

By: Isett

H.B. No. 63

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the adoption of ad valorem tax rates of certain taxing  
3 units.

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

5 SECTION 1. Section 26.04(c), Tax Code, is amended to read as  
6 follows:

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

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

13 
$$\text{EFFECTIVE TAX RATE} = (\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY LEVY}) /$$
  
14 
$$(\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})$$

15 ; and

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

19 
$$\text{ROLLBACK TAX RATE} = (\text{EFFECTIVE MAINTENANCE AND OPERATIONS RATE} \times$$
  
20 
$$\underline{1.05} [\text{~~1.08~~}] + \text{CURRENT DEBT RATE}$$

21 SECTION 2. Sections 26.041(a), (b), and (c), Tax Code, are  
22 amended to read as 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

1 tax rate for the unit are calculated according to the following  
 2 formulas:

3 EFFECTIVE TAX RATE =  $\frac{[(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY LEVY}) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})]}{1}$  - SALES TAX GAIN RATE

5 and

6 ROLLBACK RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.05  
 7 [~~1.08~~]) + CURRENT DEBT RATE - SALES TAX GAIN RATE

8 where "sales tax gain rate" means a number expressed in dollars per  
 9 \$100 of taxable value, calculated by dividing the revenue that will  
 10 be generated by the additional sales and use tax in the following  
 11 year as calculated under Subsection (d) [~~of this section~~] by the  
 12 current total value.

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

18 ROLLBACK RATE =  $\frac{[(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE} \times \text{1.05} [\text{1.08}]) / ((\text{TOTAL} [\text{TOTAL}] \text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE}))]}{1}$  +  
 19 (CURRENT DEBT RATE - SALES TAX REVENUE RATE)

21 where "last year's maintenance and operations expense" means the  
 22 amount spent for maintenance and operations from property tax and  
 23 additional sales and use tax revenues in the preceding year, and  
 24 "sales tax revenue rate" means a number expressed in dollars per  
 25 \$100 of taxable value, calculated by dividing the revenue that will  
 26 be generated by the additional sales and use tax in the current year  
 27 as calculated under Subsection (d) [~~of this section~~] by the current

1 total value.

2 (c) In a year in which a taxing unit that has been imposing  
3 an additional sales and use tax ceases to impose an additional sales  
4 and use tax the effective tax rate and rollback tax rate for the  
5 unit are calculated according to the following formulas:

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

8 and

9 ROLLBACK TAX RATE = [(LAST YEAR'S MAINTENANCE AND OPERATIONS  
10 EXPENSE X 1.05 [~~1.08~~]) / ((~~TOTAL~~) CURRENT TOTAL VALUE - NEW PROPERTY  
11 VALUE)] + CURRENT DEBT RATE

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

19 SECTION 3. Section 26.05, Tax Code, is amended by amending  
20 Subsection (d) and adding Subsection (g) to read as follows:

21 (d) The governing body of a taxing unit [~~district~~] other  
22 than a school district and other than a county or municipality to  
23 which Subsection (g) applies may not adopt a tax rate that exceeds  
24 the lower of the rollback tax rate or 103 percent of the effective  
25 tax rate calculated as provided by this chapter until the governing  
26 body has held a public hearing on the proposed tax rate and has  
27 otherwise complied with Sections [~~Section~~] 26.06 and [~~Section~~]

1 26.065. The governing body of a taxing unit to which this  
2 subsection applies shall reduce a tax rate set by law or by vote of  
3 the electorate to the lower of the rollback tax rate or 103 percent  
4 of the effective tax rate and may not adopt a higher rate unless it  
5 first complies with Section 26.06.

6 (g) This subsection applies only to a county or municipality  
7 for which the total tax rate proposed for the current tax year would  
8 impose taxes in an amount of \$5 million or more when applied to the  
9 current total value for the county or municipality. The governing  
10 body of the county or municipality may not adopt a tax rate that  
11 exceeds the effective tax rate calculated as provided by this  
12 chapter until the governing body has held a public hearing on the  
13 proposed tax rate and has otherwise complied with Sections 26.06  
14 and 26.065. The governing body of a county or municipality to which  
15 this subsection applies shall reduce a tax rate set by law or by  
16 vote of the electorate to the effective tax rate and may not adopt a  
17 higher rate unless it first complies with Section 26.06.

18 SECTION 4. Section 26.06, Tax Code, is amended by amending  
19 Subsections (b), (d), and (e) and adding Subsection (h) to read as  
20 follows:

21 (b) The notice of a public hearing to be conducted by the  
22 governing body of a taxing unit other than a county or a  
23 municipality to which Section 26.05(g) applies may not be smaller  
24 than one-quarter page of a standard-size or a tabloid-size  
25 newspaper, and the headline on the notice must be in 18-point or  
26 larger type. The notice must:

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

1 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

2 "The (name of the taxing unit) will hold a public hearing on a  
3 proposal to increase total tax revenues from properties on the tax  
4 roll in the preceding year by (percentage by which proposed tax rate  
5 exceeds lower of rollback tax rate or effective tax rate calculated  
6 under this chapter) percent. Your individual taxes may increase at  
7 a greater or lesser rate, or even decrease, depending on the change  
8 in the taxable value of your property in relation to the change in  
9 taxable value of all other property and the tax rate that is  
10 adopted.

11 "The public hearing will be held on (date and time) at  
12 (meeting place).

13 "(Names of all members of the governing body, showing how  
14 each voted on the proposal to consider the tax increase or, if one  
15 or more were absent, indicating the absences.)"; and

16 (2) contain the following information:

17 (A) the unit's adopted tax rate for the preceding  
18 year and the proposed tax rate, expressed as an amount per \$100;

19 (B) the difference, expressed as an amount per  
20 \$100 and as a percent increase or decrease, as applicable, in the  
21 proposed tax rate compared to the adopted tax rate for the preceding  
22 year;

23 (C) the average appraised value of a residence  
24 homestead in the taxing unit in the preceding year and in the  
25 current year; the unit's homestead exemption, other than an  
26 exemption available only to disabled persons or persons 65 years of  
27 age or older, applicable to that appraised value in each of those

1 years; and the average taxable value of a residence homestead in the  
2 unit in each of those years, disregarding any homestead exemption  
3 available only to disabled persons or persons 65 years of age or  
4 older;

5 (D) the amount of tax that would have been  
6 imposed by the unit in the preceding year on a residence homestead  
7 appraised at the average appraised value of a residence homestead  
8 in that year, disregarding any homestead exemption available only  
9 to disabled persons or persons 65 years of age or older;

10 (E) the amount of tax that would be imposed by the  
11 unit in the current year on a residence homestead appraised at the  
12 average appraised value of a residence homestead in the current  
13 year, disregarding any homestead exemption available only to  
14 disabled persons or persons 65 years of age or older, if the  
15 proposed tax rate is adopted; and

16 (F) the difference between the amounts of tax  
17 calculated under Paragraphs (D) and (E), expressed in dollars and  
18 cents and described as the annual increase or decrease, as  
19 applicable, in the tax to be imposed by the unit on the average  
20 residence homestead in the unit in the current year if the proposed  
21 tax rate is adopted.

22 (d) At the public hearing the governing body shall announce  
23 the date, time, and place of the meeting at which it will vote on the  
24 proposed tax rate. After the hearing the governing body of a taxing  
25 unit other than a county or a municipality to which Section 26.05(g)  
26 applies shall give notice of the meeting at which it will vote on  
27 the proposed tax rate and the notice shall be in the same form as

1 prescribed by Subsections (b) and (c), except that it must state the  
2 following:

3 "NOTICE OF VOTE ON TAX RATE

4 "The (name of the taxing unit) conducted a public hearing on a  
5 proposal to increase the total tax revenues of the (name of the  
6 taxing unit) from properties on the tax roll in the preceding year  
7 by (percentage by which proposed tax rate exceeds lower of rollback  
8 tax rate or effective tax rate calculated under this chapter)  
9 percent on (date and time public hearing was conducted).

10 "The (governing body of the taxing unit) is scheduled to vote  
11 on the tax rate that will result in that tax increase at a public  
12 meeting to be held on (date and time) at (meeting place)."

13 (e) The meeting to vote on the tax increase may not be  
14 earlier than the third day or later than the 14th day after the date  
15 of the public hearing. The meeting must be held inside the  
16 boundaries of the taxing unit in a publicly owned building or, if a  
17 suitable publicly owned building is not available, in a suitable  
18 building to which the public normally has access. If the governing  
19 body of a taxing unit other than a county or a municipality to which  
20 Section 26.05(g) applies does not adopt a tax rate that exceeds the  
21 lower of the rollback tax rate or 103 percent of the effective tax  
22 rate by the 14th day, it must give a new notice under Subsection (d)  
23 before it may adopt a rate that exceeds the lower of the rollback  
24 tax rate or 103 percent of the effective tax rate. If the governing  
25 body of a county or a municipality to which Section 26.05(g) applies  
26 does not adopt a tax rate that exceeds the effective tax rate by the  
27 14th day, it must give a new notice under Subsection (d) before it

1 may adopt a rate that exceeds the effective tax rate.

2 (h) This subsection applies only to a county or a  
3 municipality to which Section 26.05(g) applies. Subsections (b)  
4 and (d) govern the notice of the public hearing to be conducted by  
5 the governing body of the county or municipality and the notice of  
6 the meeting of the governing body to vote on the tax rate, except  
7 that:

8 (1) the statement otherwise required by Subsection  
9 (b)(1) must be in the following form:

10 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

11 "The (name of the county or municipality) will hold a public  
12 hearing on a proposal to increase total tax revenues from  
13 properties on the tax roll in the preceding year by (percentage by  
14 which proposed tax rate exceeds the effective tax rate calculated  
15 under this chapter) percent. Your individual taxes may increase at  
16 a greater or lesser rate, or even decrease, depending on the change  
17 in the taxable value of your property in relation to the change in  
18 taxable value of all other property and the tax rate that is  
19 adopted.

20 "The public hearing will be held on (date and time) at  
21 (meeting place).

22 "(Names of all members of county or municipal governing body,  
23 showing how each voted on the proposal to consider the tax increase  
24 or, if one or more were absent, indicating the absences.)"; and

25 (2) the notice required by Subsection (d) must state  
26 the following:

27 "NOTICE OF VOTE ON TAX RATE



1       "The (name of the county or municipality) conducted a public  
2 hearing on a proposal to increase the total tax revenues of the  
3 (county or municipality) from properties on the tax roll in the  
4 preceding year by (percentage by which proposed tax rate exceeds  
5 the effective tax rate calculated under this chapter) percent on  
6 (date and time public hearing was conducted).

7       "The (governing body of the county or municipality) is  
8 scheduled to vote on the tax rate that will result in that tax  
9 increase at a public meeting to be held on (date and time) at  
10 (meeting place)."

11       SECTION 5. Section 26.065(d), Tax Code, is amended to read  
12 as follows:

13       (d) The notice of the public hearing required by Subsection  
14 (b) must contain a statement that is substantially the same as the  
15 statement required by Section 26.06(b)(1) or (h)(1), as applicable,  
16 and must contain information that is substantially the same as the  
17 information required by Section 26.06(b)(2).

18       SECTION 6. The heading to Section 26.08, Tax Code, is  
19 amended to read as follows:

20       Sec. 26.08. ELECTION TO RATIFY TAX RATE [~~SCHOOL TAXES~~].

21       SECTION 7. Sections 26.08(a), (b), (d), (e), and (h), Tax  
22 Code, are amended to read as follows:

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

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

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

27 (e) For purposes of this section, local tax funds dedicated

1 to a junior college district under Section 45.105(e), Education  
2 Code, shall be eliminated from the calculation of the tax rate  
3 adopted by the governing body of a [~~the~~] school district. However,  
4 the funds dedicated to the junior college district are subject to  
5 Section 26.085.

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

12 SECTION 8. Sections 31.12(a) and (b), Tax Code, are amended  
13 to read as follows:

14 (a) If a refund of a tax provided by Section 11.431(b),  
15 [~~26.07(g)~~] 26.15(f), 31.11, or 31.111 is paid on or before the 60th  
16 day after the date the liability for the refund arises, no interest  
17 is due on the amount refunded. If not paid on or before that 60th  
18 day, the amount of the tax to be refunded accrues interest at a rate  
19 of one percent for each month or part of a month that the refund is  
20 unpaid, beginning with the date on which the liability for the  
21 refund arises.

22 (b) For purposes of this section, liability for a refund  
23 arises:

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

27 (2) [~~if the refund is required by Section 26.07(g), on~~]

1 ~~the date the results of the election to reduce the tax rate are~~  
2 ~~certified,~~

3 ~~(3)~~ if the refund is required by Section 26.15(f):

4 (A) for a correction to the tax roll made under  
5 Section 26.15(b), on the date the change in the tax roll is  
6 certified to the assessor for the taxing unit under Section 25.25;  
7 or

8 (B) for a correction to the tax roll made under  
9 Section 26.15(c), on the date the change in the tax roll is ordered  
10 by the governing body of the taxing unit;

11 (3) ~~(4)~~ if the refund is required by Section 31.11,  
12 on the date the auditor for the taxing unit determines that the  
13 payment was erroneous or excessive or, if the amount of the refund  
14 exceeds the applicable amount specified by Section 31.11(a), on the  
15 date the governing body of the unit approves the refund; or

16 (4) ~~(5)~~ if the refund is required by Section 31.111,  
17 on the date the collector for the taxing unit determines that the  
18 payment was erroneous.

19 SECTION 9. Section 33.08(b), Tax Code, is amended to read as  
20 follows:

21 (b) The governing body of the taxing unit or appraisal  
22 district, in the manner required by law for official action, may  
23 provide that taxes that become delinquent on or after June 1 under  
24 Section ~~[26.07(f)]~~ 26.15(e), 31.03, 31.031, 31.032, or 31.04 incur  
25 an additional penalty to defray costs of collection. The amount of  
26 the penalty may not exceed the amount of the compensation specified  
27 in the applicable contract with an attorney under Section 6.30 to be

1 paid in connection with the collection of the delinquent taxes.

2 SECTION 10. Section 130.016(b), Education Code, is amended  
3 to read as follows:

4 (b) If the board of trustees of an independent school  
5 district that divests itself of the management, control, and  
6 operation of a junior college district under this section or under  
7 Section 130.017 [~~of this code~~] was authorized by [~~Subsection (e)~~  
8 ~~of~~] Section 45.105(e) or under former Section 20.48(e) [~~20.48 of~~  
9 ~~this code~~] to dedicate a portion of its tax levy to the junior  
10 college district before the divestment, the junior college district  
11 may levy an ad valorem tax from and after the divestment. In the  
12 first two years in which the junior college district levies an ad  
13 valorem tax, the tax rate adopted by the governing body may not  
14 exceed the rate that, if applied to the total taxable value  
15 submitted to the governing body under Section 26.04, Tax Code,  
16 would impose an amount equal to the amount of taxes of the school  
17 district dedicated to the junior college under [~~Subsection (e) of~~  
18 Section 45.105(e) or former Section 20.48(e) [~~20.48 of this code~~]  
19 in the last dedication before the divestment. In subsequent years,  
20 the tax rate of the junior college district is subject to Section  
21 26.08 [~~26.07~~], Tax Code.

22 SECTION 11. Section 49.107(g), Water Code, is amended to  
23 read as follows:

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

1 SECTION 12. Section 49.108(f), Water Code, is amended to  
2 read as follows:

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

6 SECTION 13. Sections 49.236(a) and (d), Water Code, as  
7 added by Chapter 335, Acts of the 78th Legislature, Regular  
8 Session, 2003, are amended to read as follows:

9 (a) Before the board adopts an ad valorem tax rate for the  
10 district for debt service, operation and maintenance purposes, or  
11 contract purposes, the board shall give notice of each meeting of  
12 the board at which the adoption of a tax rate will be considered.  
13 The notice must:

14 (1) contain a statement in substantially the following  
15 form:

16 "NOTICE OF PUBLIC HEARING ON TAX RATE

17 "The (name of the district) will hold a public hearing on a  
18 proposed tax rate for the tax year (year of tax levy) on (date and  
19 time) at (meeting place). Your individual taxes may increase or  
20 decrease, depending on the change in the taxable value of your  
21 property in relation to the change in taxable value of all other  
22 property and the tax rate that is adopted.

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

26 (2) contain the following information:

27 (A) the district's total adopted tax rate for the

1 preceding year and the proposed tax rate, expressed as an amount per  
2 \$100;

3 (B) the difference, expressed as an amount per  
4 \$100 and as a percent increase or decrease, as applicable, in the  
5 proposed tax rate compared to the adopted tax rate for the preceding  
6 year;

7 (C) the average appraised value of a residence  
8 homestead in the district in the preceding year and in the current  
9 year; the district's total homestead exemption, other than an  
10 exemption available only to disabled persons or persons 65 years of  
11 age or older, applicable to that appraised value in each of those  
12 years; and the average taxable value of a residence homestead in the  
13 district in each of those years, disregarding any homestead  
14 exemption available only to disabled persons or persons 65 years of  
15 age or older;

16 (D) the amount of tax that would have been  
17 imposed by the district in the preceding year on a residence  
18 homestead appraised at the average appraised value of a residence  
19 homestead in that year, disregarding any homestead exemption  
20 available only to disabled persons or persons 65 years of age or  
21 older;

22 (E) the amount of tax that would be imposed by the  
23 district in the current year on a residence homestead appraised at  
24 the average appraised value of a residence homestead in that year,  
25 disregarding any homestead exemption available only to disabled  
26 persons or persons 65 years of age or older, if the proposed tax  
27 rate is adopted; and

1 (F) the difference between the amounts of tax  
2 calculated under Paragraphs (D) and (E), expressed in dollars and  
3 cents and described as the annual percentage increase or decrease,  
4 as applicable, in the tax to be imposed by the district on the  
5 average residence homestead in the district in the current year if  
6 the proposed tax rate is adopted; and

7 (3) contain a statement in substantially the following  
8 form:

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

11 "If taxes on the average residence homestead increase by more  
12 than five [~~eight~~] percent, [~~the qualified voters of the district by~~  
13 ~~petition may require that~~] an election must be held to determine  
14 whether to ratify [~~reduce~~] the operation and maintenance tax rate  
15 [~~to the rollback tax rate~~] under Section 49.236(d), Water Code."

16 (d) If the governing body of a district adopts a combined  
17 debt service, operation and maintenance, and contract tax rate that  
18 would impose more than 1.05 [~~1.08~~] times the amount of tax imposed  
19 by the district in the preceding year on a residence homestead  
20 appraised at the average appraised value of a residence homestead  
21 in the district in that year, disregarding any homestead exemption  
22 available only to disabled persons or persons 65 years of age or  
23 older, [~~the qualified voters of the district by petition may~~  
24 ~~require that~~] an election must be held to determine whether [~~or not~~]  
25 to ratify [~~reduce~~] the tax rate adopted for the current year [~~to the~~  
26 ~~rollback tax rate~~] in accordance with the procedures provided by  
27 Sections 26.08(b)-(d) [~~26.07(b)-(g) and 26.081~~], Tax Code. For



1 purposes of Sections 26.08(b)-(d) [~~26.07(b)-(g)~~] and this  
2 subsection, the rollback tax rate is the current year's debt  
3 service and contract tax rates plus the operation and maintenance  
4 tax rate that would impose 1.05 [~~1.08~~] times the amount of the  
5 operation and maintenance tax imposed by the district in the  
6 preceding year on a residence homestead appraised at the average  
7 appraised value of a residence homestead in the district in that  
8 year, disregarding any homestead exemption available only to  
9 disabled persons or persons 65 years of age or older.

10 SECTION 14. The following laws are repealed:

11 (1) Section 26.07, Tax Code; and

12 (2) Section 49.236, Water Code, as added by Chapter  
13 248, Acts of the 78th Legislature, Regular Session, 2003.

14 SECTION 15. (a) The changes in law made by this Act that  
15 relate to the adoption of the ad valorem tax rate of a taxing unit  
16 apply to the ad valorem tax rate of the taxing unit beginning with  
17 the 2004 tax year, except as provided by Subsection (b) of this  
18 section.

19 (b) If the governing body of a taxing unit has adopted an ad  
20 valorem tax rate for the taxing unit for the 2004 tax year before  
21 the effective date of this Act, the changes in law made by this Act  
22 that relate to the adoption of the ad valorem tax rate of a taxing  
23 unit apply to the ad valorem tax rate of that taxing unit beginning  
24 with the 2005 tax year, and the law in effect when the tax rate was  
25 adopted applies to the 2004 tax year with respect to that taxing  
26 unit.