

By: Isett, Bohac, Eissler, Gattis, Crabb,
et al.

H.B. No. 1006

A BILL TO BE ENTITLED

1 AN ACT

2 relating to certain limitations on the ad valorem tax rates of
3 certain taxing 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
 4

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
 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 = $[(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY LEVY}) /$
7 $(\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})] + \text{SALES TAX LOSS RATE}$

8 and

9 ROLLBACK TAX RATE = $[\div](\text{LAST YEAR'S MAINTENANCE AND OPERATIONS}$
10 $\text{EXPENSE} \times \underline{1.05} [\underline{1.08}]) / ((\text{TOTAL} [\text{TOTAL}] \text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY}$
11 $\text{VALUE}) [\div] + \text{CURRENT DEBT RATE}$

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. Chapter 26, Tax Code, is amended by adding
20 Section 26.046 to read as follows:

21 Sec. 26.046. ROLLBACK RELIEF FOR UNFUNDED STATE MANDATE.

22 (a) In this section, "state mandate" means a statutory provision
23 that is enacted by the legislature, or a rule or order implementing
24 a state statute that is prescribed or issued by a state officer or
25 state agency in the executive branch of state government, and that
26 requires a taxing unit to establish, expand, or change an activity
27 in a way that requires an expenditure of revenue that would not have

1 been required in the absence of the statutory provision, rule, or
2 order.

3 (b) For purposes of this section, a state mandate is
4 considered to be unfunded during any period for which the state has
5 not provided, by legislative appropriation or otherwise, for the
6 affected taxing unit to receive state or federal funds in an amount
7 estimated to be sufficient to meet the cost of complying with or
8 implementing the mandate. If the legislature provides for funds by
9 authorizing or requiring an affected taxing unit to collect a
10 regulatory or user fee that the state will impose or that a taxing
11 unit is authorized to impose on persons who engage in an activity
12 that is the subject of or is directly connected to the subject of
13 the state mandate, the anticipated revenue from the fee is
14 considered for purposes of this section to be funds provided by the
15 state to pay for the costs of the state mandate.

16 (c) This section does not apply to:

17 (1) a state mandate the existence of which is
18 necessary for compliance with a requirement of the Texas
19 Constitution, a court order, or federal law, including a state
20 mandate that is necessary for continued participation in a federal
21 program;

22 (2) a state statute that creates a criminal offense or
23 changes the elements of a criminal offense; or

24 (3) a decision or order by a state officer or state
25 agency that requires a taxing unit to comply with, or that sanctions
26 the taxing unit for failure to comply with, a law, rule, or order
27 that is not an unfunded state mandate to which this section applies.

1 (d) The effective tax rate and the rollback tax rate for a
2 taxing unit calculated under any other provision of this chapter
3 are increased by the rate that, if applied to current total value,
4 would impose an amount of taxes equal to the amount the taxing unit
5 is required to spend to comply with or implement an unfunded state
6 mandate in the budget year for which the taxes will be imposed. If
7 the taxing unit is a county or a municipality, in the formula for
8 calculating the rollback tax rate under any other provision of this
9 chapter, the governing body of the taxing unit may, at its option,
10 substitute the sum of 1 plus the consumer price index percentage
11 change, if any, not to exceed eight percent, for 1.05. For a county
12 or municipality that elects to make the substitution in the
13 calculation of its rollback tax rate as authorized by this
14 subsection, notwithstanding Section 26.07(b)(2), a petition
15 authorized by Section 26.07(a) is valid only if it is signed by a
16 number of registered voters of the county or municipality equal to
17 at least 10 percent of the number of registered voters of the taxing
18 unit according to the most recent official list of registered
19 voters. Not later than July 1 of each year the state auditor shall
20 determine the consumer price index percentage change and publish
21 that change in the Texas Register. In this subsection:

22 (1) "Consumer price index" means the consumer price
23 index, as published by the Bureau of Labor Statistics of the United
24 States Department of Labor, that measures the average changes in
25 prices of goods and services purchased by urban wage earners and
26 clerical workers' families and single workers living alone (CPI-W:
27 Seasonally Adjusted U.S. City Average--All Items).

1 (2) "Consumer price index percentage change" means the
2 percentage increase or decrease in the consumer price index for the
3 most recent state fiscal year for which the information is
4 available, from the consumer price index for the state fiscal year
5 preceding that state fiscal year, as calculated by the state
6 auditor.

7 (e) In each subsequent year that the taxing unit adopts a
8 tax rate, if the amount the taxing unit is required to spend to
9 comply with or implement the unfunded state mandate is greater than
10 the amount required to be spent for the mandate in the preceding
11 year, the effective tax rate and the rollback tax rate for the
12 taxing unit are increased by the rate that, if applied to current
13 total value, would impose an amount of taxes equal to the increase
14 in the amount required to be spent to comply with or implement the
15 mandate in that year.

16 (f) A taxing unit shall include a notice of an increase in
17 the effective tax rate and the rollback tax rate made as provided by
18 this section, including a description of and the estimated amount
19 of the unfunded state mandate, in the information published under
20 Sections 26.04 and 26.06 of this code, Section 44.004, Education
21 Code, or Section 49.236, Water Code.

22 (g) On or before the September 1 following a regular session
23 of the legislature and on or before the 90th day after the last day
24 of a special session of the legislature, the comptroller shall
25 publish a list of legislative mandates for which the legislature
26 has not provided reimbursement as provided by Subsection (b) and
27 that were enacted by the legislature during that legislative

1 session. By that same date the comptroller shall:

2 (1) remove from the list of legislative mandates from
3 a previous legislative session a legislative mandate:

4 (A) for which the legislature has provided
5 reimbursement as provided by Subsection (b); or

6 (B) that is no longer in effect; and

7 (2) add to the list a legislative mandate from a
8 previous legislative session for which reimbursement was provided
9 as provided by Subsection (b) in the previous session but for which
10 reimbursement was not provided in the most recent regular session
11 or in any subsequent special session.

12 (h) The comptroller shall deliver the list prepared under
13 Subsection (g) to the secretary of state for publication in the
14 Texas Register.

15 (i) A taxing unit that believes it is subject to an unfunded
16 state mandate that is not listed by the comptroller under
17 Subsection (g) must apply in writing to the comptroller for a
18 determination as to whether the taxing unit is subject to an
19 unfunded state mandate. The comptroller shall make the
20 determination as soon as practicable and send a copy of the
21 determination to the chief executive officer of the taxing unit. If
22 the comptroller determines that an unfunded mandate exists, the
23 comptroller shall add the unfunded mandate to the list published
24 under Subsection (g) as soon as practicable and deliver a notice of
25 the addition to the secretary of state for publication in the Texas
26 Register.

27 SECTION 4. Section 26.05, Tax Code, is amended by amending

1 Subsection (d) and adding Subsection (g) to read as follows:

2 (d) The governing body of a taxing unit other than a school
3 district and other than a county or municipality to which
4 Subsection (g) applies may not adopt a tax rate that exceeds the
5 lower of the rollback tax rate or 103 percent of the effective tax
6 rate calculated as provided by this chapter until the governing
7 body has held a public hearing on the proposed tax rate and has
8 otherwise complied with Sections [~~Section~~] 26.06 and [~~Section~~]
9 26.065. The governing body of a taxing unit to which this
10 subsection applies shall reduce a tax rate set by law or by vote of
11 the electorate to the lower of the rollback tax rate or 103 percent
12 of the effective tax rate and may not adopt a higher rate unless it
13 first complies with Section 26.06.

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

27 SECTION 5. Section 26.06, Tax Code, is amended by amending

1 Subsections (b), (d), and (e) and adding Subsection (h) to read as
2 follows:

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

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

10 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

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

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

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

25 (2) contain the following information:

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

1 (A-1) the unit's effective tax rate calculated
2 under this chapter;

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 taxing unit in the preceding year and in the
9 current year; ~~[the unit's 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
13 the unit 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 unit in the preceding year on a residence homestead
18 appraised at the average appraised value of a residence homestead
19 in that year~~[, disregarding any homestead exemption available only~~
20 ~~to disabled persons or persons 65 years of age or older];~~

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

27 (E-1) the amount of tax that would be imposed by

1 the unit in the current year on a residence homestead appraised at
2 the average appraised value of a residence homestead if the
3 effective tax rate is adopted as the tax rate for the unit; ~~and~~

4 (F) the difference between the amounts of tax
5 calculated under Paragraphs (D) and (E), expressed in dollars and
6 cents and described as the ~~[annual]~~ increase or decrease, as
7 applicable, in the tax that would ~~[to]~~ be imposed by the unit on the
8 average residence homestead ~~[in the unit in the current year]~~ if the
9 proposed tax rate is adopted; and

10 (F-1) the difference between the amounts of tax
11 calculated under Paragraphs (D) and (E-1), expressed in dollars and
12 cents, and described as the increase or decrease, as applicable, in
13 the tax that would be imposed by the unit on the average residence
14 homestead in the current year if the effective tax rate is adopted
15 as the tax rate for the unit.

16 (d) At the public hearing the governing body shall announce
17 the date, time, and place of the meeting at which it will vote on the
18 proposed tax rate. After the hearing the governing body of a taxing
19 unit other than a county or a municipality to which Section 26.05(g)
20 applies shall give notice of the meeting at which it will vote on
21 the proposed tax rate and the notice shall be in the same form as
22 prescribed by Subsections (b) and (c), except that it must state the
23 following:

24 "NOTICE OF VOTE ON TAX RATE

25 "The (name of the taxing unit) conducted a public hearing on a
26 proposal to increase the total tax revenues of the (name of the
27 taxing unit) from properties on the tax roll in the preceding year

1 by (percentage by which proposed tax rate exceeds lower of rollback
2 tax rate or effective tax rate calculated under this chapter)
3 percent on (date and time public hearing was conducted).

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

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

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

26 (h) This subsection applies only to a county or a
27 municipality to which Section 26.05(g) applies. Subsections (b)

1 and (d) govern the notice of the public hearing to be conducted by
2 the governing body of the county or municipality and the notice of
3 the meeting of the governing body to vote on the tax rate, except
4 that:

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

7 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

8 "The (name of the county or municipality) will hold a public
9 hearing on a proposal to increase total tax revenues from
10 properties on the tax roll in the preceding year by (percentage by
11 which proposed tax rate exceeds the effective tax rate calculated
12 under this chapter) percent.

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

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

18 (2) the notice required by Subsection (d) must state
19 the following:

20 "NOTICE OF VOTE ON TAX RATE

21 "The (name of the county or municipality) conducted a public
22 hearing on a proposal to increase the total tax revenues of the
23 (county or municipality) from properties on the tax roll in the
24 preceding year by (percentage by which proposed tax rate exceeds
25 the effective tax rate calculated under this chapter) percent on
26 (date and time public hearing was conducted).

27 "The (governing body of the county or municipality) is

1 scheduled to vote on the tax rate that will result in that tax
2 increase at a public meeting to be held on (date and time) at
3 (meeting place)."

4 SECTION 6. Section 26.065(d), Tax Code, is amended to read
5 as follows:

6 (d) The notice of the public hearing required by Subsection
7 (b) must contain a statement that is substantially the same as the
8 statement required by Section 26.06(b)(1) or (h)(1), as applicable,
9 and must contain information that is substantially the same as the
10 information required by Section 26.06(b)(2).

11 SECTION 7. The heading to Section 26.07, Tax Code, is
12 amended to read as follows:

13 Sec. 26.07. ELECTION TO REPEAL INCREASE OF TAXING UNIT
14 OTHER THAN SCHOOL DISTRICT.

15 SECTION 8. Section 26.07(b), Tax Code, is amended to read as
16 follows:

17 (b) A petition is valid only if:

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

21 (2) it is signed by a number of registered voters of
22 the taxing unit equal to at least 10 percent of the number of
23 registered voters of the taxing unit who voted in the most recent
24 gubernatorial election according to the most recent official list
25 of registered voters; and

26 (3) it is submitted to the governing body on or before
27 the 90th day after the date on which the governing body adopted the

1 tax rate for the current year.

2 SECTION 9. Chapter 26, Tax Code, is amended by adding
3 Section 26.071 to read as follows:

4 Sec. 26.071. ELECTION TO REPEAL INCREASE OF TAX RATE IN
5 CERTAIN TAXING UNITS. (a) This section applies only to:

6 (1) a junior college district; or

7 (2) a county or municipality for which the total tax
8 rate proposed for the current tax year would impose taxes in an
9 amount that does not exceed \$5 million for maintenance and
10 operations when applied to the current total value for the county or
11 municipality.

12 (a-1) Sections 26.07 and 26.08 do not apply to a taxing unit
13 to which this section applies.

14 (a-2) In a formula provided by this chapter for the
15 calculation of the rollback tax rate of a county or municipality to
16 which this section applies, 1.08 shall be substituted for 1.05.

17 (b) If the governing body of a junior college district
18 adopts a tax rate that exceeds the rollback tax rate calculated as
19 provided by this chapter, the qualified voters of the district by
20 petition may require that an election be held to determine whether
21 to reduce the tax rate adopted for the current year to the rollback
22 tax rate calculated as provided by this chapter.

23 (c) A petition is valid only if:

24 (1) it states that it is intended to require an
25 election in the junior college district on the question of reducing
26 the tax rate for the current year;

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

1 the district equal to at least 10 percent of the number of
2 registered voters of the district according to the most recent
3 official list of registered voters; and

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

7 (d) Not later than the 20th day after the day a petition is
8 submitted, the governing body shall determine whether the petition
9 is valid and pass a resolution stating its finding. If the
10 governing body fails to act within the time allowed, the petition is
11 treated as if it had been found valid.

12 (e) If the governing body finds that the petition is valid
13 (or fails to act within the time allowed), it shall order that an
14 election be held in the junior college district on a date not less
15 than 30 or more than 90 days after the last day on which it could
16 have acted to approve or disapprove the petition. A state law
17 requiring local elections to be held on a specified date does not
18 apply to the election unless a specified date falls within the time
19 permitted by this section. At the election, the ballots shall be
20 prepared to permit voting for or against the proposition:
21 "Reducing the tax rate in (name of junior college district) for the
22 current year from (the rate adopted) to (the rollback tax rate
23 calculated as provided by this chapter)."

24 (f) If a majority of the qualified voters voting on the
25 question in the election favor the proposition, the tax rate for the
26 junior college district for the current year is the rollback tax
27 rate calculated as provided by this chapter; otherwise, the tax

1 rate for the current year is the one adopted by the governing body.

2 (g) If the tax rate is reduced by an election called under
3 this section after tax bills for the unit are mailed, the assessor
4 for the junior college district shall prepare and mail corrected
5 tax bills. The collector shall include with the bill a brief
6 explanation of the reason for and effect of the corrected bill. The
7 date on which the taxes become delinquent for the year is extended
8 by a number of days equal to the number of days between the date the
9 first tax bills were sent and the date the corrected tax bills were
10 sent.

11 (h) If a property owner pays taxes calculated using the
12 higher tax rate when the rate is reduced by an election called under
13 this section, the junior college district shall refund the
14 difference between the amount of taxes paid and the amount due under
15 the reduced rate if the difference between the amount of taxes paid
16 and the amount due under the reduced rate is \$1 or more. If the
17 difference between the amount of taxes paid and the amount due under
18 the reduced rate is less than \$1, the junior college district shall
19 refund the difference on request of the taxpayer. An application
20 for a refund of less than \$1 must be made within 90 days after the
21 date the refund becomes due or the taxpayer forfeits the right to
22 the refund.

23 (i) Section 33.08(b) applies to a tax bill sent under
24 Subsection (g).

25 (j) Sections 31.12(a) and (b) apply to a refund due under
26 Subsection (h). Liability for the refund arises on the date the
27 election is canvassed.

1 SECTION 10. Section 49.236, Water Code, as added by
2 Chapters 248 and 335, Acts of the 78th Legislature, Regular
3 Session, 2003, is reenacted and amended to read as follows:

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

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

11 "NOTICE OF PUBLIC HEARING ON TAX RATE

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

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

21 (2) contain the following information:

22 (A) the district's total adopted tax rate for the
23 preceding year and the proposed tax rate, expressed as an amount per
24 \$100;

25 (B) the difference, expressed as an amount per
26 \$100 and as a percent increase or decrease, as applicable, in the
27 proposed tax rate compared to the adopted tax rate for the preceding

1 year;

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

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

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

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

1 the proposed tax rate is adopted; and

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

4 "NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION

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

10 (b) Notice of the hearing shall be:

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

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

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

22 (d) If the governing body of a district adopts a combined
23 debt service, operation and maintenance, and contract tax rate that
24 would impose more than 1.05 [~~1.08~~] times the amount of tax imposed
25 by the district in the preceding year on a residence homestead
26 appraised at the average appraised value of a residence homestead
27 in the district in that year, disregarding any homestead exemption

1 available only to disabled persons or persons 65 years of age or
2 older, the qualified voters of the district by petition may require
3 that an election be held to determine whether [~~or not~~] to reduce the
4 tax rate adopted for the current year to the rollback tax rate in
5 accordance with the procedures provided by Section 26.07 [~~Sections~~
6 ~~26.07(b)-(g) and 26.081~~], Tax Code. For purposes of Section 26.07,
7 Tax Code, [~~Sections 26.07(b)-(g)~~] and this subsection, the rollback
8 tax rate is the current year's debt service and contract tax rates
9 plus the operation and maintenance tax rate that would impose 1.05
10 [~~1.08~~] times the amount of the operation and maintenance tax
11 imposed by the district in the preceding year on a residence
12 homestead appraised at the average appraised value of a residence
13 homestead in the district in that year, disregarding any homestead
14 exemption available only to disabled persons or persons 65 years of
15 age or older.

16 SECTION 11. (a) The change in law made by this Act applies
17 to the ad valorem tax rate of a taxing unit beginning with the 2005
18 tax year, except as provided by Subsection (b) of this section.

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

26 SECTION 12. This Act takes effect immediately if it
27 receives a vote of two-thirds of all the members elected to each

H.B. No. 1006

1 house, as provided by Section 39, Article III, Texas Constitution.
2 If this Act does not receive the vote necessary for immediate
3 effect, this Act takes effect on the 91st day after the last day of
4 the legislative session.