

AN ACT

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

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

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

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

(1) include in the ordinance, resolution, or order in

1 type larger than the type used in any other portion of the document:

2 (A) the following statement: "THIS TAX RATE WILL
3 RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S
4 TAX RATE."; and

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

9 (2) include on the home page of any Internet website
10 operated by the unit:

11 (A) the following statement: "(Insert name of
12 unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE
13 AND OPERATIONS THAN LAST YEAR'S TAX RATE"; and

14 (B) if the tax rate exceeds the effective
15 maintenance and operations rate, the following statement: "THE TAX
16 RATE WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000
17 HOME BY APPROXIMATELY \$(Insert amount)."

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

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

3 (a) A public hearing required by Section 26.05 may not be
4 held before the seventh day after the date the notice of the public
5 hearing [~~on the proposed tax increase~~] is given. The second hearing
6 may not be held earlier than the third day after the date of the
7 first hearing. Each [~~The~~] hearing must be on a weekday that is not a
8 public holiday. Each [~~The~~] hearing must be held inside the
9 boundaries of the unit in a publicly owned building or, if a
10 suitable publicly owned building is not available, in a suitable
11 building to which the public normally has access. At the hearings
12 [~~hearing~~], the governing body must afford adequate opportunity for
13 proponents and opponents of the tax increase to present their
14 views.

15 (b) The notice of each of the [~~a~~] public hearings [~~hearing~~]
16 may not be smaller than one-quarter page of a standard-size or a
17 tabloid-size newspaper, and the headline on the notice must be in
18 18-point or larger type. The notice must[+]

19 [~~1~~] contain a statement in the following form:

20 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

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

26 "This year, (name of taxing unit) is proposing a property tax
27 rate of \$(insert proposed tax rate). That rate would raise \$(insert

1 total amount of taxes that would be imposed), which is \$(insert
2 appropriate amount) more than the taxes imposed last year.

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

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

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

18 ~~["The public hearing will be held on (date and time) at~~
19 ~~(meeting place).~~

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

23 ~~[(2) contain the following information:~~

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

27 ~~[(B) the difference, expressed as an amount per~~

1 ~~\$100 and as a percent increase or decrease, as applicable, in the~~
2 ~~proposed tax rate compared to the adopted tax rate for the preceding~~
3 ~~year;~~

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

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

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

24 ~~[(F) the difference between the amounts of tax~~
25 ~~calculated under Paragraphs (D) and (E), expressed in dollars and~~
26 ~~cents and described as the annual increase or decrease, as~~
27 ~~applicable, in the tax to be imposed by the unit on the average~~

1 ~~residence homestead in the unit in the current year if the proposed~~
2 ~~tax rate is adopted.]~~

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

11 (d) At the public hearings ~~[hearing]~~ the governing body
12 shall announce the date, time, and place of the meeting at which it
13 will vote on the proposed tax rate. After each ~~[the]~~ hearing the
14 governing body shall give notice of the meeting at which it will
15 vote on the proposed tax rate and the notice shall be in the same
16 form as prescribed by Subsections (b) and (c), except that it must
17 state the following:

18 "NOTICE OF VOTE ON TAX RATE

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

26 "The (governing body of the taxing unit) is scheduled to vote
27 on the tax rate that will result in that tax increase at a public

1 meeting to be held on (date and time) at (meeting place)."

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

13 SECTION 3. Subsection (d), Section 26.065, Tax Code, is
14 amended to read as follows:

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

20 SECTION 4. Subsection (b), Section 26.07, Tax Code, is
21 amended to read as follows:

22 (b) 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:

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

6 (B) 10 percent of the number of registered voters
7 of the taxing unit according to the most recent official list of
8 registered voters if the tax rate adopted for the current tax year
9 would impose taxes for maintenance and operations in an amount of
10 less than \$5 million; and

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

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

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

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

19 (2) state the appraised value, assessed value, and
20 taxable value of the property;

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

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

26 (5) state the type and amount of any partial exemption
27 applicable to the property, indicating whether it applies to

1 appraised or assessed value;

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

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

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

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

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

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

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

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

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

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

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

1 before that tax year:

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

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

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

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

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

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

16 SECTION 7. (a) The change in law made by this Act applies
17 to the ad valorem tax rate of a taxing unit beginning with the 2005
18 tax year, except as provided by Subsection (b) of this section.

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

26 SECTION 8. This Act takes effect immediately if it receives
27 a vote of two-thirds of all the members elected to each house, as

S.B. No. 18

1 provided by Section 39, Article III, Texas Constitution. If this
2 Act does not receive the vote necessary for immediate effect, this
3 Act takes effect September 1, 2005.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 18 passed the Senate on
May 12, 2005, by the following vote: Yeas 27, Nays 4.

Secretary of the Senate

I hereby certify that S.B. No. 18 passed the House on
May 25, 2005, by a non-record vote.**

Chief Clerk of the House

Approved:

Date

Governor

**Due to a clerical error in the endorsement of the House vote on the bill back for S.B. No. 18, the certification page of the Enrolled Version of the bill reflects, in error, that it was a non-record vote. The actual vote on final passage in the House, as recorded in the House Journal, was: Yeas 144, Nays 0, two present not voting (See Daily House Journal, page 4470, May 25, 2005). Therefore, the bill received the necessary vote for immediate effect.