

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

H.B. No. 1006

Substitute the following for H.B. No. 1006:

By: Ritter

C.S.H.B. No. 1006

A BILL TO BE ENTITLED

AN ACT

relating to certain limitations on the ad valorem tax rates of
certain taxing units.

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

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:

EFFECTIVE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY LEVY) /
(CURRENT TOTAL VALUE - 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:

ROLLBACK TAX RATE = ANY RATE EQUAL TO OR GREATER THAN (EFFECTIVE
MAINTENANCE AND OPERATIONS RATE x 1.03 [~~1.08~~]) + CURRENT DEBT RATE
BUT NOT EXCEEDING (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x
1.05) + CURRENT DEBT RATE

; and

(3) "Super rollback tax rate" means a rate expressed

1 in dollars per \$100 of taxable value calculated according to the
2 following formula:

3 SUPER ROLLBACK TAX RATE = ANY RATE EQUAL TO OR GREATER THAN
4 (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.05) + CURRENT DEBT
5 RATE

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

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

12 EFFECTIVE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) /
13 (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] - SALES TAX GAIN RATE

14 and

15 ROLLBACK RATE = ANY RATE EQUAL TO OR GREATER THAN (EFFECTIVE
16 MAINTENANCE AND OPERATIONS RATE x 1.03 [1.08]) + CURRENT DEBT RATE
17 - SALES TAX GAIN RATE BUT NOT TO EXCEED (EFFECTIVE MAINTENANCE AND
18 OPERATIONS RATE x 1.05) + CURRENT DEBT RATE - SALES TAX GAIN RATE

19 where "sales tax gain rate" means a number expressed in dollars per
20 \$100 of taxable value, calculated by dividing the revenue that will
21 be generated by the additional sales and use tax in the following
22 year as calculated under Subsection (d) [of this section] by the
23 current total value

24 and

25 SUPER ROLLBACK RATE = ANY RATE EQUAL TO OR EXCEEDING (EFFECTIVE
26 MAINTENANCE AND OPERATIONS RATE x 1.05) + CURRENT DEBT RATE - SALES
27 TAX GAIN RATE

1 where "sales tax gain rate" means a number expressed in dollars per
 2 \$100 of taxable value, calculated by dividing the revenue that will
 3 be generated by the additional sales and use tax in the following
 4 year as calculated under Subsection (d) by the current total value.

5 (b) Except as provided by Subsections (a) and (c) [~~of this~~
 6 ~~section~~], in a year in which a taxing unit imposes an additional
 7 sales and use tax, the rollback and super rollback tax rates [~~rate~~]
 8 for the unit are [~~is~~] calculated according to the following
 9 formulas [~~formula~~], regardless of whether the unit levied a
 10 property tax in the preceding year:

11 ROLLBACK RATE = ANY RATE EQUAL TO OR GREATER THAN [(LAST YEAR'S
 12 MAINTENANCE AND OPERATIONS EXPENSE X 1.03 [1.08]) / (([TOTAL]
 13 CURRENT TOTAL VALUE - NEW PROPERTY VALUE))] + (CURRENT DEBT RATE -
 14 SALES TAX REVENUE RATE) BUT NOT TO EXCEED (LAST YEAR'S MAINTENANCE
 15 AND OPERATIONS EXPENSE x 1.05) / (CURRENT TOTAL VALUE - NEW PROPERTY
 16 VALUE) + CURRENT DEBT RATE - SALES TAX REVENUE RATE

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

25 and

26 SUPER ROLLBACK RATE = ANY RATE EQUAL TO OR GREATER THAN (LAST YEAR'S
 27 MAINTENANCE AND OPERATIONS EXPENSE X 1.05) / (CURRENT TOTAL VALUE -

NEW PROPERTY VALUE) + CURRENT DEBT RATE - 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) 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:

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

ROLLBACK TAX RATE = ANY RATE EQUAL TO OR GREATER THAN $[\frac{1}{100}]$ (LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE X $\frac{1.03}{1.05}$ ~~$\frac{1.03}{1.08}$~~) / ((~~TOTAL~~ CURRENT TOTAL VALUE - NEW PROPERTY VALUE) $[\frac{1}{100}]$ + CURRENT DEBT RATE BUT NOT TO EXCEED (LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.05) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE) + 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

1 sales and use tax revenues in the preceding year

2 and

3 SUPER ROLLBACK TAX RATE = ANY RATE EQUAL TO OR GREATER THAN (LAST
4 YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.05) / (CURRENT TOTAL
5 VALUE - NEW PROPERTY VALUE) + CURRENT DEBT RATE

6 where "sales tax loss rate" means a number expressed in dollars per
7 \$100 of taxable value, calculated by dividing the amount of sales
8 and use tax revenue generated in the last four quarters for which
9 the information is available by the current total value and "last
10 year's maintenance and operations expense" means the amount spent
11 for maintenance and operations from property tax and additional
12 sales and use tax revenues in the preceding year.

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

15 (d) The governing body of a taxing unit other than a school
16 district and other than a county or municipality to which
17 Subsection (g) applies may not adopt a tax rate that exceeds the
18 lower of the rollback tax rate or 103 percent of the effective tax
19 rate calculated as provided by this chapter until the governing
20 body has held a public hearing on the proposed tax rate and has
21 otherwise complied with Sections ~~[Section]~~ 26.06 and ~~[Section]~~
22 26.065. The governing body of a taxing unit to which this
23 subsection applies shall reduce a tax rate set by law or by vote of
24 the electorate to the lower of the rollback tax rate or 103 percent
25 of the effective tax rate and may not adopt a higher rate unless it
26 first complies with Section 26.06.

27 (g) This subsection applies only to a county or municipality

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

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

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

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

22 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

23 "The (name of the taxing unit) will hold a public hearing on a
24 proposal to increase total tax revenues from properties on the tax
25 roll in the preceding year by (percentage by which proposed tax rate
26 exceeds lower of rollback tax rate or effective tax rate calculated
27 under this chapter) percent. Your individual taxes may increase at

1 a greater or lesser rate, or even decrease, depending on the change
2 in the taxable value of your property in relation to the change in
3 taxable value of all other property and the tax rate that is
4 adopted.

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

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

10 (2) contain the following information:

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

13 (B) the difference, expressed as an amount per
14 \$100 and as a percent increase or decrease, as applicable, in the
15 proposed tax rate compared to the adopted tax rate for the preceding
16 year;

17 (C) the average appraised value of a residence
18 homestead in the taxing unit in the preceding year and in the
19 current year; the unit's homestead exemption, other than an
20 exemption available only to disabled persons or persons 65 years of
21 age or older, applicable to that appraised value in each of those
22 years; and the average taxable value of a residence homestead in the
23 unit in each of those years, disregarding any homestead exemption
24 available only to disabled persons or persons 65 years of age or
25 older;

26 (D) the amount of tax that would have been
27 imposed by the unit in the preceding year on a residence homestead

1 appraised at the average appraised value of a residence homestead
2 in that year, disregarding any homestead exemption available only
3 to disabled persons or persons 65 years of age or older;

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

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

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

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

23 (h) This subsection applies only to a county or a
24 municipality to which Section 26.05(g) applies. Subsections (b)
25 and (d) govern the notice of the public hearing to be conducted by
26 the governing body of the county or municipality and the notice of
27 the meeting of the governing body to vote on the tax rate, except

1 that:

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

4 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

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

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

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

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

21 "NOTICE OF VOTE ON TAX RATE

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

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

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

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

12 SECTION 6. The heading to Section 26.07, Tax Code, is
13 amended to read as follows:

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

16 SECTION 7. Section 26.07, Tax Code, is amended by amending
17 Subsections (a)-(d) and adding Subsections (a-1) and (b-1) to read
18 as follows:

19 (a) If the governing body of a taxing unit other than a
20 school district adopts a tax rate that exceeds the rollback tax rate
21 or super rollback tax rate calculated as provided by this chapter,
22 the qualified voters of the taxing unit by rollback petition may
23 require that a rollback ~~[an]~~ election be held to determine whether
24 ~~[or not]~~ to reduce the tax rate adopted for the current year to the
25 rollback tax rate calculated as provided by this chapter.

26 (a-1) If the governing body of a taxing unit other than a
27 school district adopts a tax rate that exceeds the super rollback

1 tax rate calculated as provided by this chapter, the qualified
2 voters of the taxing unit by super rollback petition may require
3 that a super rollback election be held to determine whether to
4 reduce the tax rate adopted for the current year to the rollback tax
5 rate calculated as provided by this chapter.

6 (b) A rollback petition is valid only if:

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

10 (2) it is signed by a number of registered voters of
11 the taxing unit equal to at least 10 percent of the number of
12 registered voters of the taxing unit who voted in the most recent
13 gubernatorial election according to the most recent official list
14 of registered voters; and

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

18 (b-1) A super rollback petition is valid only if:

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

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

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

1 the 90th day after the date on which the governing body adopted the
2 tax rate for the current year.

3 (c) Not later than the 20th day after the day a rollback
4 petition under Subsection (a) or a super rollback petition under
5 Subsection (a-1) is submitted, the governing body shall determine
6 whether ~~[or not]~~ the petition is valid and pass a resolution stating
7 its finding. If the governing body fails to act within the time
8 allowed, the petition is treated as if it had been found valid.

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

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

23 (a) If a refund of a tax provided by Section 11.431(b),
24 ~~[26.07(g)],~~ 26.15(f), 31.11, or 31.111 is paid on or before the 60th
25 day after the date the liability for the refund arises, no interest
26 is due on the amount refunded. If not paid on or before that 60th
27 day, the amount of the tax to be refunded accrues interest at a rate

1 of one percent for each month or part of a month that the refund is
2 unpaid, beginning with the date on which the liability for the
3 refund arises.

4 (b) For purposes of this section, liability for a refund
5 arises:

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

9 ~~(2) [if the refund is required by Section 26.07(g), on~~
10 ~~the date the results of the election to reduce the tax rate are~~
11 ~~certified;~~

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

13 (A) for a correction to the tax roll made under
14 Section 26.15(b), on the date the change in the tax roll is
15 certified to the assessor for the taxing unit under Section 25.25;
16 or

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

20 (3) ~~[(4)]~~ if the refund is required by Section 31.11,
21 on the date the auditor for the taxing unit determines that the
22 payment was erroneous or excessive or, if the amount of the refund
23 exceeds the applicable amount specified by Section 31.11(a), on the
24 date the governing body of the unit approves the refund; or

25 (4) ~~[(5)]~~ if the refund is required by Section 31.111,
26 on the date the collector for the taxing unit determines that the
27 payment was erroneous.

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

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

SECTION 10. 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 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.

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

4 (2) contain the following information:

5 (A) the district's total adopted tax rate for the
6 preceding year and the proposed tax rate, expressed as an amount per
7 \$100;

8 (B) the difference, expressed as an amount per
9 \$100 and as a percent increase or decrease, as applicable, in the
10 proposed tax rate compared to the adopted tax rate for the preceding
11 year;

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

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

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

1 district in the current year on a residence homestead appraised at
2 the average appraised value of a residence homestead in that year,
3 disregarding any homestead exemption available only to disabled
4 persons or persons 65 years of age or older, if the proposed tax
5 rate is adopted; and

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

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

14 "NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION

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

20 (b) Notice of the hearing shall be:

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

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

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

5 (d) If the governing body of a district adopts a combined
6 debt service, operation and maintenance, and contract tax rate that
7 would impose more than 1.03 [~~1.08~~] times the amount of tax imposed
8 by the district in the preceding year on a residence homestead
9 appraised at the average appraised value of a residence homestead
10 in the district in that year, disregarding any homestead exemption
11 available only to disabled persons or persons 65 years of age or
12 older, the qualified voters of the district by petition may require
13 that an election be held to determine whether [~~or not~~] to reduce the
14 tax rate adopted for the current year to the rollback tax rate in
15 accordance with the procedures provided by Section 26.07 [~~Sections~~
16 ~~26.07(b)-(g) and 26.081~~], Tax Code. For purposes of Section 26.07,
17 Tax Code, [~~Sections 26.07(b)-(g)~~] and this subsection, the rollback
18 tax rate is the current year's debt service and contract tax rates
19 plus the operation and maintenance tax rate that would impose 1.03
20 [~~1.08~~] times the amount of the operation and maintenance tax
21 imposed by the district in the preceding year on a residence
22 homestead appraised at the average appraised value of a residence
23 homestead in the district in that year, disregarding any homestead
24 exemption available only to disabled persons or persons 65 years of
25 age or older.

26 SECTION 11. (a) The change in law made by this Act applies
27 to the ad valorem tax rate of a taxing unit beginning with the 2005

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

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

9 SECTION 12. This Act takes effect immediately if it
10 receives a vote of two-thirds of all the members elected to each
11 house, as provided by Section 39, Article III, Texas Constitution.
12 If this Act does not receive the vote necessary for immediate
13 effect, this Act takes effect on the 91st day after the last day of
14 the legislative session.