

By: Shaheen

H.B. No. 1798

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the effect of a disaster declaration on the ad valorem
3 tax rate of a taxing unit other than a school district and the
4 appraised value of certain property in the taxing unit.

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

6 SECTION 1. Section 1.12(d), Tax Code, is amended to read as
7 follows:

8 (d) For purposes of this section, the appraisal ratio of
9 real property [~~a homestead~~] to which Section 23.23 or 23.231
10 applies is the ratio of the property's market value as determined by
11 the appraisal district or appraisal review board, as applicable, to
12 the market value of the property according to law. The appraisal
13 ratio is not calculated according to the appraised value of the
14 property as limited by Section 23.23 or 23.231, as applicable.

15 SECTION 2. Subchapter B, Chapter 23, Tax Code, is amended by
16 adding Section 23.231 to read as follows:

17 Sec. 23.231. TEMPORARY LIMITATION ON APPRAISED VALUE OF
18 REAL PROPERTY LOCATED IN TAXING UNIT AFFECTED BY DISASTER. (a)
19 This section applies only to real property located in a taxing unit
20 any part of which is located in an area that at any time during the
21 preceding tax year was declared a disaster area by the governor or
22 by the president of the United States.

23 (b) Notwithstanding the requirements of Section 25.18 and
24 regardless of whether the appraisal office has appraised the

1 property and determined the market value of the property for the tax
2 year, an appraisal office may increase the appraised value of
3 property to which this section applies for a tax year for purposes
4 of taxation by any taxing unit that taxes the property to an amount
5 not to exceed the lesser of:

6 (1) the market value of the property for the most
7 recent tax year that the market value was determined by the
8 appraisal office; or

9 (2) the sum of:

10 (A) the appraised value of the property for the
11 preceding tax year; and

12 (B) the market value of all new improvements to
13 the property.

14 (c) When appraising property to which this section applies,
15 the chief appraiser shall:

16 (1) appraise the property at its market value; and

17 (2) include in the appraisal records both the market
18 value and the amount computed under Subsection (b)(2).

19 (d) Notwithstanding Subsection (b) of this section, the
20 appraised value of a residence homestead that is subject to a
21 limitation on increases in appraised value under this section is
22 equal to the lesser of the amount computed under Section 23.23 or
23 the amount computed under Subsection (b) of this section.

24 (e) Sections 23.23(d), (e), (f), and (g) apply to a
25 limitation under this section in the same manner as those
26 subsections apply to a limitation under Section 23.23, except that
27 the definition of "new improvement" is not limited to an

1 improvement to a residence homestead.

2 SECTION 3. Chapter 26, Tax Code, is amended by adding
3 Section 26.0501 to read as follows:

4 Sec. 26.0501. TEMPORARY LIMITATION ON TAX RATE OF CERTAIN
5 TAXING UNITS AFFECTED BY DISASTER. (a) This section does not apply
6 to a school district.

7 (b) Notwithstanding any other provision of this chapter, a
8 taxing unit any part of which is located in an area that at any time
9 during the preceding tax year was declared a disaster area by the
10 governor or by the president of the United States may not adopt a
11 tax rate for the current tax year that exceeds the sum of:

12 (1) the no-new-revenue maintenance and operations
13 rate for the taxing unit; and

14 (2) the current debt rate for the taxing unit.

15 SECTION 4. Section 42.26(d), Tax Code, is amended to read as
16 follows:

17 (d) For purposes of this section, the value of the property
18 subject to the suit and the value of a comparable property or sample
19 property that is used for comparison must be the market value
20 determined by the appraisal district when the property is [~~a~~
21 ~~residence homestead~~] subject to the limitation on appraised value
22 imposed by Section 23.23 or 23.231.

23 SECTION 5. Section 44.004(c), Education Code, is amended to
24 read as follows:

25 (c) The notice of public meeting to discuss and adopt the
26 budget and the proposed tax rate may not be smaller than one-quarter
27 page of a standard-size or a tabloid-size newspaper, and the

1 headline on the notice must be in 18-point or larger type. Subject
2 to Subsection (d), the notice must:

3 (1) contain a statement in the following form:

4 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

5 "The (name of school district) will hold a public meeting at
6 (time, date, year) in (name of room, building, physical location,
7 city, state). The purpose of this meeting is to discuss the school
8 district's budget that will determine the tax rate that will be
9 adopted. Public participation in the discussion is invited." The
10 statement of the purpose of the meeting must be in bold type. In
11 reduced type, the notice must state: "The tax rate that is
12 ultimately adopted at this meeting or at a separate meeting at a
13 later date may not exceed the proposed rate shown below unless the
14 district publishes a revised notice containing the same information
15 and comparisons set out below and holds another public meeting to
16 discuss the revised notice.";

17 (2) contain a section entitled "Comparison of Proposed
18 Budget with Last Year's Budget," which must show the difference,
19 expressed as a percent increase or decrease, as applicable, in the
20 amounts budgeted for the preceding fiscal year and the amount
21 budgeted for the fiscal year that begins in the current tax year for
22 each of the following:

23 (A) maintenance and operations;

24 (B) debt service; and

25 (C) total expenditures;

26 (3) contain a section entitled "Total Appraised Value
27 and Total Taxable Value," which must show the total appraised value

1 and the total taxable value of all property and the total appraised
2 value and the total taxable value of new property taxable by the
3 district in the preceding tax year and the current tax year as
4 calculated under Section 26.04, Tax Code;

5 (4) contain a statement of the total amount of the
6 outstanding and unpaid bonded indebtedness of the school district;

7 (5) contain a section entitled "Comparison of Proposed
8 Rates with Last Year's Rates," which must:

9 (A) show in rows the tax rates described by
10 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of
11 property, for columns entitled "Maintenance & Operations,"
12 "Interest & Sinking Fund," and "Total," which is the sum of
13 "Maintenance & Operations" and "Interest & Sinking Fund":

14 (i) the school district's "Last Year's
15 Rate";

16 (ii) the "Rate to Maintain Same Level of
17 Maintenance & Operations Revenue & Pay Debt Service," which:

18 (a) in the case of "Maintenance &
19 Operations," is the tax rate that, when applied to the current
20 taxable value for the district, as certified by the chief appraiser
21 under Section 26.01, Tax Code, and as adjusted to reflect changes
22 made by the chief appraiser as of the time the notice is prepared,
23 would impose taxes in an amount that, when added to state funds to
24 be distributed to the district under Chapter 48, would provide the
25 same amount of maintenance and operations taxes and state funds
26 distributed under Chapter 48 per student in average daily
27 attendance for the applicable school year that was available to the

1 district in the preceding school year; and

2 (b) in the case of "Interest & Sinking
3 Fund," is the tax rate that, when applied to the current taxable
4 value for the district, as certified by the chief appraiser under
5 Section 26.01, Tax Code, and as adjusted to reflect changes made by
6 the chief appraiser as of the time the notice is prepared, and when
7 multiplied by the district's anticipated collection rate, would
8 impose taxes in an amount that, when added to state funds to be
9 distributed to the district under Chapter 46 and any excess taxes
10 collected to service the district's debt during the preceding tax
11 year but not used for that purpose during that year, would provide
12 the amount required to service the district's debt; and

13 (iii) the "Proposed Rate";

14 (B) contain fourth and fifth columns aligned with
15 the columns required by Paragraph (A) that show, for each row
16 required by Paragraph (A):

17 (i) the "Local Revenue per Student," which
18 is computed by multiplying the district's total taxable value of
19 property, as certified by the chief appraiser for the applicable
20 school year under Section 26.01, Tax Code, and as adjusted to
21 reflect changes made by the chief appraiser as of the time the
22 notice is prepared, by the total tax rate, and dividing the product
23 by the number of students in average daily attendance in the
24 district for the applicable school year; and

25 (ii) the "State Revenue per Student," which
26 is computed by determining the amount of state aid received or to be
27 received by the district under Chapters 43, 46, and 48 and dividing

1 that amount by the number of students in average daily attendance in
2 the district for the applicable school year; and

3 (C) contain an asterisk after each calculation
4 for "Interest & Sinking Fund" and a footnote to the section that, in
5 reduced type, states "The Interest & Sinking Fund tax revenue is
6 used to pay for bonded indebtedness on construction, equipment, or
7 both. The bonds, and the tax rate necessary to pay those bonds, were
8 approved by the voters of this district.";

9 (6) contain a section entitled "Comparison of Proposed
10 Levy with Last Year's Levy on Average Residence," which must:

11 (A) show in rows the information described by
12 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns
13 entitled "Last Year" and "This Year":

14 (i) "Average Market Value of Residences,"
15 determined using the same group of residences for each year;

16 (ii) "Average Taxable Value of Residences,"
17 determined after taking into account the limitation on the
18 appraised value of residences under Section 23.23 or 23.231, Tax
19 Code, and after subtracting all homestead exemptions applicable in
20 each year, other than exemptions available only to disabled persons
21 or persons 65 years of age or older or their surviving spouses, and
22 using the same group of residences for each year;

23 (iii) "Last Year's Rate Versus Proposed
24 Rate per \$100 Value"; and

25 (iv) "Taxes Due on Average Residence,"
26 determined using the same group of residences for each year; and

27 (B) contain the following information: "Increase

1 (Decrease) in Taxes" expressed in dollars and cents, which is
2 computed by subtracting the "Taxes Due on Average Residence" for
3 the preceding tax year from the "Taxes Due on Average Residence" for
4 the current tax year;

5 (7) contain the following statement in bold print:
6 "Under state law, the dollar amount of school taxes imposed on the
7 residence of a person 65 years of age or older or of the surviving
8 spouse of such a person, if the surviving spouse was 55 years of age
9 or older when the person died, may not be increased above the amount
10 paid in the first year after the person turned 65, regardless of
11 changes in tax rate or property value.";

12 (8) contain the following statement in bold print:
13 "Notice of Voter-Approval Rate: The highest tax rate the district
14 can adopt before requiring voter approval at an election is (the
15 school district voter-approval rate determined under Section
16 26.08, Tax Code). This election will be automatically held if the
17 district adopts a rate in excess of the voter-approval rate of (the
18 school district voter-approval rate)."; and

19 (9) contain a section entitled "Fund Balances," which
20 must include the estimated amount of interest and sinking fund
21 balances and the estimated amount of maintenance and operation or
22 general fund balances remaining at the end of the current fiscal
23 year that are not encumbered with or by corresponding debt
24 obligation, less estimated funds necessary for the operation of the
25 district before the receipt of the first payment under Chapter 48 in
26 the succeeding school year.

27 SECTION 6. Sections 403.302(d) and (i), Government Code,

1 are amended to read as follows:

2 (d) For the purposes of this section, "taxable value" means
3 the market value of all taxable property less:

4 (1) the total dollar amount of any residence homestead
5 exemptions lawfully granted under Section 11.13(b) or (c), Tax
6 Code, in the year that is the subject of the study for each school
7 district;

8 (2) one-half of the total dollar amount of any
9 residence homestead exemptions granted under Section 11.13(n), Tax
10 Code, in the year that is the subject of the study for each school
11 district;

12 (3) the total dollar amount of any exemptions granted
13 before May 31, 1993, within a reinvestment zone under agreements
14 authorized by Chapter 312, Tax Code;

15 (4) subject to Subsection (e), the total dollar amount
16 of any captured appraised value of property that:

17 (A) is within a reinvestment zone created on or
18 before May 31, 1999, or is proposed to be included within the
19 boundaries of a reinvestment zone as the boundaries of the zone and
20 the proposed portion of tax increment paid into the tax increment
21 fund by a school district are described in a written notification
22 provided by the municipality or the board of directors of the zone
23 to the governing bodies of the other taxing units in the manner
24 provided by former Section 311.003(e), Tax Code, before May 31,
25 1999, and within the boundaries of the zone as those boundaries
26 existed on September 1, 1999, including subsequent improvements to
27 the property regardless of when made;

1 (B) generates taxes paid into a tax increment
2 fund created under Chapter 311, Tax Code, under a reinvestment zone
3 financing plan approved under Section 311.011(d), Tax Code, on or
4 before September 1, 1999; and

5 (C) is eligible for tax increment financing under
6 Chapter 311, Tax Code;

7 (5) the total dollar amount of any captured appraised
8 value of property that:

9 (A) is within a reinvestment zone:

10 (i) created on or before December 31, 2008,
11 by a municipality with a population of less than 18,000; and

12 (ii) the project plan for which includes
13 the alteration, remodeling, repair, or reconstruction of a
14 structure that is included on the National Register of Historic
15 Places and requires that a portion of the tax increment of the zone
16 be used for the improvement or construction of related facilities
17 or for affordable housing;

18 (B) generates school district taxes that are paid
19 into a tax increment fund created under Chapter 311, Tax Code; and

20 (C) is eligible for tax increment financing under
21 Chapter 311, Tax Code;

22 (6) the total dollar amount of any exemptions granted
23 under Section 11.251 or 11.253, Tax Code;

24 (7) the difference between the comptroller's estimate
25 of the market value and the productivity value of land that
26 qualifies for appraisal on the basis of its productive capacity,
27 except that the productivity value estimated by the comptroller may

1 not exceed the fair market value of the land;

2 (8) the portion of the appraised value of residence
3 homesteads of individuals who receive a tax limitation under
4 Section 11.26, Tax Code, on which school district taxes are not
5 imposed in the year that is the subject of the study, calculated as
6 if the residence homesteads were appraised at the full value
7 required by law;

8 (9) a portion of the market value of property not
9 otherwise fully taxable by the district at market value because of
10 action required by statute or the constitution of this state, other
11 than Section 11.311, Tax Code, that, if the tax rate adopted by the
12 district is applied to it, produces an amount equal to the
13 difference between the tax that the district would have imposed on
14 the property if the property were fully taxable at market value and
15 the tax that the district is actually authorized to impose on the
16 property, if this subsection does not otherwise require that
17 portion to be deducted;

18 (10) the market value of all tangible personal
19 property, other than manufactured homes, owned by a family or
20 individual and not held or used for the production of income;

21 (11) the appraised value of property the collection of
22 delinquent taxes on which is deferred under Section 33.06, Tax
23 Code;

24 (12) the portion of the appraised value of property
25 the collection of delinquent taxes on which is deferred under
26 Section 33.065, Tax Code;

27 (13) the amount by which the market value of property

1 [~~a residence homestead~~] to which Section 23.23 or 23.231, Tax Code,
2 applies exceeds the appraised value of that property as calculated
3 under Section 23.23 or 23.231, as applicable [~~that section~~]; and

4 (14) the total dollar amount of any exemptions granted
5 under Section 11.35, Tax Code.

6 (i) If the comptroller determines in the study that the
7 market value of property in a school district as determined by the
8 appraisal district that appraises property for the school district,
9 less the total of the amounts and values listed in Subsection (d) as
10 determined by that appraisal district, is valid, the comptroller,
11 in determining the taxable value of property in the school district
12 under Subsection (d), shall for purposes of Subsection (d)(13)
13 subtract from the market value as determined by the appraisal
14 district of properties [~~residence homesteads~~] to which Section
15 23.23 or 23.231, Tax Code, applies the amount by which that amount
16 exceeds the appraised value of those properties as calculated by
17 the appraisal district under Section 23.23 or 23.231, Tax Code, as
18 applicable. If the comptroller determines in the study that the
19 market value of property in a school district as determined by the
20 appraisal district that appraises property for the school district,
21 less the total of the amounts and values listed in Subsection (d) as
22 determined by that appraisal district, is not valid, the
23 comptroller, in determining the taxable value of property in the
24 school district under Subsection (d), shall for purposes of
25 Subsection (d)(13) subtract from the market value as estimated by
26 the comptroller of properties [~~residence homesteads~~] to which
27 Section 23.23 or 23.231, Tax Code, applies the amount by which that

1 amount exceeds the appraised value of those properties as
2 calculated by the appraisal district under Section 23.23 or 23.231,
3 Tax Code, as applicable.

4 SECTION 7. The change in law made by this Act applies
5 beginning with the 2022 tax year.

6 SECTION 8. (a) Except as provided by Subsection (b) of this
7 section, this Act takes effect January 1, 2022, but only if the
8 constitutional amendment to authorize the legislature to provide
9 for a temporary limitation on the appraised value for ad valorem tax
10 purposes of real property located in a political subdivision any
11 part of which is located in an area that at any time during the
12 preceding tax year was declared a disaster area is approved by the
13 voters. If that amendment is not approved by the voters, this Act
14 has no effect.

15 (b) This subsection and Section 26.0501, Tax Code, as added
16 by this Act, take effect January 1, 2022, regardless of whether the
17 constitutional amendment described by Subsection (a) of this
18 section is approved by the voters.