

By: Deuell

S.B. No. 567

A BILL TO BE ENTITLED

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AN ACT

relating to requiring a taxing unit to include in the public notice of a hearing on the adoption of an ad valorem tax rate certain information relating to the taxing unit's budget and appraisal roll.

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

SECTION 1. Subsection (b), Section 26.06, Tax Code, is amended to read as follows:

(b) The notice of a public 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

"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 tax 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

1 (meeting place).

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

5 (2) contain the following information:

6 (A) the difference, expressed as a percent  
7 increase or decrease, as applicable, in the amount budgeted in the  
8 preceding fiscal year and the amount budgeted for the fiscal year  
9 that begins in the current tax year for each of the following:

10 (i) maintenance and operations;

11 (ii) debt service; and

12 (iii) total expenditures;

13 (B) the total appraised value and the total  
14 taxable value of all property and the total appraised value and the  
15 total taxable value of new property taxable by the unit in the  
16 preceding tax year and the current tax year as calculated under  
17 Section 26.04;

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

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

24 (E) [~~(C)~~] the average appraised value of a  
25 residence homestead in the taxing unit in the preceding tax year and  
26 in the current tax year; the unit's homestead exemption, other than  
27 an exemption available only to disabled persons or persons 65 years

1 of age or older, applicable to that appraised value in each of those  
2 years; and the average taxable value of a residence homestead in the  
3 unit in each of those years, disregarding any homestead exemption  
4 available only to disabled persons or persons 65 years of age or  
5 older;

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

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

18           (H) [~~(F)~~] the difference between the amounts of  
19 tax calculated under Paragraphs (F) [~~(D)~~] and (G) [~~(E)~~], expressed  
20 in dollars and cents and described as the annual increase or  
21 decrease, as applicable, in the tax to be imposed by the unit on the  
22 average residence homestead in the unit in the current tax year if  
23 the proposed tax rate is adopted.

24           SECTION 2. Subsection (c), Section 44.004, Education Code,  
25 is amended to read as follows:

26           (c) The notice of public meeting to discuss and adopt the  
27 budget and the proposed tax rate may not be smaller than one-quarter

1 page of a standard-size or a tabloid-size newspaper, and the  
2 headline on the notice must be in 18-point or larger type. Subject  
3 to Subsection (d), the notice must:

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

5 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

6 "The (name of school district) will hold a public meeting at  
7 (time, date, year) in (name of room, building, physical location,  
8 city, state). The purpose of this meeting is to discuss the school  
9 district's budget that will determine the tax rate that will be  
10 adopted. Public participation in the discussion is invited." The  
11 statement of the purpose of the meeting must be in bold type. In  
12 reduced type, the notice must state: "The tax rate that is  
13 ultimately adopted at this meeting or at a separate meeting at a  
14 later date may not exceed the proposed rate shown below unless the  
15 district publishes a revised notice containing the same information  
16 and comparisons set out below and holds another public meeting to  
17 discuss the revised notice.";

18 (2) contain a section entitled "Comparison of Proposed  
19 Budget with Last Year's Budget," which must show the difference,  
20 expressed as a percent increase or decrease, as applicable, in the  
21 amounts budgeted for the preceding fiscal year and the amount  
22 budgeted for the fiscal year that begins in the current tax year for  
23 each of the following:

24 (A) maintenance and operations;

25 (B) debt service; and

26 (C) total expenditures;

27 (3) contain a section entitled "Total Appraised Value

1 and Total Taxable Value," which must show the total appraised value  
2 and the total taxable value of all property and the total appraised  
3 value and the total taxable value of new property taxable by the  
4 district in the preceding tax year and the current tax year as  
5 calculated under Section 26.04, Tax Code;

6 (4) contain a section entitled "Comparison of Proposed  
7 Rates with Last Year's Rates," which must:

8 (A) show in rows the tax rates described by  
9 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of  
10 property, for columns entitled "Maintenance & Operations,"  
11 "Interest & Sinking Fund," and "Total," which is the sum of  
12 "Maintenance & Operations" and "Interest & Sinking Fund":

13 (i) the school district's "Last Year's  
14 Rate";

15 (ii) the "Rate to Maintain Same Level of  
16 Maintenance & Operations Revenue & Pay Debt Service," which:

17 (a) in the case of "Maintenance &  
18 Operations," is the tax rate that, when applied to the current  
19 taxable value for the district, as certified by the chief appraiser  
20 under Section 26.01, Tax Code, and as adjusted to reflect changes  
21 made by the chief appraiser as of the time the notice is prepared,  
22 would impose taxes in an amount that, when added to state funds to  
23 be distributed to the district under Chapter 42, would provide the  
24 same amount of maintenance and operations taxes and state funds  
25 distributed under Chapter 42 per student in average daily  
26 attendance for the applicable school year that was available to the  
27 district in the preceding school year; and

1                   (b) in the case of "Interest & Sinking  
2 Fund," is the tax rate that, when applied to the current taxable  
3 value for the district, as certified by the chief appraiser under  
4 Section 26.01, Tax Code, and as adjusted to reflect changes made by  
5 the chief appraiser as of the time the notice is prepared, and when  
6 multiplied by the district's anticipated collection rate, would  
7 impose taxes in an amount that, when added to state funds to be  
8 distributed to the district under Chapter 46 and any excess taxes  
9 collected to service the district's debt during the preceding tax  
10 year but not used for that purpose during that year, would provide  
11 the amount required to service the district's debt; and

12                                 (iii) the "Proposed Rate";

13                   (B) contain fourth and fifth columns aligned with  
14 the columns required by Paragraph (A) that show, for each row  
15 required by Paragraph (A):

16                                 (i) the "Local Revenue per Student," which  
17 is computed by multiplying the district's total taxable value of  
18 property, as certified by the chief appraiser for the applicable  
19 school year under Section 26.01, Tax Code, and as adjusted to  
20 reflect changes made by the chief appraiser as of the time the  
21 notice is prepared, by the total tax rate, and dividing the product  
22 by the number of students in average daily attendance in the  
23 district for the applicable school year; and

24                                 (ii) the "State Revenue per Student," which  
25 is computed by determining the amount of state aid received or to be  
26 received by the district under Chapters 42, 43, and 46 and dividing  
27 that amount by the number of students in average daily attendance in

1 the district for the applicable school year; and

2 (C) contain an asterisk after each calculation  
3 for "Interest & Sinking Fund" and a footnote to the section that, in  
4 reduced type, states "The Interest & Sinking Fund tax revenue is  
5 used to pay for bonded indebtedness on construction, equipment, or  
6 both. The bonds, and the tax rate necessary to pay those bonds,  
7 were approved by the voters of this district.";

8 (5) [~~3~~] contain a section entitled "Comparison of  
9 Proposed Levy with Last Year's Levy on Average Residence," which  
10 must:

11 (A) show in rows the information described by  
12 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns  
13 entitled "Last Year" and "This Year":

14 (i) "Average Market Value of Residences,"  
15 determined using the same group of residences for each year;

16 (ii) "Average Taxable Value of Residences,"  
17 determined after taking into account the limitation on the  
18 appraised value of residences under Section 23.23, Tax Code, and  
19 after subtracting all homestead exemptions applicable in each year,  
20 other than exemptions available only to disabled persons or persons  
21 65 years of age or older or their surviving spouses, and using the  
22 same group of residences for each year;

23 (iii) "Last Year's Rate Versus Proposed  
24 Rate per \$100 Value"; and

25 (iv) "Taxes Due on Average Residence,"  
26 determined using the same group of residences for each year; and

27 (B) contain the following information:

1 "Increase (Decrease) in Taxes" expressed in dollars and cents,  
2 which is computed by subtracting the "Taxes Due on Average  
3 Residence" for the preceding tax year from the "Taxes Due on Average  
4 Residence" for the current tax year;

5 (6) [~~(4)~~] contain the following statement in bold  
6 print: "Under state law, the dollar amount of school taxes imposed  
7 on the residence of a person 65 years of age or older or of the  
8 surviving spouse of such a person, if the surviving spouse was 55  
9 years of age or older when the person died, may not be increased  
10 above the amount paid in the first year after the person turned 65,  
11 regardless of changes in tax rate or property value.";

12 (7) [~~(5)~~] contain the following statement in bold  
13 print: "Notice of Rollback Rate: The highest tax rate the district  
14 can adopt before requiring voter approval at an election is (the  
15 school district rollback rate determined under Section 26.08, Tax  
16 Code). This election will be automatically held if the district  
17 adopts a rate in excess of the rollback rate of (the school district  
18 rollback rate)."; and

19 (8) [~~(6)~~] contain a section entitled "Fund Balances,"  
20 which must include the estimated amount of interest and sinking  
21 fund balances and the estimated amount of maintenance and operation  
22 or general fund balances remaining at the end of the current fiscal  
23 year that are not encumbered with or by corresponding debt  
24 obligation, less estimated funds necessary for the operation of the  
25 district before the receipt of the first payment under Chapter 42 in  
26 the succeeding school year.

27 SECTION 3. (a) The change in law made by this Act applies to

1 the public notice required in connection with the ad valorem tax  
2 rate of a taxing unit beginning with the 2006 tax year, except as  
3 provided by Subsection (b) of this section.

4 (b) If the governing body of a taxing unit has adopted an ad  
5 valorem tax rate for the taxing unit for the 2006 tax year before  
6 the effective date of this Act, the change in law made by this Act  
7 applies to the public notice required in connection with the ad  
8 valorem tax rate of that taxing unit beginning with the 2007 tax  
9 year, and the law in effect when the tax rate was adopted applies to  
10 the 2006 tax year with respect to that taxing unit.

11 SECTION 4. This Act takes effect immediately if it receives  
12 a vote of two-thirds of all the members elected to each house, as  
13 provided by Section 39, Article III, Texas Constitution. If this  
14 Act does not receive the vote necessary for immediate effect, this  
15 Act takes effect September 1, 2005.