) If the proposition is not approved as provided by  
26 Subsection (c), the board may not adopt a tax rate for the district  
27 for the specified tax year that exceeds the rate that was not

1 approved, and Section 26.07 or 26.08, Tax Code, as applicable,  
2 applies to the adopted rate if that rate exceeds the district's  
3 rollback tax rate.

4 SECTION 14. Section 140.010, Local Government Code, is  
5 amended by amending Subsections (a), (e), (f), and (g) and adding  
6 Subsection (e-1) to read as follows:

7 (a) In this section:

8 (1) "Effective[, "effective] tax rate" and "rollback  
9 tax rate" mean the effective tax rate and rollback tax rate of a  
10 county or municipality, as applicable, as calculated under Chapter  
11 26, Tax Code.

12 (2) "Small taxing unit" has the meaning assigned by  
13 Section 26.012, Tax Code.

14 (e) A county or municipality that is a small taxing unit and  
15 that proposes a property tax rate that exceeds the lower of the  
16 effective tax rate or the rollback tax rate shall provide the  
17 following notice:

18 "NOTICE OF (INSERT CURRENT TAX YEAR) TAX YEAR PROPOSED PROPERTY TAX  
19 RATE FOR (INSERT NAME OF COUNTY OR MUNICIPALITY)

20 "A tax rate of \$\_\_\_\_\_ per \$100 valuation has been proposed for  
21 adoption by the governing body of (insert name of county or  
22 municipality). This rate exceeds the lower of the effective or  
23 rollback tax rate, and state law requires that two public hearings  
24 be held by the governing body before adopting the proposed tax rate.  
25 The governing body of (insert name of county or municipality)  
26 proposes to use revenue attributable to the tax rate increase for  
27 the purpose of (description of purpose of increase).

1	PROPOSED TAX RATE	\$_____ per \$100
2	PRECEDING YEAR'S TAX RATE	\$_____ per \$100
3	EFFECTIVE TAX RATE	\$_____ per \$100
4	ROLLBACK TAX RATE	\$_____ per \$100

5 "The effective tax rate is the total tax rate needed to raise the  
6 same amount of property tax revenue for (insert name of county or  
7 municipality) from the same properties in both the (insert  
8 preceding tax year) tax year and the (insert current tax year) tax  
9 year.

10 "The rollback tax rate is the highest tax rate that (insert name of  
11 county or municipality) may adopt before the voters are entitled to  
12 petition for an election to limit the rate that may be approved to  
13 the rollback tax rate.

14 "YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS  
15 FOLLOWS:

$$16 \text{ property tax amount} = (\text{rate}) \times (\text{taxable value of your property}) /$$

$$17 \qquad \qquad \qquad 100$$

18 "For assistance or detailed information about tax calculations,  
19 please contact:

20 (insert name of county or municipal tax assessor-collector)  
21 (insert name of county or municipality) tax  
22 assessor-collector  
23 (insert address)  
24 (insert telephone number)  
25 (insert e-mail address)  
26 (insert Internet website address, if applicable)

27 "You are urged to attend and express your views at the following

1 public hearings on the proposed tax rate:

2 First Hearing: (insert date and time) at (insert location of  
3 meeting).

4 Second Hearing: (insert date and time) at (insert location  
5 of meeting)."

6 (e-1) A county or municipality that is not a small taxing  
7 unit and that proposes a property tax rate that exceeds the lower of  
8 the effective tax rate or the rollback tax rate shall provide the  
9 following notice:

10 "NOTICE OF (INSERT CURRENT TAX YEAR) TAX YEAR PROPOSED PROPERTY TAX  
11 RATE FOR (INSERT NAME OF COUNTY OR MUNICIPALITY)

12 "A tax rate of \$\_\_\_\_\_ per \$100 valuation has been proposed for  
13 adoption by the governing body of (insert name of county or  
14 municipality). This rate exceeds the lower of the effective or  
15 rollback tax rate, and state law requires that two public hearings  
16 be held by the governing body before adopting the proposed tax rate.  
17 The governing body of (insert name of county or municipality)  
18 proposes to use revenue attributable to the tax rate increase for  
19 the purpose of (description of purpose of increase).

20	<u>PROPOSED TAX RATE</u>	<u>\$_____ per \$100</u>
21	<u>PRECEDING YEAR'S TAX RATE</u>	<u>\$_____ per \$100</u>
22	<u>EFFECTIVE TAX RATE</u>	<u>\$_____ per \$100</u>
23	<u>ROLLBACK TAX RATE</u>	<u>\$_____ per \$100</u>

24 "The effective tax rate is the total tax rate needed to raise the  
25 same amount of property tax revenue for (insert name of county or  
26 municipality) from the same properties in both the (insert  
27 preceding tax year) tax year and the (insert current tax year) tax



1 year.

2 "The rollback tax rate is the highest tax rate that (insert name of  
3 county or municipality) may adopt before the (insert "county" or  
4 "city") is required to hold an election to limit the rate that may  
5 be approved to the rollback tax rate.

6 "YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS

7 FOLLOWS:

8 property tax amount = (rate) x (taxable value of your property) /

9 100

10 "For assistance or detailed information about tax calculations,  
11 please contact:

12 (insert name of county or municipal tax assessor-collector)

13 (insert name of county or municipality) tax

14 assessor-collector

15 (insert address)

16 (insert telephone number)

17 (insert e-mail address)

18 (insert Internet website address, if applicable)

19 "You are urged to attend and express your views at the following  
20 public hearings on the proposed tax rate:

21 First Hearing: (insert date and time) at (insert location of  
22 meeting).

23 Second Hearing: (insert date and time) at (insert location  
24 of meeting)."

25 (f) A county or municipality shall:

26 (1) provide the notice required by Subsection (d),

27 ~~(e)~~ (e), or (e-1), as applicable, not later than the later of

1 September 1 or the 30th day after the first date that the taxing  
2 unit has received each applicable certified appraisal roll by:

3 (A) publishing the notice in a newspaper having  
4 general circulation in:

5 (i) the county, in the case of notice  
6 published by a county; or

7 (ii) the county in which the municipality  
8 is located or primarily located, in the case of notice published by  
9 a municipality; or

10 (B) mailing the notice to each property owner in:

11 (i) the county, in the case of notice  
12 provided by a county; or

13 (ii) the municipality, in the case of  
14 notice provided by a municipality; and

15 (2) post the notice on the Internet website of the  
16 county or municipality, if applicable, beginning not later than the  
17 later of September 1 or the 30th day after the first date that the  
18 taxing unit has received each applicable certified appraisal roll  
19 and continuing until the county or municipality adopts a tax rate.

20 (g) If the notice required by Subsection (d), ~~(e)~~, or  
21 (e-1) is published in a newspaper:

22 (1) the notice may not be smaller than one-quarter  
23 page of a standard-size or a tabloid-size newspaper; and

24 (2) the headline on the notice must be in 24-point or  
25 larger type.

26 SECTION 15. Section [1122.2522](#), Special District Local Laws  
27 Code, is amended by amending Subsection (a) and adding Subsection

1 (a-1) to read as follows:

2 (a) If in any year the board adopts a tax rate that exceeds  
3 the rollback tax rate calculated as provided by Chapter 26, Tax  
4 Code, and the district is a small taxing unit as defined by Section  
5 26.012 of that code, the qualified voters of the district by  
6 petition may require that an election be held to determine whether  
7 or not to reduce the tax rate adopted by the board for that year to  
8 the rollback tax rate.

9 (a-1) If in any year the board adopts a tax rate that exceeds  
10 the rollback tax rate calculated as provided by Chapter 26, Tax  
11 Code, and the district is not a small taxing unit as defined by  
12 Section 26.012 of that code, an election must be held to determine  
13 whether or not to approve the tax rate adopted by the board for that  
14 year.

15 SECTION 16. Sections 3828.157 and 8876.152, Special  
16 District Local Laws Code, are amended to read as follows:

17 Sec. 3828.157. INAPPLICABILITY OF CERTAIN TAX CODE  
18 PROVISIONS. Sections 26.04, 26.05, ~~and~~ 26.07, and 26.08, Tax  
19 Code, do not apply to a tax imposed under Section 3828.153 or  
20 3828.156.

21 Sec. 8876.152. APPLICABILITY OF CERTAIN TAX PROVISIONS.

22 (a) Sections 26.04, 26.05, 26.06, ~~and~~ 26.07, and 26.08, Tax Code,  
23 do not apply to a tax imposed by the district.

24 (b) Sections 49.236(a)(1) and (2) and (b) [Section 49.236],  
25 Water Code, apply ~~[as added by Chapter 248 (H.B. 1541), Acts of the~~  
26 ~~78th Legislature, Regular Session, 2003, applies]~~ to the district.

27 SECTION 17. Section 49.107(g), Water Code, is amended to

1 read as follows:

2 (g) Sections 26.04, 26.05, [~~and~~] 26.07, and 26.08, Tax Code,  
3 do not apply to a tax levied and collected under this section or an  
4 ad valorem tax levied and collected for the payment of the interest  
5 on and principal of bonds issued by a district.

6 SECTION 18. Section 49.108(f), Water Code, is amended to  
7 read as follows:

8 (f) Sections 26.04, 26.05, [~~and~~] 26.07, and 26.08, Tax Code,  
9 do not apply to a tax levied and collected for payments made under a  
10 contract approved in accordance with this section.

11 SECTION 19. Section 49.236, Water Code, as added by Chapter  
12 335 (S.B. 392), Acts of the 78th Legislature, Regular Session,  
13 2003, is amended by amending Subsections (a) and (d) and adding  
14 Subsections (e), (f), (g), (h), (i), (j), (k), (l), and (m) to read  
15 as follows:

16 (a) Before the board adopts an ad valorem tax rate for the  
17 district for debt service, operation and maintenance purposes, or  
18 contract purposes, the board shall give notice of each meeting of  
19 the board at which the adoption of a tax rate will be considered.  
20 The notice must:

21 (1) contain a statement in substantially the following  
22 form:

23 "NOTICE OF PUBLIC HEARING ON TAX RATE

24 "The (name of the district) will hold a public hearing on a  
25 proposed tax rate for the tax year (year of tax levy) on (date and  
26 time) at (meeting place). Your individual taxes may increase or  
27 decrease, depending on the change in the taxable value of your

1 property in relation to the change in taxable value of all other  
2 property and the tax rate that is adopted.

3 "(Names of all board members and, if a vote was taken, an  
4 indication of how each voted on the proposed tax rate and an  
5 indication of any absences.)";

6 (2) contain the following information:

7 (A) the district's total adopted tax rate for the  
8 preceding year and the proposed tax rate, expressed as an amount per  
9 \$100;

10 (B) the difference, expressed as an amount per  
11 \$100 and as a percent increase or decrease, as applicable, in the  
12 proposed tax rate compared to the adopted tax rate for the preceding  
13 year;

14 (C) the average appraised value of a residence  
15 homestead in the district in the preceding year and in the current  
16 year; the district's total homestead exemption, other than an  
17 exemption available only to disabled persons or persons 65 years of  
18 age or older, applicable to that appraised value in each of those  
19 years; and the average taxable value of a residence homestead in  
20 the district in each of those years, disregarding any homestead  
21 exemption available only to disabled persons or persons 65 years of  
22 age or older;

23 (D) the amount of tax that would have been  
24 imposed by the district in the preceding year on a residence  
25 homestead appraised at the average appraised value of a residence  
26 homestead in that year, disregarding any homestead exemption  
27 available only to disabled persons or persons 65 years of age or

1 older;

2 (E) the amount of tax that would be imposed by the  
3 district in the current year on a residence homestead appraised at  
4 the average appraised value of a residence homestead in that year,  
5 disregarding any homestead exemption available only to disabled  
6 persons or persons 65 years of age or older, if the proposed tax  
7 rate is adopted; ~~and~~

8 (F) the difference between the amounts of tax  
9 calculated under Paragraphs (D) and (E), expressed in dollars and  
10 cents and described as the annual percentage increase or decrease,  
11 as applicable, in the tax to be imposed by the district on the  
12 average residence homestead in the district in the current year if  
13 the proposed tax rate is adopted; and

14 (G) if the proposed combined debt service,  
15 operation and maintenance, and contract tax rate requires or  
16 authorizes an election in the district to approve the tax rate, a  
17 description of the purpose of the proposed tax increase; and

18 (3) contain a statement in substantially the following  
19 form, as applicable:

20 (A) if the district is not a small taxing unit:

21 "NOTICE OF VOTE ON TAX RATE [~~TAXPAYERS' RIGHT TO ROLLBACK ELECTION~~]

22 "If taxes on the average residence homestead increase by more  
23 than five [~~eight~~] percent, [~~the qualified voters of the district by~~  
24 ~~petition may require that~~] an election must be held to determine  
25 whether to approve [~~reduce~~] the [~~operation and maintenance~~] tax  
26 rate [~~to the rollback tax rate~~] under Section 49.236(d), Water  
27 Code."; or

1           (B) if the district is a small taxing unit:

2           "NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION

3           "If taxes on the average residence homestead increase by more  
4 than eight percent, the qualified voters of the district by  
5 petition may require that an election be held to determine whether  
6 to approve the tax rate under Section 49.236(e), Water Code."

7           (d) This subsection applies to a district only if the  
8 district is not a small taxing unit. If the board [~~governing body~~]  
9 of the [~~a~~] district adopts a combined debt service, operation and  
10 maintenance, and contract tax rate that would impose more than 1.05  
11 [~~1.08~~] times the amount of tax imposed by the district in the  
12 preceding year on a residence homestead appraised at the average  
13 appraised value of a residence homestead in the district in that  
14 year, disregarding any homestead exemption available only to  
15 disabled persons or persons 65 years of age or older, [~~the qualified~~  
16 ~~voters of the district by petition may require that~~] an election  
17 must be held to determine whether [~~or not~~] to approve [~~reduce~~] the  
18 tax rate adopted for the current year [~~to the rollback tax rate~~] in  
19 accordance with the procedures provided by Sections 26.08(b), (c),  
20 (d), (d-1), and (d-2) [~~26.07(b)-(g) and 26.081~~], Tax Code.

21           (e) This subsection and Subsections (f)-(i) apply to a  
22 district only if the district is a small taxing unit. If the board  
23 of the district adopts a combined debt service, operation and  
24 maintenance, and contract tax rate that would impose more than 1.08  
25 times the amount of tax imposed by the district in the preceding  
26 year on a residence homestead appraised at the average appraised  
27 value of a residence homestead in the district in that year,

1 disregarding any homestead exemption available only to disabled  
2 persons or persons 65 years of age or older, the qualified voters of  
3 the district by petition may require that an election be held to  
4 determine whether to approve the tax rate adopted for the current  
5 year in accordance with the procedures provided by Subsections  
6 (f)-(i) of this section and Section 26.081, Tax Code.

7 (f) A petition is valid only if:

8 (1) it states that it is intended to require an  
9 election in the district on the question of approving the tax rate  
10 adopted for the current year;

11 (2) it is signed by a number of registered voters of  
12 the district equal to at least:

13 (A) seven percent of the number of registered  
14 voters of the district according to the most recent official list of  
15 registered voters if the tax rate adopted for the current tax year  
16 would impose taxes for operation and maintenance in an amount of at  
17 least \$5 million; or

18 (B) 10 percent of the number of registered voters  
19 of the district according to the most recent official list of  
20 registered voters if the tax rate adopted for the current tax year  
21 would impose taxes for operation and maintenance in an amount of  
22 less than \$5 million; and

23 (3) it is submitted to the board on or before the 90th  
24 day after the date on which the board adopted the tax rate for the  
25 current year.

26 (g) Not later than the 20th day after the day a petition is  
27 submitted, the board shall determine whether or not the petition is



1 valid and pass a resolution stating its finding. If the board fails  
2 to act within the time allowed, the petition is treated as if it had  
3 been found valid.

4 (h) If the board finds that the petition is valid (or fails  
5 to act within the time allowed), it shall order that an election be  
6 held in the district on a date not less than 30 or more than 90 days  
7 after the last day on which it could have acted to approve or  
8 disapprove the petition. A state law requiring local elections to  
9 be held on a specified date does not apply to the election unless a  
10 specified date falls within the time permitted by this subsection.  
11 At the election, the ballots shall be prepared to permit voting for  
12 or against the proposition: "Approving the ad valorem tax rate of  
13 \$\_\_\_\_ per \$100 valuation in (name of district) for the current year,  
14 a rate that is \$\_\_\_\_ higher per \$100 valuation than the district's  
15 rollback tax rate, for the purpose of (description of purpose of  
16 increase)." The ballot proposition must include the adopted tax  
17 rate and the difference between that rate and the rollback tax rate  
18 in the appropriate places.

19 (i) Sections 26.08(c), (d), (d-1), and (d-2), Tax Code,  
20 apply to an election under Subsection (e) of this section in the  
21 same manner as those subsections apply to an election under Section  
22 26.08, Tax Code.

23 (j) For purposes of Subsection (d) [~~Sections 26.07(b)-(g)~~  
24 ~~and this subsection~~], the rollback tax rate of a district is the sum  
25 of the following tax rates:

26 (1) the current year's debt service tax rate;

27 (2) the current year's [~~and~~] contract tax rate; and

1           (3) [~~rates plus~~] the operation and maintenance tax  
2 rate that would impose 1.05 [~~1.08~~] times the amount of the operation  
3 and maintenance tax imposed by the district in the preceding year on  
4 a residence homestead appraised at the average appraised value of a  
5 residence homestead in the district in that year, disregarding any  
6 homestead exemption available only to disabled persons or persons  
7 65 years of age or older.

8           (k) For purposes of Subsection (e), the rollback tax rate of  
9 a district is the sum of the following tax rates:

- 10                   (1) the current year's debt service tax rate;  
11                   (2) the current year's contract tax rate; and  
12                   (3) the operation and maintenance tax rate that would  
13 impose 1.08 times the amount of the operation and maintenance tax  
14 imposed by the district in the preceding year on a residence  
15 homestead appraised at the average appraised value of a residence  
16 homestead in the district in that year, disregarding any homestead  
17 exemption available only to disabled persons or persons 65 years of  
18 age or older.

19           (1) Notwithstanding any other provision of this section,  
20 the board may substitute "eight percent" for "five percent" in  
21 Subsection (a)(3)(A) and "1.08" for "1.05" in Subsections (d) and  
22 (j) if any part of the district is located in an area declared a  
23 disaster area during the current tax year by the governor or by the  
24 president of the United States.

25           (m) In this section, "small taxing unit" has the meaning  
26 assigned by Section 26.012, Tax Code.

27           SECTION 20. The following provisions are repealed:

1                   (1) Section 49.236, Water Code, as added by Chapter  
2 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session,  
3 2003; and

4                   (2) Section 49.2361, Water Code.

5           SECTION 21. The changes in law made by this Act relating to  
6 the ad valorem tax rate of a taxing unit apply beginning with the  
7 2018 tax year.

8           SECTION 22. This Act takes effect January 1, 2018.