

1-1 By: Isett, et al. (Senate Sponsor - Janek) H.B. No. 1006
1-2 (In the Senate - Received from the House April 28, 2005;
1-3 May 2, 2005, read first time and referred to Committee on Finance;
1-4 May 20, 2005, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 10, Nays 0; May 20, 2005,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1006 By: Janek

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the adoption of ad valorem tax rates by taxing units and
1-11 to related tax bills.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subsections (b) and (d), Section 26.05, Tax
1-14 Code, are amended to read as follows:

1-15 (b) A taxing unit may not impose property taxes in any year
1-16 until the governing body has adopted a tax rate for that year, and
1-17 the annual tax rate must be set by ordinance, resolution, or order,
1-18 depending on the method prescribed by law for adoption of a law by
1-19 the governing body. The vote on the ordinance, resolution, or order
1-20 setting the tax rate must be separate from the vote adopting the
1-21 budget. The vote on the ordinance, resolution, or order setting a
1-22 tax rate that exceeds the effective tax rate must be a record vote.
1-23 A motion to adopt an ordinance, resolution, or order setting a tax
1-24 rate that exceeds the effective tax rate must be made in the
1-25 following form: "I move that property taxes be increased by the
1-26 adoption of a tax rate of (specify tax rate)." If the ordinance,
1-27 resolution, or order sets a tax rate that, if applied to the total
1-28 taxable value, will impose an amount of taxes to fund maintenance
1-29 and operation expenditures of the taxing unit that exceeds the
1-30 amount of taxes imposed for that purpose in the preceding year, the
1-31 taxing unit must:

1-32 (1) include in the ordinance, resolution, or order in
1-33 type larger than the type used in any other portion of the document:

1-34 (A) the following statement: "THIS TAX RATE WILL
1-35 RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S
1-36 TAX RATE."; and

1-37 (B) if the tax rate exceeds the effective
1-38 maintenance and operations rate, the following statement: "THE TAX
1-39 RATE WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000
1-40 HOME BY APPROXIMATELY \$(Insert amount)."; and

1-41 (2) include on the home page of any Internet website
1-42 operated by the unit:

1-43 (A) the following statement: "(Insert name of
1-44 unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE
1-45 AND OPERATIONS THAN LAST YEAR'S TAX RATE"; and

1-46 (B) if the tax rate exceeds the effective
1-47 maintenance and operations rate, the following statement: "THE TAX
1-48 RATE WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000
1-49 HOME BY APPROXIMATELY \$(Insert amount)."

1-50 (d) The governing body of a taxing unit other than a school
1-51 district may not adopt a tax rate that exceeds the lower of the
1-52 rollback tax rate or ~~[103 percent of]~~ the effective tax rate
1-53 calculated as provided by this chapter until the governing body has
1-54 held two ~~[a]~~ public hearings ~~[hearing]~~ on the proposed tax rate and
1-55 has otherwise complied with Section 26.06 and Section 26.065. The
1-56 governing body of a taxing unit shall reduce a tax rate set by law or
1-57 by vote of the electorate to the lower of the rollback tax rate or
1-58 ~~[103 percent of]~~ the effective tax rate and may not adopt a higher
1-59 rate unless it first complies with Section 26.06.

1-60 SECTION 2. Subsections (a) through (e), Section 26.06, Tax
1-61 Code, are amended to read as follows:

1-62 (a) A public hearing required by Section 26.05 may not be
1-63 held before the seventh day after the date the notice of the public

hearing ~~[on the proposed tax increase]~~ is given. The second hearing may not be held earlier than the third day after the date of the first hearing. Each [The] hearing must be on a weekday that is not a public holiday. Each [The] hearing must be held inside the boundaries of the 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. At the hearings [hearing], the governing body must afford adequate opportunity for proponents and opponents of the tax increase to present their views.

(b) The notice of each of the [a] public hearings [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

"Last year, the (name of taxing unit) property tax rate was \$(insert tax rate adopted in preceding tax year). That rate raised \$(insert total amount of taxes imposed in the preceding tax year), a portion of which was used to fund operations such as (insert sample descriptions of unit's operations).

"This year, (name of taxing unit) is proposing a property tax rate of \$(insert proposed tax rate). That rate would raise \$(insert total amount of taxes that would be imposed), which is \$(insert appropriate amount) more than the taxes imposed last year.

"There will be two public hearings to consider that increase. The first public hearing will be held on (date and time) at (meeting place). The second hearing will be held on (date and time) at (meeting place).

"You have a right to attend the hearings and make comments. You are encouraged to attend and make comments if you wish."

~~["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 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 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.]~~

(c) The notice of a public hearing under this section may be delivered by mail to each property owner in the unit, or [it] may be published in a newspaper. If the notice is published in a newspaper, it may not be in the part of the paper in which legal notices and classified advertisements appear. If the taxing unit operates an Internet website, the notice must be posted on the website from the date the notice is first published until the second public hearing is concluded.

(d) At the public hearings [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 each [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 RATE

"The (name of the taxing unit) conducted [a] public hearings [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 (dates [date] and times [time] public hearings were [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 second 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 3. Subsection (d), Section 26.065, Tax Code, is amended to read as follows:

(d) The notice of the public hearing required by Subsection (b) must contain a statement that is substantially the same as the statement required by Section 26.06(b) [26.06(b)(1) and must contain information that is substantially the same as the information required by Section 26.06(b)(2)].

SECTION 4. Subsection (b), Section 26.07, Tax Code, is amended 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) it is signed by a number of registered voters of the taxing unit equal to at least:

(A) seven percent of the number of registered voters of the taxing unit according to the most recent list of registered voters if the tax rate adopted for the current tax year would impose taxes for maintenance and operations in an amount of at least \$5 million; or

(B) 10 percent of the number of registered voters of the taxing unit according to the most recent official list of

registered voters if the tax rate adopted for the current tax year would impose taxes for maintenance and operations in an amount of less than \$5 million; 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.

SECTION 5. Section 31.01, Tax Code, is amended by amending Subsection (c) and adding Subsection (c-1) to read as follows:

(c) The tax bill or a separate statement accompanying the tax bill shall:

(1) identify the property subject to the tax;
(2) state the appraised value, assessed value, and taxable value of the property;

(3) if the property is land appraised as provided by Subchapter C, D, E, or H, Chapter 23, state the market value and the taxable value for purposes of deferred or additional taxation as provided by Section 23.46, 23.55, 23.76, or 23.9807, as applicable;

(4) state the assessment ratio for the unit;

(5) state the type and amount of any partial exemption applicable to the property, indicating whether it applies to appraised or assessed value;

(6) state the total tax rate for the unit;

(7) state the amount of tax due, the due date, and the delinquency date;

(8) explain the payment option and discounts provided by Sections 31.03 and 31.05, if available to the unit's taxpayers, and state the date on which each of the discount periods provided by Section 31.05 concludes, if the discounts are available;

(9) state the rates of penalty and interest imposed for delinquent payment of the tax;

(10) include the name and telephone number of the assessor for the unit and, if different, of the collector for the unit; ~~and~~

(11) for real property, state for the current tax year and each of the preceding five tax years:

(A) the appraised value and taxable value of the property;

(B) the total tax rate for the unit;

(C) the amount of taxes imposed on the property by the unit; and

(D) the difference, expressed as a percent increase or decrease, as applicable, in the amount of taxes imposed on the property by the unit compared to the amount imposed for the preceding tax year;

(12) for real property, state the differences, expressed as a percent increase or decrease, as applicable, in the following for the current tax year as compared to the fifth tax year before that tax year:

(A) the appraised value and taxable value of the property;

(B) the total tax rate for the unit; and

(C) the amount of taxes imposed on the property by the unit; and

(13) include any other information required by the comptroller.

(c-1) If for any of the preceding six tax years any information required by Subsection (c)(11) or (12) to be included in a tax bill or separate statement is unavailable, the tax bill or statement must state that the information is not available for that year.

SECTION 6. Subsection (f), Section 26.06, Tax Code, is repealed.

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 has 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 September 1, 2005.

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