

Amend CSHB 1006 by striking all below the enacting clause and substituting the following:

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

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

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

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

; and

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

$$\text{ROLLBACK TAX RATE} = (\text{EFFECTIVE MAINTENANCE AND OPERATIONS RATE} \times \underline{1.04} [\del{1.08}]) + \text{CURRENT DEBT RATE}$$

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

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

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

and

$$\text{ROLLBACK RATE} = (\text{EFFECTIVE MAINTENANCE AND OPERATIONS RATE} \times \underline{1.04} [\del{1.08}]) + \text{CURRENT DEBT RATE} - \text{SALES TAX GAIN RATE}$$

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

(b) Except as provided by Subsections (a) and (c) [~~of this section~~], in a year in which a taxing unit imposes an additional sales and use tax the rollback tax rate for the unit is calculated

according to the following formula, regardless of whether the unit levied a property tax in the preceding year:

$$\text{ROLLBACK RATE} = [(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE} \times \underline{1.04} [\underline{1.08}]) / ((\text{TOTAL} [\text{TOTAL}] \text{ CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE}))] + (\text{CURRENT DEBT RATE} - \text{SALES TAX REVENUE RATE})$$

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

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

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

and

$$\text{ROLLBACK TAX RATE} = [(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE} \times \underline{1.04} [\underline{1.08}]) / ((\text{TOTAL} [\text{TOTAL}] \text{ CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE}))] + \text{CURRENT DEBT RATE}$$

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

SECTION 3. Section 26.05(d), Tax Code, is amended to read as follows:

(d) The governing body of a taxing unit other than a school district may not adopt a tax rate that exceeds [~~the lower of the rollback tax rate or 103 percent of~~] the effective tax rate calculated as provided by this chapter until the governing body has held a public hearing on the proposed tax rate and has otherwise

complied with Sections [~~Section~~] 26.06 and [~~Section~~] 26.065. The governing body of a taxing unit shall reduce a tax rate set by law or by vote of the electorate to the [~~lower of the rollback tax rate or 103 percent of the~~] effective tax rate and may not adopt a higher rate unless it first complies with Section 26.06.

SECTION 4. Sections 26.06(b), (d), and (e), Tax Code, are amended to read as follows:

(b) The notice of a public hearing may not be smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and the headline on the notice must be in 18-point or larger type. The notice must:

(1) contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX INCREASE

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

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

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

(2) contain the following information:

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

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

(C) the average appraised value of a residence homestead in the taxing unit in the preceding year and in the

current year; the unit's homestead exemption, other than an exemption available only to disabled persons or persons 65 years of age or older, applicable to that appraised value in each of those years; and the average taxable value of a residence homestead in the unit in each of those years, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older;

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

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

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

(d) At the public hearing the governing body shall announce the date, time, and place of the meeting at which it will vote on the proposed tax rate. After the hearing the governing body shall give notice of the meeting at which it will vote on the proposed tax rate and the notice shall be in the same form as prescribed by Subsections (b) and (c), except that it must state the following:

"NOTICE OF VOTE ON TAX INCREASE [~~RATE~~]

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

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

(e) The meeting to vote on the tax increase may not be earlier than the third day or later than the 14th day after the date of the public hearing. The meeting must be held inside the boundaries of the taxing unit in a publicly owned building or, if a suitable publicly owned building is not available, in a suitable building to which the public normally has access. If the governing body does not adopt a tax rate that exceeds the [~~lower of the rollback tax rate or 103 percent of the~~] effective tax rate by the 14th day, it must give a new notice under Subsection (d) before it may adopt a rate that exceeds the [~~lower of the rollback tax rate or 103 percent of the~~] effective tax rate.

SECTION 5. Section 26.07, Tax Code, is amended by amending Subsections (b) and (d) and adding Subsection (b-1) to read as follows:

(b) A petition is valid only if:

(1) it states that it is intended to require an election in the taxing unit on the question of reducing the tax rate for the current year;

(2) except as provided by Subsection (b-1), it is signed by a number of registered voters of the taxing unit equal to at least 10 percent of the number of registered voters of the taxing unit according to the most recent official list of registered voters; and

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

(b-1) For a county or municipality for which the total tax rate adopted for the current tax year would impose taxes in an amount of more than \$5 million when applied to the current total value for the county or municipality, a petition is valid only if it is signed by a number of registered voters of the county or municipality equal to at least 10 percent of the registered voters of the county or municipality who voted in the most recent gubernatorial election according to the most recent official list

of registered voters.

(d) If the governing body finds that the petition is valid (or fails to act within the time allowed), it shall order that the [~~an~~] election be held in the taxing unit on the next uniform election [~~a~~] date prescribed by Section 41.001, Election Code, that is not less than 45 [~~30 or more than 90~~] days after the [~~last~~] day on which the governing body adopted the proposed tax rate and that affords enough time to hold the election in the manner provided by law [~~it could have acted to approve or disapprove the petition. A state law requiring local elections to be held on a specified date does not apply to the election unless a specified date falls within the time permitted by this section~~]. At the election, the ballots shall be prepared to permit voting for or against the proposition: "Reducing the tax rate in (name of taxing unit) for the current year from (the rate adopted) to (the rollback tax rate calculated as provided by this chapter)."

SECTION 6. Section 49.236, Water Code, as added by Chapters 248 and 335, Acts of the 78th Legislature, Regular Session, 2003, is reenacted and amended to read as follows:

Sec. 49.236. NOTICE OF TAX HEARING. (a) Before the board adopts an ad valorem tax rate for the district for debt service, operation and maintenance purposes, or contract purposes, the board shall give notice of each meeting of the board at which the adoption of a tax rate will be considered. The notice must:

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

"NOTICE OF PUBLIC HEARING ON TAX INCREASE [~~RATE~~]

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

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

(2) contain the following information:

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

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

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

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

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

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

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

"NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION

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

(b) Notice of the hearing shall be:

(1) published at least once in a newspaper having general circulation in the district at least seven days before the date of the hearing; or

(2) mailed to each owner of taxable property in the district, at the address for notice shown on the most recently certified tax roll of the district, at least 10 days before the date of the hearing.

(c) The notice provided under this section may not be smaller than one-quarter page of a standard-size or tabloid-size newspaper of general circulation, and the headline on the notice must be in 18-point or larger type.

(d) If the governing body of a district adopts a combined debt service, operation and maintenance, and contract tax rate that would impose more than 1.04 [~~1.08~~] times the amount of tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older, the qualified voters of the district by petition may require that an election be held to determine whether [~~or not~~] to reduce the tax rate adopted for the current year to the rollback tax rate in accordance with the procedures provided by Sections 26.07(b)-(g) and 26.081, Tax Code. For purposes of Sections 26.07(b)-(g) and this subsection, the rollback tax rate is the current year's debt service and contract tax rates plus the operation and maintenance tax rate that would impose 1.04 [~~1.08~~] times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to



disabled persons or persons 65 years of age or older.

SECTION 7. (a) The change in law made by this Act applies to the ad valorem tax rate of a taxing unit beginning with the 2005 tax year, except as provided by Subsection (b) of this section.

(b) If the governing body of a taxing unit adopted an ad valorem tax rate for the taxing unit for the 2005 tax year before the effective date of this Act, the change in law made by this Act applies to the ad valorem tax rate of that taxing unit beginning with the 2006 tax year, and the law in effect when the tax rate was adopted applies to the 2005 tax year with respect to that taxing unit.

SECTION 8. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect on the 91st day after the last day of the legislative session.