

By: Jackson

H.B. No. 1479

A BILL TO BE ENTITLED

AN ACT

relating to the adoption of an ad valorem tax rate by the governing body 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 = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.05 [~~1.08~~]) + 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

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 and

5
 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 = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) /
 7 (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + SALES TAX LOSS RATE

8 and

9 ROLLBACK TAX RATE = [(LAST YEAR'S MAINTENANCE AND OPERATIONS
 10 EXPENSE X 1.05 [~~1.08~~]) / ((~~TOTAL~~) CURRENT TOTAL VALUE - NEW PROPERTY
 11 VALUE)] + CURRENT DEBT RATE

12 where "sales tax loss rate" means a number expressed in dollars per
 13 \$100 of taxable value, calculated by dividing the amount of sales
 14 and use tax revenue generated in the last four quarters for which
 15 the information is available by the current total value and "last
 16 year's maintenance and operations expense" means the amount spent
 17 for maintenance and operations from property tax and additional
 18 sales and use tax revenues in the preceding year.

19 SECTION 3. The heading to Section 26.08, Tax Code, is
 20 amended to read as follows:

21 Sec. 26.08. ELECTION TO RATIFY TAX RATE [~~SCHOOL TAXES~~].

22 SECTION 4. Sections 26.08(a), (b), (d), (e), (h), (i), and
 23 (k), Tax Code, are amended to read as follows:

24 (a) If the governing body of a taxing unit [~~school district~~]
 25 adopts a tax rate that exceeds the taxing unit's [~~district's~~]
 26 rollback tax rate, the registered voters of the taxing unit
 27 [~~district~~] at an election held for that purpose must determine

1 whether to approve the adopted tax rate. When increased
2 expenditure of money by a taxing unit [~~school district~~] is
3 necessary to respond to a disaster, including a tornado, hurricane,
4 flood, or other calamity, but not including a drought, that has
5 impacted the taxing unit [~~a school district~~] and the governor has
6 requested federal disaster assistance for the area in which the
7 taxing unit [~~school district~~] is located, an election is not
8 required under this section to approve the tax rate adopted by the
9 governing body for the year following the year in which the disaster
10 occurs.

11 (b) The governing body shall order that the election be held
12 in the taxing unit [~~school district~~] on a date not less than 30 or
13 more than 90 days after the day on which the governing body [~~it~~]
14 adopted the tax rate. Section 41.001, Election Code, does not apply
15 to the election unless a date specified by that section 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 "Approving the ad valorem tax rate of \$_____ per \$100 valuation in
19 (name of taxing unit [~~school district~~]) for the current year, a rate
20 that is \$_____ higher per \$100 valuation than the [~~school district~~]
21 rollback tax rate of (name of taxing unit)." The ballot proposition
22 must include the adopted tax rate and the difference between that
23 rate and the rollback tax rate in the appropriate places.

24 (d) If the proposition is not approved as provided by
25 Subsection (c), the governing body may not adopt a tax rate for the
26 taxing unit [~~school district~~] for the current year that exceeds the
27 [~~school district's~~] rollback tax rate of the taxing unit.

1 (e) For purposes of this section, local tax funds dedicated
2 to a junior college district under Section 45.105(e), Education
3 Code, shall be eliminated from the calculation of the tax rate
4 adopted by the governing body of a [~~the~~] school district. However,
5 the funds dedicated to the junior college district are subject to
6 Section 26.085.

7 (h) For purposes of this section, increases in taxable
8 values and tax levies occurring within a reinvestment zone under
9 Chapter 311 (Tax Increment Financing Act), in which a school [~~the~~]
10 district is a participant, shall be eliminated from the calculation
11 of the tax rate adopted by the governing body of the school
12 district.

13 (i) For purposes of this section, the rollback tax rate of a
14 school district is the sum of:

15 (1) the tax rate that, applied to the current total
16 value for the district, would impose taxes in an amount that, when
17 added to state funds that would be distributed to the district under
18 Chapter 42, Education Code, for the school year beginning in the
19 current tax year using that tax rate, would provide the same amount
20 of state funds distributed under Chapter 42 and maintenance and
21 operations taxes of the district per student in weighted average
22 daily attendance for that school year that would have been
23 available to the district in the preceding year if the funding
24 elements for Chapter [~~Chapters 41 and~~] 42, Education Code, for the
25 current year had been in effect for the preceding year;

26 (2) the rate of \$0.05 [~~\$0.06~~] per \$100 of taxable
27 value; and

1 (3) the district's current debt rate.

2 (k) For purposes of this section, for the 2003, 2004, 2005,
3 2006, 2007, or 2008 tax year, for a school district that is entitled
4 to state funds under Section 1581.1015(a), (b), (c), (d), (e), or
5 (f) [4(a-1), (a-2), (a-3), (a-4), (a-5), or (a-6), Article 3.50-9],
6 Insurance Code, the rollback tax rate of the district is the sum of:

7 (1) the tax rate that, applied to the current total
8 value for the district, would impose taxes in an amount that, when
9 added to state funds that would be distributed to the district under
10 Chapter 42, Education Code, for the school year beginning in the
11 current tax year using that tax rate, would provide the same amount
12 of state funds distributed under Chapter 42 and maintenance and
13 operations taxes of the district per student in weighted average
14 daily attendance for that school year that would have been
15 available to the district in the preceding year if the funding
16 elements for Chapter [~~Chapters 41 and~~] 42, Education Code, for the
17 current year had been in effect for the preceding year;

18 (2) the tax rate that, applied to the current total
19 value for the district, would impose taxes in the amount that, when
20 added to state funds that would be distributed to the district under
21 Chapter 42, Education Code, for the school year beginning in the
22 current tax year using that tax rate, permits the district to comply
23 with Section 1581.052 [~~Section 3, Article 3.50-9~~], Insurance Code;

24 (3) the rate of \$0.05 [~~\$0.06~~] per \$100 of taxable
25 value; and

26 (4) the district's current debt rate.

27 SECTION 5. Sections 31.12(a) and (b), Tax Code, are amended

1 to read as follows:

2 (a) If a refund of a tax provided by Section 11.431(b),
3 [~~26.07(g)~~], 26.15(f), 31.11, or 31.111 is paid on or before the 60th
4 day after the date the liability for the refund arises, no interest
5 is due on the amount refunded. If not paid on or before that 60th
6 day, the amount of the tax to be refunded accrues interest at a rate
7 of one percent for each month or part of a month that the refund is
8 unpaid, beginning with the date on which the liability for the
9 refund arises.

10 (b) For purposes of this section, liability for a refund
11 arises:

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

15 (2) [~~if the refund is required by Section 26.07(g), on~~
16 ~~the date the results of the election to reduce the tax rate are~~
17 ~~certified,~~

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

19 (A) for a correction to the tax roll made under
20 Section 26.15(b), on the date the change in the tax roll is
21 certified to the assessor for the taxing unit under Section 25.25;
22 or

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

26 (3) [~~(4)~~] if the refund is required by Section 31.11,
27 on the date the auditor for the taxing unit determines that the

1 payment was erroneous or excessive or, if the amount of the refund
2 exceeds the applicable amount specified by Section 31.11(a), on the
3 date the governing body of the unit approves the refund; or

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

7 SECTION 6. Section 33.08(b), Tax Code, is amended to read as
8 follows:

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

17 SECTION 7. Section 130.016(b), Education Code, is amended
18 to read as follows:

19 (b) If the board of trustees of an independent school
20 district that divests itself of the management, control, and
21 operation of a junior college district under this section or under
22 Section 130.017 [~~of this code~~] was authorized by [~~Subsection (e)~~
23 ~~of~~] Section 45.105(e) or under former Section 20.48(e) [~~20.48 of~~
24 ~~this code~~] to dedicate a portion of its tax levy to the junior
25 college district before the divestment, the junior college district
26 may levy an ad valorem tax from and after the divestment. In the
27 first two years in which the junior college district levies an ad

1 valorem tax, the tax rate adopted by the governing body may not
2 exceed the rate that, if applied to the total taxable value
3 submitted to the governing body under Section 26.04, Tax Code,
4 would impose an amount equal to the amount of taxes of the school
5 district dedicated to the junior college under [~~Subsection (e) of~~
6 Section 45.105(e) or former Section 20.48(e) [~~20.48 of this code~~]
7 in the last dedication before the divestment. In subsequent years,
8 the tax rate of the junior college district is subject to Section
9 26.08 [~~26.07~~], Tax Code.

10 SECTION 8. Section 49.107(g), Water Code, is amended to
11 read as follows:

12 (g) Sections 26.04, 26.05, and 26.08 [~~26.07~~], Tax Code, do
13 not apply to a tax levied and collected under this section or an ad
14 valorem tax levied and collected for the payment of the interest on
15 and principal of bonds issued by a district.

16 SECTION 9. Section 49.108(f), Water Code, is amended to
17 read as follows:

18 (f) Sections 26.04, 26.05, and 26.08 [~~26.07~~], Tax Code, do
19 not apply to a tax levied and collected for payments made under a
20 contract approved in accordance with this section.

21 SECTION 10. Sections 49.236(a) and (d), Water Code, as
22 added by Chapter 335, Acts of the 78th Legislature, Regular
23 Session, 2003, are amended to read as follows:

24 (a) Before the board adopts an ad valorem tax rate for the
25 district for debt service, operation and maintenance purposes, or
26 contract purposes, the board shall give notice of each meeting of
27 the board at which the adoption of a tax rate will be considered.

1 The notice must:

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

4 "NOTICE OF PUBLIC HEARING ON TAX RATE

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

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

14 (2) contain the following information:

15 (A) the district's total adopted tax rate for the
16 preceding year and the proposed tax rate, expressed as an amount per
17 \$100;

18 (B) the difference, expressed as an amount per
19 \$100 and as a percent increase or decrease, as applicable, in the
20 proposed tax rate compared to the adopted tax rate for the preceding
21 year;

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

1 district in each of those years, disregarding any homestead
2 exemption available only to disabled persons or persons 65 years of
3 age or older;

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

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

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

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

24 "NOTICE OF VOTE ON TAX RATE [~~TAXPAYERS' RIGHT TO~~
25 ~~ROLLBACK ELECTION~~]

26 "If taxes on the average residence homestead increase by more
27 than five [~~eight~~] percent, [~~the qualified voters of the district by~~

1 ~~petition may require that~~ an election must be held to determine
 2 whether to ratify [~~reduce~~] the operation and maintenance tax rate
 3 [~~to the rollback tax rate~~] under Section 49.236(d), Water Code."

4 (d) If the governing body of a district adopts a combined
 5 debt service, operation and maintenance, and contract tax rate that
 6 would impose more than 1.05 [~~1.08~~] times the amount of tax imposed
 7 by the district in the preceding year on a residence homestead
 8 appraised at the average appraised value of a residence homestead
 9 in the district in that year, disregarding any homestead exemption
 10 available only to disabled persons or persons 65 years of age or
 11 older, [~~the qualified voters of the district by petition may~~
 12 ~~require that~~] an election must be held to determine whether [~~or not~~]
 13 to ratify [~~reduce~~] the tax rate adopted for the current year [~~to the~~
 14 ~~rollback tax rate~~] in accordance with the procedures provided by
 15 Sections 26.08(b)-(d) [~~26.07(b)-(g) and 26.081~~], Tax Code. For
 16 purposes of Sections 26.08(b)-(d) [~~26.07(b)-(g)~~] and this
 17 subsection, the rollback tax rate is the current year's debt
 18 service and contract tax rates plus the operation and maintenance
 19 tax rate that would impose 1.05 [~~1.08~~] times the amount of the
 20 operation and maintenance tax imposed by the district in the
 21 preceding year on a residence homestead appraised at the average
 22 appraised value of a residence homestead in the district in that
 23 year, disregarding any homestead exemption available only to
 24 disabled persons or persons 65 years of age or older.

25 SECTION 11. The following laws are repealed:

26 (1) Section 26.07, Tax Code; and

27 (2) Section 49.236, Water Code, as added by Chapter

1 248, Acts of the 78th Legislature, Regular Session, 2003.

2 SECTION 12. The changes in law made by this Act apply only
3 to a tax year that begins on or after the effective date of this Act.

4 SECTION 13. This Act takes effect January 1, 2006.