By: Williams   S.B. No. 4

A BILL TO BE ENTITLED

1   AN ACT

2 relating to the calculation and imposition of an ad valorem tax by a

3 taxing unit.

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

5   SECTION 1. Subsection (c), Section 26.04, Tax Code, is

6 amended to read as 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 EFFECTIVE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY LEVY) /

14 (CURRENT TOTAL VALUE - 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 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x

20 1.05 [1.08]) + CURRENT DEBT RATE

21   SECTION 2. Subsections (a), (b), and (c), Section 26.041,

22 Tax Code, are 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 = (LAST YEAR'S LEVY - LOST PROPERTY LEVY) /

4 (CURRENT TOTAL VALUE - NEW PROPERTY VALUE) - 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 = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE X

19 1.05 [1.08]) / ([TOTAL] CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +

20 (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. Subsection (b), Section 26.07, Tax Code, is

20   amended to read as follows:

21   (b) A petition is valid only if:

22   (1) it states that it is intended to require an

23   election in the taxing unit on the question of reducing the tax rate

24   for the current year;

25   (2) it is signed by a number of registered voters of

26   the taxing unit equal to at least:

27   (A) seven percent of the number of [registered]

1   voters of the taxing unit who voted in [according to] the most

2   recent gubernatorial election [list of registered voters] if the

3   tax rate adopted for the current tax year would impose taxes for

4   maintenance and operations in an amount of at least $5 million; or

5   (B) 10 percent of the number of [registered]

6   voters of the taxing unit who voted in [according to] the most

7   recent gubernatorial election [official list of registered voters]

8   if the tax rate adopted for the current tax year would impose taxes

9   for maintenance and operations in an amount of less than $5 million;

10   and

11   (3) it is submitted to the governing body on or before

12   the 90th day after the date on which the governing body adopted the

13   tax rate for the current year.

14   SECTION 4. (a) The change in law made by this Act applies

15   to the ad valorem tax rate of a taxing unit beginning with the 2005

16   tax year, except as provided by Subsection (b) of this section.

17   (b) If the governing body of a taxing unit adopted an ad

18   valorem tax rate for the taxing unit for the 2005 tax year before

19   the effective date of this Act, the change in law made by this Act

20   applies to the ad valorem tax rate of that taxing unit beginning

21   with the 2006 tax year, and the law in effect when the tax rate was

22   adopted applies to the 2005 tax year with respect to that taxing

23   unit.

24   SECTION 5. This Act takes effect immediately if it receives

25   a vote of two-thirds of all the members elected to each house, as

26   provided by Section 39, Article III, Texas Constitution. If this

27   Act does not receive the vote necessary for immediate effect, this

1   Act takes effect on the 91st day after the last day of the

2   legislative session.