

By: Stick

H.B. No. 1680

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the ad valorem tax rate imposed by municipalities on
3 property in certain municipal utility districts and to
4 disannexation following a failure to set that rate.

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

6 SECTION 1. Subchapter G, Chapter 54, Water Code, is amended
7 by adding Section 54.605 to read as follows:

8 Sec. 54.605. TAX RATE IN CERTAIN DISTRICTS; DISANNEXATION
9 FOR FAILURE TO SET PROPER RATE. (a) This section applies only to:

10 (1) a district that:

11 (A) is contained wholly within the boundaries of
12 a municipality; and

13 (B) contains property subject to ad valorem taxes
14 assessed by the district and by the municipality; and

15 (2) a municipality that has not assumed the bonded
16 indebtedness of a district described by Subdivision (1).

17 (b) A municipality shall assess the municipality's ad
18 valorem tax on property located in a district at a rate that
19 provides that the combined rate of ad valorem taxes imposed by both
20 the district and the municipality on property located in the
21 district is not greater than the rate imposed by the municipality on
22 property located outside the district.

23 (c) If a municipality imposes a tax rate that does not meet
24 the requirements of Subsection (b), a majority of the registered

1 voters in the district may petition the governing body of the
2 municipality to disannex all the area contained within the
3 boundaries of the district in the same manner and under the same
4 conditions provided by Section 43.141, Local Government Code, for
5 disannexation following a municipality's failure to provide
6 services.

7 SECTION 2. This Act takes effect January 1, 2004, and
8 applies only to ad valorem taxes imposed for a tax year beginning on
9 or after that date. An ad valorem tax imposed for a tax year
10 beginning before the effective date of this Act is governed by the
11 law in effect when the tax was imposed, and that law is continued in
12 effect for that purpose.