

1-1 By: Deuell S.B. No. 567
1-2 (In the Senate - Filed February 16, 2005; February 28, 2005,
1-3 read first time and referred to Committee on Finance;
1-4 April 19, 2005, reported favorably by the following vote: Yeas 12,
1-5 Nays 0; April 19, 2005, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to requiring a taxing unit to include in the public notice
1-9 of a hearing on the adoption of an ad valorem tax rate certain
1-10 information relating to the taxing unit's budget and appraisal
1-11 roll.

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

1-13 SECTION 1. Subsection (b), Section 26.06, Tax Code, is
1-14 amended to read as follows:

1-15 (b) The notice of a public hearing may not be smaller than
1-16 one-quarter page of a standard-size or a tabloid-size newspaper,
1-17 and the headline on the notice must be in 18-point or larger type.
1-18 The notice must:

1-19 (1) contain a statement in the following form:

1-20 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

1-21 "The (name of the taxing unit) will hold a public hearing on a
1-22 proposal to increase total tax revenues from properties on the tax
1-23 roll in the preceding tax year by (percentage by which proposed tax
1-24 rate exceeds lower of rollback tax rate or effective tax rate
1-25 calculated under this chapter) percent. Your individual taxes may
1-26 increase at a greater or lesser rate, or even decrease, depending on
1-27 the change in the taxable value of your property in relation to the
1-28 change in taxable value of all other property and the tax rate that
1-29 is adopted.

1-30 "The public hearing will be held on (date and time) at
1-31 (meeting place).

1-32 "(Names of all members of the governing body, showing how
1-33 each voted on the proposal to consider the tax increase or, if one
1-34 or more were absent, indicating the absences.)"; and

1-35 (2) contain the following information:

1-36 (A) the difference, expressed as a percent
1-37 increase or decrease, as applicable, in the amount budgeted in the
1-38 preceding fiscal year and the amount budgeted for the fiscal year
1-39 that begins in the current tax year for each of the following:

1-40 (i) maintenance and operations;

1-41 (ii) debt service; and

1-42 (iii) total expenditures;

1-43 (B) the total appraised value and the total
1-44 taxable value of all property and the total appraised value and the
1-45 total taxable value of new property taxable by the unit in the
1-46 preceding tax year and the current tax year as calculated under
1-47 Section 26.04;

1-48 (C) the unit's adopted tax rate for the preceding
1-49 tax year and the proposed tax rate, expressed as an amount per \$100;

1-50 (D) [~~(B)~~] the difference, expressed as an amount
1-51 per \$100 and as a percent increase or decrease, as applicable, in
1-52 the proposed tax rate compared to the adopted tax rate for the
1-53 preceding tax year;

1-54 (E) [~~(C)~~] the average appraised value of a
1-55 residence homestead in the taxing unit in the preceding tax year and
1-56 in the current tax year; the unit's homestead exemption, other than
1-57 an exemption available only to disabled persons or persons 65 years
1-58 of age or older, applicable to that appraised value in each of those
1-59 years; and the average taxable value of a residence homestead in the
1-60 unit in each of those years, disregarding any homestead exemption
1-61 available only to disabled persons or persons 65 years of age or
1-62 older;

1-63 (F) [~~(D)~~] the amount of tax that would have been
1-64 imposed by the unit in the preceding tax year on a residence

2-1 homestead appraised at the average appraised value of a residence
 2-2 homestead in that year, disregarding any homestead exemption
 2-3 available only to disabled persons or persons 65 years of age or
 2-4 older;

2-5 (G) [~~(F)~~] the amount of tax that would be imposed
 2-6 by the unit in the current tax year on a residence homestead
 2-7 appraised at the average appraised value of a residence homestead
 2-8 in the current tax year, disregarding any homestead exemption
 2-9 available only to disabled persons or persons 65 years of age or
 2-10 older, if the proposed tax rate is adopted; and

2-11 (H) [~~(F)~~] the difference between the amounts of
 2-12 tax calculated under Paragraphs (F) [~~(D)~~] and (G) [~~(F)~~], expressed
 2-13 in dollars and cents and described as the annual increase or
 2-14 decrease, as applicable, in the tax to be imposed by the unit on the
 2-15 average residence homestead in the unit in the current tax year if
 2-16 the proposed tax rate is adopted.

2-17 SECTION 2. Subsection (c), Section 44.004, Education Code,
 2-18 is amended to read as follows:

2-19 (c) The notice of public meeting to discuss and adopt the
 2-20 budget and the proposed tax rate may not be smaller than one-quarter
 2-21 page of a standard-size or a tabloid-size newspaper, and the
 2-22 headline on the notice must be in 18-point or larger type. Subject
 2-23 to Subsection (d), the notice must:

2-24 (1) contain a statement in the following form:

2-25 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

2-26 "The (name of school district) will hold a public meeting at
 2-27 (time, date, year) in (name of room, building, physical location,
 2-28 city, state). The purpose of this meeting is to discuss the school
 2-29 district's budget that will determine the tax rate that will be
 2-30 adopted. Public participation in the discussion is invited." The
 2-31 statement of the purpose of the meeting must be in bold type. In
 2-32 reduced type, the notice must state: "The tax rate that is
 2-33 ultimately adopted at this meeting or at a separate meeting at a
 2-34 later date may not exceed the proposed rate shown below unless the
 2-35 district publishes a revised notice containing the same information
 2-36 and comparisons set out below and holds another public meeting to
 2-37 discuss the revised notice.";

2-38 (2) contain a section entitled "Comparison of Proposed
 2-39 Budget with Last Year's Budget," which must show the difference,
 2-40 expressed as a percent increase or decrease, as applicable, in the
 2-41 amounts budgeted for the preceding fiscal year and the amount
 2-42 budgeted for the fiscal year that begins in the current tax year for
 2-43 each of the following:

2-44 (A) maintenance and operations;

2-45 (B) debt service; and

2-46 (C) total expenditures;

2-47 (3) contain a section entitled "Total Appraised Value
 2-48 and Total Taxable Value," which must show the total appraised value
 2-49 and the total taxable value of all property and the total appraised
 2-50 value and the total taxable value of new property taxable by the
 2-51 district in the preceding tax year and the current tax year as
 2-52 calculated under Section 26.04, Tax Code;

2-53 (4) contain a section entitled "Comparison of Proposed
 2-54 Rates with Last Year's Rates," which must:

2-55 (A) show in rows the tax rates described by
 2-56 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of
 2-57 property, for columns entitled "Maintenance & Operations,"
 2-58 "Interest & Sinking Fund," and "Total," which is the sum of
 2-59 "Maintenance & Operations" and "Interest & Sinking Fund":

2-60 (i) the school district's "Last Year's
 2-61 Rate";

2-62 (ii) the "Rate to Maintain Same Level of
 2-63 Maintenance & Operations Revenue & Pay Debt Service," which:

2-64 (a) in the case of "Maintenance &
 2-65 Operations," is the tax rate that, when applied to the current
 2-66 taxable value for the district, as certified by the chief appraiser
 2-67 under Section 26.01, Tax Code, and as adjusted to reflect changes
 2-68 made by the chief appraiser as of the time the notice is prepared,
 2-69 would impose taxes in an amount that, when added to state funds to

3-1 be distributed to the district under Chapter 42, would provide the
 3-2 same amount of maintenance and operations taxes and state funds
 3-3 distributed under Chapter 42 per student in average daily
 3-4 attendance for the applicable school year that was available to the
 3-5 district in the preceding school year; and

3-6 (b) in the case of "Interest & Sinking
 3-7 Fund," is the tax rate that, when applied to the current taxable
 3-8 value for the district, as certified by the chief appraiser under
 3-9 Section 26.01, Tax Code, and as adjusted to reflect changes made by
 3-10 the chief appraiser as of the time the notice is prepared, and when
 3-11 multiplied by the district's anticipated collection rate, would
 3-12 impose taxes in an amount that, when added to state funds to be
 3-13 distributed to the district under Chapter 46 and any excess taxes
 3-14 collected to service the district's debt during the preceding tax
 3-15 year but not used for that purpose during that year, would provide
 3-16 the amount required to service the district's debt; and

3-17 (iii) the "Proposed Rate";

3-18 (B) contain fourth and fifth columns aligned with
 3-19 the columns required by Paragraph (A) that show, for each row
 3-20 required by Paragraph (A):

3-21 (i) the "Local Revenue per Student," which
 3-22 is computed by multiplying the district's total taxable value of
 3-23 property, as certified by the chief appraiser for the applicable
 3-24 school year under Section 26.01, Tax Code, and as adjusted to
 3-25 reflect changes made by the chief appraiser as of the time the
 3-26 notice is prepared, by the total tax rate, and dividing the product
 3-27 by the number of students in average daily attendance in the
 3-28 district for the applicable school year; and

3-29 (ii) the "State Revenue per Student," which
 3-30 is computed by determining the amount of state aid received or to be
 3-31 received by the district under Chapters 42, 43, and 46 and dividing
 3-32 that amount by the number of students in average daily attendance in
 3-33 the district for the applicable school year; and

3-34 (C) contain an asterisk after each calculation
 3-35 for "Interest & Sinking Fund" and a footnote to the section that, in
 3-36 reduced type, states "The Interest & Sinking Fund tax revenue is
 3-37 used to pay for bonded indebtedness on construction, equipment, or
 3-38 both. The bonds, and the tax rate necessary to pay those bonds,
 3-39 were approved by the voters of this district.";

3-40 (5) [~~(3)~~] contain a section entitled "Comparison of
 3-41 Proposed Levy with Last Year's Levy on Average Residence," which
 3-42 must:

3-43 (A) show in rows the information described by
 3-44 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns
 3-45 entitled "Last Year" and "This Year":

3-46 (i) "Average Market Value of Residences,"
 3-47 determined using the same group of residences for each year;

3-48 (ii) "Average Taxable Value of Residences,"
 3-49 determined after taking into account the limitation on the
 3-50 appraised value of residences under Section 23.23, Tax Code, and
 3-51 after subtracting all homestead exemptions applicable in each year,
 3-52 other than exemptions available only to disabled persons or persons
 3-53 65 years of age or older or their surviving spouses, and using the
 3-54 same group of residences for each year;

3-55 (iii) "Last Year's Rate Versus Proposed
 3-56 Rate per \$100 Value"; and

3-57 (iv) "Taxes Due on Average Residence,"
 3-58 determined using the same group of residences for each year; and

3-59 (B) contain the following information:
 3-60 "Increase (Decrease) in Taxes" expressed in dollars and cents,
 3-61 which is computed by subtracting the "Taxes Due on Average
 3-62 Residence" for the preceding tax year from the "Taxes Due on Average
 3-63 Residence" for the current tax year;

3-64 (6) [~~(4)~~] contain the following statement in bold
 3-65 print: "Under state law, the dollar amount of school taxes imposed
 3-66 on the residence of a person 65 years of age or older or of the
 3-67 surviving spouse of such a person, if the surviving spouse was 55
 3-68 years of age or older when the person died, may not be increased
 3-69 above the amount paid in the first year after the person turned 65,

4-1 regardless of changes in tax rate or property value.";
4-2 (7) [~~(5)~~] contain the following statement in bold
4-3 print: "Notice of Rollback Rate: The highest tax rate the district
4-4 can adopt before requiring voter approval at an election is (the
4-5 school district rollback rate determined under Section 26.08, Tax
4-6 Code). This election will be automatically held if the district
4-7 adopts a rate in excess of the rollback rate of (the school district
4-8 rollback rate)."; and

4-9 (8) [~~(6)~~] contain a section entitled "Fund Balances,"
4-10 which must include the estimated amount of interest and sinking
4-11 fund balances and the estimated amount of maintenance and operation
4-12 or general fund balances remaining at the end of the current fiscal
4-13 year that are not encumbered with or by corresponding debt
4-14 obligation, less estimated funds necessary for the operation of the
4-15 district before the receipt of the first payment under Chapter 42 in
4-16 the succeeding school year.

4-17 SECTION 3. (a) The change in law made by this Act applies
4-18 to the public notice required in connection with the ad valorem tax
4-19 rate of a taxing unit beginning with the 2006 tax year, except as
4-20 provided by Subsection (b) of this section.

4-21 (b) If the governing body of a taxing unit has adopted an ad
4-22 valorem tax rate for the taxing unit for the 2006 tax year before
4-23 the effective date of this Act, the change in law made by this Act
4-24 applies to the public notice required in connection with the ad
4-25 valorem tax rate of that taxing unit beginning with the 2007 tax
4-26 year, and the law in effect when the tax rate was adopted applies to
4-27 the 2006 tax year with respect to that taxing unit.

4-28 SECTION 4. This Act takes effect immediately if it receives
4-29 a vote of two-thirds of all the members elected to each house, as
4-30 provided by Section 39, Article III, Texas Constitution. If this
4-31 Act does not receive the vote necessary for immediate effect, this
4-32 Act takes effect September 1, 2005.

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