

By: Bohac

H.B. No. 3298

A BILL TO BE ENTITLED

AN ACT

1
2 relating to providing tax relief and protection for ad valorem tax
3 payers.

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

5 SECTION 1. Section 1.12(d), Tax Code, is amended to read as
6 follows:

7 (d) For purposes of this section, the appraisal ratio of
8 real property [~~a homestead~~] to which Section 23.23 applies is the
9 ratio of the property's market value as determined by the appraisal
10 district or appraisal review board, as applicable, to the market
11 value of the property according to law. The appraisal ratio is not
12 calculated according to the appraised value of the property as
13 limited by Section 23.23.

14 SECTION 2. Section 23.23, Tax Code, is amended to read as
15 follows:

16 Sec. 23.23. LIMITATION ON APPRAISED VALUE OF CERTAIN
17 RESIDENTIAL REAL PROPERTY [~~RESIDENCE—HOMESTEAD~~]. (a) The
18 appraised value of qualified residential real property [~~a residence~~
19 ~~homestead~~] for a tax year may not exceed the lesser of:

20 (1) the market value of the property; or

21 (2) the sum of:

22 (A) three [~~10~~] percent of the appraised value of
23 the property for the last year in which the property was appraised
24 for taxation times the number of years since the property was last

1 appraised;

2 (B) the appraised value of the property for the
3 last year in which the property was appraised; and

4 (C) the market value of all new improvements to
5 the property.

6 (b) When appraising qualified residential real property [~~a~~
7 ~~residence homestead~~], the chief appraiser shall:

8 (1) appraise the property at its market value; and

9 (2) include in the appraisal records both the market
10 value of the property and the amount computed under Subsection
11 (a)(2).

12 (c) The limitation provided by Subsection (a) takes effect
13 as to a parcel of qualified residential real property [~~residence~~
14 ~~homestead~~] on January 1 of the tax year following the first tax year
15 in which the owner owns [~~qualifies~~] the property on January 1 and in
16 which the owner qualifies the property as a residence homestead,
17 uses the property primarily for the owner's residential purposes,
18 or, if the property is a single-family residence, leases or rents
19 the property to a tenant for the tenant's residential purposes,
20 except that if the property qualifies as the residence homestead of
21 the owner [~~for an exemption~~] under Section 11.13 in the tax year in
22 which the owner acquires the property, the limitation takes effect
23 on January 1 of the tax year following that tax year. Except as
24 provided by Subsections (d) and (e), the [~~The~~] limitation expires
25 on January 1 of the [~~first~~] tax year following:

26 (1) the tax year in which [~~that neither~~] the owner of
27 the property ceases to own the property; or

1 (2) a tax year in which none of the following applies:

2 (A) the property owner qualifies the property as
3 a residence homestead;

4 (B) the owner uses the property primarily for the
5 owner's residential purposes; or

6 (C) the single-family residence ceases to be used
7 for residential purposes by a tenant of the property owner for more
8 than a temporary period [~~when the limitation took effect nor the~~
9 ~~owner's spouse or surviving spouse qualifies for an exemption under~~
10 ~~Section 11.13~~].

11 (d) If qualified residential real property subject to a
12 limitation under Subsection (a) qualifies for an exemption under
13 Section 11.13 when the ownership of the property is transferred to
14 the owner's spouse or surviving spouse, the limitation expires on
15 January 1 of the tax year following the year in which the owner's
16 spouse or surviving spouse ceases to own the property, unless the
17 limitation is further continued under this subsection on the
18 subsequent transfer to a spouse or surviving spouse.

19 (e) If qualified residential real property subject to a
20 limitation under Subsection (a), other than a residence homestead,
21 is owned by two or more persons, the limitation expires on January 1
22 of the tax year following the year in which the ownership of at
23 least a 50 percent interest in the property is sold or otherwise
24 transferred to a person other than those owners.

25 (f) This section does not apply to property appraised under
26 Subchapter C, D, E, F, [~~or~~] G, or H.

27 (g) [~~(e)~~] In this section:

1 (1) "New~~[, "new]~~ improvement" means an improvement to
2 real property ~~[a residence homestead]~~ that is made after the most
3 recent appraisal of the property ~~[for the preceding year]~~ and that
4 increases the market value of the property. The term does not
5 include ordinary upkeep, repair, or maintenance of an existing
6 structure or the grounds or another feature of the property.

7 (2) "Qualified residential real property" means real
8 property that:

9 (A) qualifies for an exemption under Section
10 11.13;

11 (B) is designed or adapted for residential
12 purposes and used primarily for residential purposes by the owner
13 of the property, including the owner-occupied portion of a duplex,
14 triplex, or other multifamily structure and the residential
15 portion, not to exceed 20 acres, of farm or ranch property; or

16 (C) is a single-family residence used for
17 residential purposes by a tenant of the owner of the property.

18 (h) [~~f~~] Notwithstanding Subsections (a) and (g)(1) [~~e~~]
19 and except as provided by Subdivision (2), an improvement to
20 property that would otherwise constitute a new improvement is not
21 treated as a new improvement if the improvement is a replacement
22 structure for a structure that was rendered uninhabitable or
23 unusable by a casualty or by mold or water damage. For purposes of
24 appraising the property in the tax year in which the structure would
25 have constituted a new improvement:

26 (1) the last year in which the property was appraised
27 for taxation before the casualty or damage occurred is considered

1 to be the last year in which the property was appraised for taxation
2 for purposes of Subsection (a)(2)(A); and

3 (2) the replacement structure is considered to be a
4 new improvement only to the extent it is a significant improvement
5 over the replaced structure as that structure existed before the
6 casualty or damage occurred.

7 (i) For purposes of applying the limitation provided by
8 Subsection (a) in the first tax year after the 2005 tax year in
9 which the qualified residential real property is appraised for
10 taxation:

11 (1) the property is considered to have been appraised
12 for taxation in the 2005 tax year at a market value equal to the
13 appraised value of the property for that tax year;

14 (2) a person who acquired in a tax year before the 2005
15 tax year residential real property that the person owns in the 2005
16 tax year is considered to have acquired the property on January 1,
17 2005; and

18 (3) a person who qualified the property for an
19 exemption under Section 11.13 as the person's residence homestead
20 for any portion of the 2005 tax year is considered to have acquired
21 the property in the 2005 tax year.

22 (j) This subsection and Subsections (k)-(n) do not apply to
23 property that qualifies for a residence homestead exemption under
24 Section 11.13. To receive a limitation under Subsection (a), a
25 person claiming the limitation must apply for the limitation by
26 filing an application with the chief appraiser of the appraisal
27 district. The chief appraiser shall accept and approve or deny an

1 application. For property appraised by more than one appraisal
2 district, a separate application must be filed in each appraisal
3 district to receive the limitation in that district. A limitation
4 provided by Subsection (a), once allowed, need not be claimed in
5 subsequent years and applies to the property until the limitation
6 expires as provided by this section or until the person's
7 qualification for the limitation ends. However, the chief
8 appraiser may require a person allowed a limitation in a prior year
9 to file a new application to confirm the person's current
10 qualification for the limitation by delivering not later than April
11 1 a written notice that a new application is required, accompanied
12 by an appropriate application form, to the person previously
13 allowed the limitation.

14 (k) The comptroller, in prescribing the contents of the
15 application form for a limitation under Subsection (a), shall
16 ensure that the form requires an applicant to provide the
17 information necessary to determine the validity of the limitation
18 claim. The form must require an applicant to provide the
19 applicant's name and driver's license number, personal
20 identification certificate number, or social security number. The
21 comptroller shall include on the form a notice of the penalties
22 prescribed by Section 37.10, Penal Code, for making or filing an
23 application containing a false statement and shall include on the
24 form a statement explaining that the application need not be made
25 annually and that if the limitation is allowed, the applicant has a
26 duty to notify the chief appraiser when the applicant's
27 qualification for the limitation ends. In this subsection,

1 "driver's license" and "personal identification certificate" have
2 the meanings assigned by Section 11.43(f).

3 (l) A person who is required to apply for a limitation under
4 Subsection (a) to receive the limitation for a tax year must apply
5 for the limitation not later than May 1 of that year. Except as
6 provided by Subsection (m), if the person fails to timely file a
7 completed application, the person may not receive the limitation
8 for that year.

9 (m) The chief appraiser shall accept and approve or deny an
10 application for a limitation under Subsection (a) for a tax year
11 after the deadline for filing the application has passed if the
12 application is filed not later than one year after the delinquency
13 date for the taxes on the property for that tax year. If a late
14 application is approved after approval of the appraisal records by
15 the appraisal review board, the chief appraiser shall notify the
16 collector for each taxing unit in which the property is located. If
17 the tax has not been paid, the collector shall deduct from the
18 person's tax bill the difference between the taxes that would have
19 been due had the property not qualified for the limitation and the
20 taxes due after taking the limitation into account. If the tax has
21 been paid, the collector shall refund the difference.

22 (n) A person who receives a limitation under Subsection (a)
23 shall notify the appraisal office in writing before May 1 after the
24 person's qualification for the limitation ends.

25 SECTION 3. Section 26.04(c), Tax Code, is amended to read as
26 follows:

27 (c) An officer or employee designated by the governing body

1 shall calculate the effective tax rate and the rollback tax rate for
2 the unit, where:

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

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

8 ; and

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

12 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x
13 1.03 [~~1.08~~]) + CURRENT DEBT RATE

14 SECTION 4. Sections 26.041(a), (b), and (c), Tax Code, are
15 amended to read as follows:

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

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

22 and

23 ROLLBACK RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.03
24 [~~1.08~~]) + CURRENT DEBT RATE - SALES TAX GAIN RATE

25 where "sales tax gain rate" means a number expressed in dollars per
26 \$100 of taxable value, calculated by dividing the revenue that will
27 be generated by the additional sales and use tax in the following

1 year as calculated under Subsection (d) [~~of this section~~] by the
2 current total value.

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

8 $\text{ROLLBACK RATE} = [(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE X}$
9 $\underline{1.03} [\underline{1.08}]) / ([\text{TOTAL}] \text{CURRENT } \underline{\text{TOTAL}} \text{ VALUE} - \text{NEW PROPERTY VALUE})] +$
10 $(\text{CURRENT DEBT RATE} - \text{SALES TAX REVENUE RATE})$

11 where "last year's maintenance and operations expense" means the
12 amount spent for maintenance and operations from property tax and
13 additional sales and use tax revenues in the preceding year, and
14 "sales tax revenue rate" means a number expressed in dollars per
15 \$100 of taxable value, calculated by dividing the revenue that will
16 be generated by the additional sales and use tax in the current year
17 as calculated under Subsection (d) [~~of this section~~] by the current
18 total value.

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

23 $\text{EFFECTIVE TAX RATE} = [(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY LEVY}) /$
24 $(\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})] + \text{SALES TAX LOSS RATE}$

25 and

26 $\text{ROLLBACK TAX RATE} = [(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS}$
27 $\text{EXPENSE X } \underline{1.03} [\underline{1.08}]) / ([\text{TOTAL}] \text{CURRENT } \underline{\text{TOTAL}} \text{ VALUE} - \text{NEW PROPERTY}$

1 VALUE)] + CURRENT DEBT RATE

2 where "sales tax loss rate" means a number expressed in dollars per
3 \$100 of taxable value, calculated by dividing the amount of sales
4 and use tax revenue generated in the last four quarters for which
5 the information is available by the current total value and "last
6 year's maintenance and operations expense" means the amount spent
7 for maintenance and operations from property tax and additional
8 sales and use tax revenues in the preceding year.

9 SECTION 5. Section 26.05, Tax Code, is amended by amending
10 Subsection (d) and adding Subsection (g) to read as follows:

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

23 (g) This subsection applies only to a county or municipality
24 for which the total tax rate proposed for the current tax year would
25 impose taxes in an amount of \$5 million or more when applied to the
26 current total value for the county or municipality. The governing
27 body of the county or municipality may not adopt a tax rate that

1 exceeds the effective tax rate calculated as provided by this
2 chapter until the governing body has held a public hearing on the
3 proposed tax rate and has otherwise complied with Sections 26.06
4 and 26.065. The governing body of a county or municipality to which
5 this subsection applies shall reduce a tax rate set by law or by
6 vote of the electorate to the effective tax rate and may not adopt a
7 higher rate unless it first complies with Section 26.06.

8 SECTION 6. Section 26.06, Tax Code, is amended by amending
9 Subsections (b), (d), and (e) and adding Subsection (h) to read as
10 follows:

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

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

18 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

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

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

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

6 (2) contain the following information:

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

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

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

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

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

1 unit in the current year on a residence homestead appraised at the
2 average appraised value of a residence homestead in the current
3 year, disregarding any homestead exemption available only to
4 disabled persons or persons 65 years of age or older, if the
5 proposed tax 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 increase or decrease, as
9 applicable, in the tax to be imposed by the unit on the average
10 residence homestead in the unit in the current year if the proposed
11 tax rate is adopted.

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

20 "NOTICE OF VOTE ON TAX RATE

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

27 "The (governing body of the taxing unit) is scheduled to vote

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

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

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

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

27 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

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

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

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

15 (2) the notice required by Subsection (d) must state
16 the following:

17 "NOTICE OF VOTE ON TAX RATE

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

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

1 SECTION 7. Section 26.065(d), Tax Code, is amended to read
2 as follows:

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

8 SECTION 8. Section 26.07, Tax Code, is amended to read as
9 follows:

10 Sec. 26.07. ELECTION TO RATIFY TAX [~~REPEAL~~] INCREASE OF
11 TAXING UNIT OTHER THAN SCHOOL DISTRICT. (a) The [~~If the~~] governing
12 body of a taxing unit other than a school district may not adopt
13 [~~adopts~~] a tax rate that exceeds the rollback tax rate calculated as
14 provided by this chapter without voter approval as provided by this
15 section. To adopt a tax rate that exceeds the rollback tax rate,
16 the governing body must adopt the rate as a proposed tax rate and
17 call an election to permit[7] the qualified voters of the taxing
18 unit [~~by petition may require that an election be held to determine~~
19 ~~whether or not~~] to approve or disapprove [~~reduce~~] the proposed tax
20 rate [~~adopted for the current year to the rollback tax rate~~
21 ~~calculated as provided by this chapter~~].

22 (b) The [~~A petition is valid only if:~~

23 [~~(1) it states that it is intended to require an~~
24 ~~election in the taxing unit on the question of reducing the tax rate~~
25 ~~for the current year,~~

26 [~~(2) it is signed by a number of registered voters of~~
27 ~~the taxing unit equal to at least 10 percent of the number of~~

1 ~~registered voters of the taxing unit according to the most recent~~
2 ~~official list of registered voters; and~~

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

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

11 ~~[(d) If the] governing body [finds that the petition is~~
12 ~~valid (or fails to act within the time allowed), it] shall order~~
13 ~~that the [an] election be held in the taxing unit on a date not less~~
14 ~~than 30 or more than 90 days after the [last] day on which the~~
15 ~~governing body adopted the proposed tax rate. Section 41.001,~~
16 ~~Election Code, [it could have acted to approve or disapprove the~~
17 ~~petition. A state law requiring local elections to be held on a~~
18 ~~specified date] does not apply to the election unless a [specified]~~
19 ~~date specified by that section falls within the time permitted by~~
20 ~~this section. At the election, the ballots shall be prepared to~~
21 ~~permit voting for or against the proposition: "Approving~~
22 ~~["Reducing] the proposed ad valorem tax rate of \$_____ per \$100~~
23 ~~valuation in (name of taxing unit) for the current year, a rate that~~
24 ~~is \$_____ higher per \$100 valuation than the [from (the rate~~
25 ~~adopted) to (the] rollback tax rate [calculated as provided by this~~
26 ~~chapter)]." The ballot proposition must include the proposed tax~~
27 ~~rate and the difference between that rate and the rollback tax rate~~

1 in the appropriate places.

2 (c) [(e)] If a majority of the votes cast [~~qualified voters~~
3 ~~voting on the question~~] in the election favor the proposition, the
4 proposition is approved and the tax rate for the [~~taxing unit for~~
5 ~~the~~] current year is the proposed [~~rollback~~] tax rate that was
6 [~~calculated as provided by this chapter; otherwise, the tax rate~~
7 ~~for the current year is the one~~] adopted by the governing body.

8 (d) [(f)] If the proposition is not approved as provided by
9 Subsection (c), the governing body may not adopt a tax rate for the
10 taxing unit for the current year that exceeds the taxing unit's
11 rollback tax rate [~~is reduced by an election called under this~~
12 ~~section after tax bills for the unit are mailed, the assessor for~~
13 ~~the unit shall prepare and mail corrected tax bills. He shall~~
14 ~~include with the bill a brief explanation of the reason for and~~
15 ~~effect of the corrected bill. The date on which the taxes become~~
16 ~~delinquent for the year is extended by a number of days equal to the~~
17 ~~number of days between the date the first tax bills were sent and~~
18 ~~the date the corrected tax bills were sent~~].

19 [~~(g) If a property owner pays taxes calculated using the~~
20 ~~higher tax rate when the rate is reduced by an election called under~~
21 ~~this section, the taxing unit shall refund the difference between~~
22 ~~the amount of taxes paid and the amount due under the reduced rate~~
23 ~~if the difference between the amount of taxes paid and the amount~~
24 ~~due under the reduced rate is \$1 or more. If the difference between~~
25 ~~the amount of taxes paid and the amount due under the reduced rate~~
26 ~~is less than \$1, the taxing unit shall refund the difference on~~
27 ~~request of the taxpayer. An application for a refund of less than~~

1 ~~\$1 must be made within 90 days after the date the refund becomes due~~
2 ~~or the taxpayer forfeits the right to the refund.]~~

3 SECTION 9. Section 31.01, Tax Code, is amended by amending
4 Subsection (c) and adding Subsection (c-1) to read as follows:

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

7 (1) identify the property subject to the tax;

8 (2) state the appraised value, assessed value, and
9 taxable value of the property;

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

14 (4) state the assessment ratio for the unit;

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

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

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

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

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

27 (10) include the name and telephone number of the

1 assessor for the unit and, if different, of the collector for the
2 unit; ~~and~~

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

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

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

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

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

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

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

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

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

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

25 (c-1) If for any of the preceding six tax years any
26 information required by Subsection (c)(11) or (12) to be included
27 in a tax bill or separate statement is unavailable, the tax bill or

1 statement must state that the information is not available for that
2 year. This subsection expires December 31, 2011.

3 SECTION 10. Sections 31.12(a) and (b), Tax Code, are
4 amended to read as follows:

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

13 (b) For purposes of this section, liability for a refund
14 arises:

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

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

21 [~~3~~] if the refund is required by Section 26.15(f):

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

26 (B) for a correction to the tax roll made under
27 Section 26.15(c), on the date the change in the tax roll is ordered

1 by the governing body of the taxing unit;

2 (3) [~~(4)~~] if the refund is required by Section 31.11,
3 on the date the auditor for the taxing unit determines that the
4 payment was erroneous or excessive or, if the amount of the refund
5 exceeds the applicable amount specified by Section 31.11(a), on the
6 date the governing body of the unit approves the refund; or

7 (4) [~~(5)~~] if the refund is required by Section 31.111,
8 on the date the collector for the taxing unit determines that the
9 payment was erroneous.

10 SECTION 11. Section 33.08(b), Tax Code, is amended to read
11 as follows:

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

20 SECTION 12. Section 42.26(d), Tax Code, is amended to read
21 as follows:

22 (d) For purposes of this section, the value of the property
23 subject to the suit and the value of a comparable property or sample
24 property that is used for comparison must be the market value
25 determined by the appraisal district when the property is [~~a~~
26 ~~residence homestead~~] subject to the limitation on appraised value
27 imposed by Section 23.23.

1 SECTION 13. 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 VOTE ON TAX RATE [~~TAXPAYERS' RIGHT TO~~
5 ~~ROLLBACK ELECTION~~]

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

11 (b) Notice of the hearing shall be:

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

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

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

23 (d) If the governing body of a district adopts a combined
24 debt service, operation and maintenance, and contract tax rate that
25 would impose more than 1.03 [~~1.08~~] times the amount of tax imposed
26 by the district in the preceding year on a residence homestead
27 appraised at the average appraised value of a residence homestead

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

17 SECTION 14. Sections 403.302(d) and (i), Government Code,
 18 are amended to read as follows:

19 (d) For the purposes of this section, "taxable value" means
 20 the market value of all taxable property less:

21 (1) the total dollar amount of any residence homestead
 22 exemptions lawfully granted under Section 11.13(b) or (c), Tax
 23 Code, in the year that is the subject of the study for each school
 24 district;

25 (2) one-half of the total dollar amount of any
 26 residence homestead exemptions granted under Section 11.13(n), Tax
 27 Code, in the year that is the subject of the study for each school

1 district;

2 (3) the total dollar amount of any exemptions granted
3 before May 31, 1993, within a reinvestment zone under agreements
4 authorized by Chapter 312, Tax Code;

5 (4) subject to Subsection (e), the total dollar amount
6 of any captured appraised value of property that:

7 (A) is within a reinvestment zone created on or
8 before May 31, 1999, or is proposed to be included within the
9 boundaries of a reinvestment zone as the boundaries of the zone and
10 the proposed portion of tax increment paid into the tax increment
11 fund by a school district are described in a written notification
12 provided by the municipality or the board of directors of the zone
13 to the governing bodies of the other taxing units in the manner
14 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
15 within the boundaries of the zone as those boundaries existed on
16 September 1, 1999, including subsequent improvements to the
17 property regardless of when made;

18 (B) generates taxes paid into a tax increment
19 fund created under Chapter 311, Tax Code, under a reinvestment zone
20 financing plan approved under Section 311.011(d), Tax Code, on or
21 before September 1, 1999; and

22 (C) is eligible for tax increment financing under
23 Chapter 311, Tax Code;

24 (5) the total dollar amount of any exemptions granted
25 under Section 11.251, Tax Code;

26 (6) the difference between the comptroller's estimate
27 of the market value and the productivity value of land that

1 qualifies for appraisal on the basis of its productive capacity,
2 except that the productivity value estimated by the comptroller may
3 not exceed the fair market value of the land;

4 (7) the portion of the appraised value of residence
5 homesteads of individuals who receive a tax limitation under
6 Section 11.26, Tax Code, on which school district taxes are not
7 imposed in the year that is the subject of the study, calculated as
8 if the residence homesteads were appraised at the full value
9 required by law;

10 (8) a portion of the market value of property not
11 otherwise fully taxable by the district at market value because of:

12 (A) action required by statute or the
13 constitution of this state that, if the tax rate adopted by the
14 district is applied to it, produces an amount equal to the
15 difference between the tax that the district would have imposed on
16 the property if the property were fully taxable at market value and
17 the tax that the district is actually authorized to impose on the
18 property, if this subsection does not otherwise require that
19 portion to be deducted; or

20 (B) action taken by the district under Subchapter
21 B or C, Chapter 313, Tax Code;

22 (9) the market value of all tangible personal
23 property, other than manufactured homes, owned by a family or
24 individual and not held or used for the production of income;

25 (10) the appraised value of property the collection of
26 delinquent taxes on which is deferred under Section 33.06, Tax
27 Code;

1 (11) the portion of the appraised value of property
2 the collection of delinquent taxes on which is deferred under
3 Section 33.065, Tax Code; and

4 (12) the amount by which the market value of real
5 property [~~a residence homestead~~] to which Section 23.23, Tax Code,
6 applies exceeds the appraised value of that property as calculated
7 under that section.

8 (i) If the comptroller determines in the annual study that
9 the market value of property in a school district as determined by
10 the appraisal district that appraises property for the school
11 district, less the total of the amounts and values listed in
12 Subsection (d) as determined by that appraisal district, is valid,
13 the comptroller, in determining the taxable value of property in
14 the school district under Subsection (d), shall for purposes of
15 Subsection (d)(12) subtract from the market value as determined by
16 the appraisal district of real properties [~~residence homesteads~~] to
17 which Section 23.23, Tax Code, applies the amount by which that
18 amount exceeds the appraised value of those properties as
19 calculated by the appraisal district under Section 23.23, Tax Code.
20 If the comptroller determines in the annual study that the market
21 value of property in a school district as determined by the
22 appraisal district that appraises property for the school district,
23 less the total of the amounts and values listed in Subsection (d) as
24 determined by that appraisal district, is not valid, the
25 comptroller, in determining the taxable value of property in the
26 school district under Subsection (d), shall for purposes of
27 Subsection (d)(12) subtract from the market value as estimated by

1 the comptroller of real properties [~~residence homesteads~~] to which
2 Section 23.23, Tax Code, applies the amount by which that amount
3 exceeds the appraised value of those properties as calculated by
4 the appraisal district under Section 23.23, Tax Code.

5 SECTION 15. This Act applies only to an ad valorem tax year
6 that begins on or after January 1, 2006.

7 SECTION 16. (a) Except as provided by Subsection (b) of
8 this section, this Act takes effect January 1, 2006.

9 (b) Sections 1, 2, 12, and 14 of this Act take effect as
10 provided by Subsection (a) of this section, but only if the
11 constitutional amendment proposed by the 79th Legislature, Regular
12 Session, 2005, authorizing a three percent limitation on annual
13 increases in the appraised value for ad valorem tax purposes of
14 residential real property is approved by the voters. If that
15 amendment is not approved by the voters, those sections of this Act
16 have no effect.