

By: Callegari

H.B. No. 2553

A BILL TO BE ENTITLED

AN ACT

relating to certain limitations on the ad valorem tax rates of certain taxing units.

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

SECTION 1. Section 26.012, Tax Code, is amended by adding Subdivision (13-a) to read as follows:

(13-a) "Last year's total maintenance and operations tax revenue" means the total amount of maintenance and operations expenses of a taxing unit funded by property taxes according to the adopted budget for the preceding year.

SECTION 2. Sections 26.04(c), (i), and (j), Tax Code, are 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," which may also be referred to

1 by a taxing unit in any action taken by the taxing unit as the "truth
 2 in taxation effective tax rate," means a rate expressed in dollars
 3 per \$100 of taxable value calculated according to the following
 4 formula:

5 ROLLBACK TAX RATE =
 6 [(LAST YEAR'S TOTAL MAINTENANCE AND OPERATIONS TAX REVENUE
 7 / CURRENT TOTAL VALUE) x 1.05] + CURRENT DEBT RATE
 8 ~~[(EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.08) +~~
 9 ~~[CURRENT DEBT RATE]~~

10 (i) This subsection applies to a taxing unit that has agreed
 11 by written contract to transfer a distinct department, function, or
 12 activity to another taxing unit and discontinues operating that
 13 distinct department, function, or activity if the operation of that
 14 department, function, or activity in all or a majority of the
 15 territory of the taxing unit is continued by another existing
 16 taxing unit or by a new taxing unit. The rollback tax rate of a
 17 taxing unit to which this subsection applies in the first tax year
 18 in which a budget is adopted that does not allocate revenue to the
 19 discontinued department, function, or activity is calculated as
 20 otherwise provided by this section, except that last year's total
 21 maintenance and operations tax revenue ~~[levy]~~ used to calculate the
 22 rollback tax ~~[effective maintenance and operations]~~ rate of the
 23 unit is reduced by the amount of maintenance and operations tax
 24 revenue spent by the taxing unit to operate the department,
 25 function, or activity for the 12 months preceding the month in which
 26 the calculations required by this chapter are made and in which the
 27 unit operated the discontinued department, function, or activity.

1 If the unit did not operate that department, function, or activity
2 for the full 12 months preceding the month in which the calculations
3 required by this chapter are made, the unit shall reduce last year's
4 total maintenance and operations tax revenue [~~levy~~] used for
5 calculating the rollback tax [~~effective maintenance and~~
6 ~~operations~~] rate of the unit by the amount of the revenue spent in
7 the last full fiscal year in which the unit operated the
8 discontinued department, function, or activity.

9 (j) This subsection applies to a taxing unit that had agreed
10 by written contract to accept the transfer of a distinct
11 department, function, or activity from another taxing unit and
12 operates a distinct department, function, or activity if the
13 operation of a substantially similar department, function, or
14 activity in all or a majority of the territory of the taxing unit
15 has been discontinued by another taxing unit, including a dissolved
16 taxing unit. The rollback tax rate of a taxing unit to which this
17 subsection applies in the first tax year after the other taxing unit
18 discontinued the substantially similar department, function, or
19 activity in which a budget is adopted that allocates revenue to the
20 department, function, or activity is calculated as otherwise
21 provided by this section, except that last year's total maintenance
22 and operations tax revenue [~~levy~~] used to calculate the rollback
23 tax [~~effective maintenance and operations~~] rate of the unit is
24 increased by the amount of maintenance and operations tax revenue
25 spent by the taxing unit that discontinued operating the
26 substantially similar department, function, or activity to operate
27 that department, function, or activity for the 12 months preceding

1 the month in which the calculations required by this chapter are
 2 made and in which the unit operated the discontinued department,
 3 function, or activity. If the unit did not operate the discontinued
 4 department, function, or activity for the full 12 months preceding
 5 the month in which the calculations required by this chapter are
 6 made, the unit may increase last year's total maintenance and
 7 operations tax revenue [~~levy~~] used to calculate the rollback tax
 8 [~~effective maintenance and operations~~] rate by an amount not to
 9 exceed the amount of property tax revenue spent by the
 10 discontinuing unit to operate the discontinued department,
 11 function, or activity in the last full fiscal year in which the
 12 discontinuing unit operated the department, function, or activity.

13 SECTION 3. Sections 26.041(a), (b), and (c), Tax Code, are
 14 amended to read as follows:

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

19 EFFECTIVE TAX RATE =
 20 (LAST YEAR'S LEVY - LOST PROPERTY LEVY)
 21 -----
 22 (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)
 23 - SALES TAX GAIN RATE

24 and

25 ROLLBACK TAX RATE =
 26 [(LAST YEAR'S TOTAL MAINTENANCE AND OPERATIONS TAX REVENUE/
 27 CURRENT TOTAL VALUE) x 1.05] + CURRENT DEBT RATE - SALES TAX GAIN

1 RATE

2 [~~(EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.08)~~

3 [~~+ CURRENT DEBT RATE - SALES TAX GAIN RATE~~]

4 where "sales tax gain rate" means a number expressed in dollars per
5 \$100 of taxable value, calculated by dividing the revenue that will
6 be generated by the additional sales and use tax in the following
7 year as calculated under Subsection (d) [~~of this section~~] by the
8 current total value.

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

14 ROLLBACK TAX RATE =

15 [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE / CURRENT
16 TOTAL VALUE) x 1.05] + CURRENT DEBT RATE - SALES TAX REVENUE RATE

17 [~~(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08)~~ /

18 [~~(TOTAL CURRENT VALUE - NEW PROPERTY VALUE)~~] + (CURRENT

19 [~~DEBT RATE - SALES TAX REVENUE RATE)~~]

20 where "last year's maintenance and operations expense" means the
21 amount spent for maintenance and operations from property tax and
22 additional sales and use tax revenues in the preceding year, and
23 "sales tax revenue rate" means a number expressed in dollars per
24 \$100 of taxable value, calculated by dividing the revenue that will
25 be generated by the additional sales and use tax in the current year
26 as calculated under Subsection (d) [~~of this section~~] by the current
27 total value.

1 (c) In a year in which a taxing unit that has been imposing
 2 an additional sales and use tax ceases to impose an additional sales
 3 and use tax, the effective tax rate and rollback tax rate for the
 4 unit are calculated according to the following formulas:

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

8 and

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

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

22 SECTION 4. Sections 26.044(a), (b), and (c), Tax Code, are
 23 amended to read as follows:

24 (a) The first time that a county adopts a tax rate after
 25 September 1, 1991, in which the state criminal justice mandate
 26 applies to the county, the portion of the formula for computing the
 27 rollback tax rate for the county tax that consists of the quotient

1 of last year's total maintenance and operations tax revenue and the
 2 current total value [~~the effective maintenance and operation rate~~
 3 ~~for the county~~] is increased by the rate calculated according to the
 4 following formula:

$$5 \quad \frac{\text{State Criminal Justice Mandate} / \text{Current Total Value}}{6 \quad [(\text{State Criminal Justice Mandate})]} \\
 7 \quad [-----] \\
 8 \quad [(\text{Current Total Value} - \text{New Property Value})]$$

9 (b) In the second and subsequent years that a county adopts
 10 a tax rate, if the amount spent by the county for the state criminal
 11 justice mandate increased over the previous year, the portion of
 12 the formula for computing the rollback tax rate for the county that
 13 consists of the quotient of last year's total maintenance and
 14 operations tax revenue and the current total value [~~the effective~~
 15 ~~maintenance and operation rate for the county~~] is increased by the
 16 rate calculated according to the following formula:

$$17 \quad \frac{(\text{This Year's State Criminal Justice Mandate} - \text{Previous Year's} \\
 18 \text{State Criminal Justice Mandate}) / \text{Current Total Value}}{19 \quad [(\text{This Year's State Criminal Justice Mandate} - \text{Previous} \\
 20 \text{Year's State Criminal Justice Mandate})]} \\
 21 \quad [-----] \\
 22 \quad [(\text{Current Total Value} - \text{New Property Value})]$$

23 (c) The county shall include a notice of the increase in the
 24 rollback tax [~~effective maintenance and operation~~] rate provided by
 25 this section, including a description and amount of the state
 26 criminal justice mandate, in the information published under
 27 Section 26.04(e) and Section 26.06(b) [~~of this code~~].

1 SECTION 5. Sections 26.0441(a), (b), and (c), Tax Code, are
 2 amended to read as follows:

3 (a) In the first tax year in which a taxing unit adopts a tax
 4 rate after January 1, 2000, and in which the enhanced minimum
 5 eligibility standards for indigent health care established under
 6 Section 61.006, Health and Safety Code, apply to the taxing unit,
 7 the portion of the formula for computing the rollback tax rate for
 8 the taxing unit that consists of the quotient of last year's total
 9 maintenance and operations tax revenue and the current total value
 10 [~~effective maintenance and operations rate for the taxing unit~~] is
 11 increased by the rate computed according to the following formula:

12 AMOUNT OF INCREASE =
 13 Enhanced Indigent Health Care Expenditures / Current Total
 14 Value
 15 [~~Enhanced Indigent Health Care Expenditures~~
 16 [_____
 17 [~~(Current Total Value - New Property Value)~~]

18 (b) In each subsequent tax year, if the taxing unit's
 19 enhanced indigent health care expenses exceed the amount of those
 20 expenses for the preceding year, the portion of the formula for
 21 computing the rollback tax rate for the taxing unit that consists of
 22 the quotient of last year's total maintenance and operations tax
 23 revenue and the current total value [~~effective maintenance and~~
 24 ~~operations rate for the taxing unit~~] is increased by the rate
 25 computed according to the following formula:

26 AMOUNT OF INCREASE =
 27 (Current Tax Year's Enhanced Indigent Health Care

1 Expenditures - Preceding Tax Year's Indigent Health Care
 2 Expenditures) / Current Total Value
 3 [~~Current Tax Year's Enhanced Indigent Health Care Expenditures~~
 4 [~~Preceding Tax Year's Indigent~~
 5 [~~Health Care Expenditures)~~ /
 6 [~~Current Total Value - New Property Value)~~]

7 (c) The taxing unit shall include a notice of the increase
 8 in its rollback tax [~~effective maintenance and operations~~] rate
 9 provided by this section, including a brief description and the
 10 amount of the enhanced indigent health care expenditures, in the
 11 information published under Section 26.04(e) and, if applicable,
 12 Section 26.06(b).

13 SECTION 6. Section 26.05(b), Tax Code, is amended to read as
 14 follows:

15 (b) A taxing unit may not impose property taxes in any year
 16 until the governing body has adopted a tax rate for that year, and
 17 the annual tax rate must be set by ordinance, resolution, or order,
 18 depending on the method prescribed by law for adoption of a law by
 19 the governing body. The vote on the ordinance, resolution, or order
 20 setting the tax rate must be separate from the vote adopting the
 21 budget. The vote on the ordinance, resolution, or order setting a
 22 tax rate that exceeds the effective tax rate must be a record vote.
 23 If Section 26.071 applies, the adopted tax rate is not effective
 24 unless approved at an election held under that section. A motion to
 25 adopt an ordinance, resolution, or order setting a tax rate that
 26 exceeds the effective tax rate must be made in the following form:
 27 "I move that property taxes be increased by the adoption of a tax

1 rate of (specify tax rate)." If the ordinance, resolution, or order
2 sets a tax rate that, if applied to the total taxable value, will
3 impose an amount of taxes to fund maintenance and operation
4 expenditures of the taxing unit that exceeds the amount of taxes
5 imposed for that purpose in the preceding year, the taxing unit
6 must:

7 (1) include in the ordinance, resolution, or order in
8 type larger than the type used in any other portion of the document:

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

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

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

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

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

25 SECTION 7. Section 26.07, Tax Code, is amended to read as
26 follows:

27 Sec. 26.07. ELECTION TO REDUCE ADOPTED TAX RATE [~~REPEAL~~

1 ~~INCREASE~~]. (a) If the commissioners court [~~governing body~~] of a
2 county [~~taxing unit other than a school district~~] adopts a tax rate
3 that would impose taxes of \$5 million or less when applied to the
4 current total value for the county and that exceeds the rollback tax
5 rate calculated as provided by this chapter, the qualified voters
6 of the county [~~taxing unit~~] by petition may require that an election
7 be held to determine whether [~~or not~~] to reduce the tax rate adopted
8 for the current year to the rollback tax rate calculated as provided
9 by this chapter.

10 (b) A petition is valid only if:

11 (1) it states that it is intended to require an
12 election in the county [~~taxing unit~~] on the question of reducing the
13 tax rate for the current year;

14 (2) it is signed by a number of registered voters of
15 the county [~~taxing unit~~] equal to at least [+

16 [~~(A) seven percent of the number of registered~~
17 ~~voters of the taxing unit according to the most recent list of~~
18 ~~registered voters if the tax rate adopted for the current tax year~~
19 ~~would impose taxes for maintenance and operations in an amount of at~~
20 ~~least \$5 million; or~~

21 [~~(B)~~] 10 percent of the number of registered
22 voters of the county [~~taxing unit~~] according to the most recent
23 official list of registered voters [~~if the tax rate adopted for the~~
24 ~~current tax year would impose taxes for maintenance and operations~~
25 ~~in an amount of less than \$5 million]; and~~

26 (3) it is submitted to the commissioners court of the
27 county [~~governing body~~] on or before the 90th day after the date on

1 which the commissioners court [~~governing body~~] adopted the tax rate
2 for the current year.

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

9 (d) If the commissioners court [~~governing body~~] finds that
10 the petition is valid (or fails to act within the time allowed), it
11 shall order that an election be held in the county [~~taxing unit~~] on
12 a date not less than 30 or more than 90 days after the last day on
13 which it could have acted to approve or disapprove the petition.
14 Section 41.001, Election Code, [~~A state law requiring local~~
15 ~~elections to be held on a specified date~~] does not apply to the
16 election unless a [~~specified~~] date specified by that section falls
17 within the time permitted by this section. At the election, the
18 ballots shall be prepared to permit voting for or against the
19 proposition: "Reducing the tax rate in (name of county [~~taxing~~
20 ~~unit~~]) for the current year from (the rate adopted) to (the rollback
21 tax rate calculated as provided by this chapter)."

22 (e) If a majority of the qualified voters voting on the
23 question in the election favor the proposition, the tax rate for the
24 county [~~taxing unit~~] for the current year is the rollback tax rate
25 calculated as provided by this chapter; otherwise, the tax rate for
26 the current year is the one adopted by the governing body.

27 (f) If the tax rate is reduced by an election called under

1 this section after tax bills for the county [~~unit~~] are mailed, the
2 assessor for the county [~~unit~~] shall prepare and mail corrected tax
3 bills. The assessor [~~He~~] shall include with the bill a brief
4 explanation of the reason for and effect of the corrected bill. The
5 date on which the taxes become delinquent for the year is extended
6 by a number of days equal to the number of days between the date the
7 first tax bills were sent and the date the corrected tax bills were
8 sent.

9 (g) If a property owner pays taxes calculated using the
10 higher tax rate when the rate is reduced by an election called under
11 this section, the county [~~taxing unit~~] shall refund the difference
12 between the amount of taxes paid and the amount due under the
13 reduced rate if the difference between the amount of taxes paid and
14 the amount due under the reduced rate is \$1 or more. If the
15 difference between the amount of taxes paid and the amount due under
16 the reduced rate is less than \$1, the county [~~taxing unit~~] shall
17 refund the difference on request of the taxpayer. An application
18 for a refund of less than \$1 must be made within 90 days after the
19 date the refund becomes due or the taxpayer forfeits the right to
20 the refund.

21 SECTION 8. Chapter 26, Tax Code, is amended by adding
22 Section 26.071 to read as follows:

23 Sec. 26.071. ELECTION TO RATIFY TAX RATE OF CERTAIN TAXING
24 UNITS. (a) The governing body of a taxing unit other than a county
25 to which Section 26.07 applies and other than a school district may
26 not adopt a tax rate that exceeds the rollback tax rate calculated
27 as provided by this chapter without voter approval as provided by

1 this section. To adopt a tax rate that exceeds the rollback tax
2 rate, the governing body must adopt the rate as a proposed tax rate
3 and call an election to permit the qualified voters of the taxing
4 unit to approve or disapprove the proposed tax rate.

5 (b) The governing body shall order that the election be held
6 in the taxing unit on a date not less than 30 or more than 90 days
7 after the day on which the governing body adopted the proposed tax
8 rate. Section 41.001, Election Code, does not apply to the election
9 unless a date specified by that section falls within the time
10 permitted by this section. At the election, the ballots shall be
11 prepared to permit voting for or against the proposition:
12 "Approving the proposed ad valorem tax rate of \$_____ per \$100
13 valuation in (name of taxing unit) for the current year, a rate that
14 is \$_____ higher per \$100 valuation than the rollback tax rate."
15 The ballot proposition must include the proposed tax rate and the
16 difference between that rate and the rollback tax rate in the
17 appropriate places.

18 (c) If a majority of the votes cast in the election favor the
19 proposition, the proposition is approved and the tax rate for the
20 current year is the proposed tax rate that was adopted by the
21 governing body.

22 (d) If the proposition is not approved as provided by
23 Subsection (c), the governing body may not adopt a tax rate for the
24 taxing unit for the current year that exceeds the taxing unit's
25 rollback tax rate.

26 SECTION 9. Section 130.016(b), Education Code, is amended
27 to read as follows:

1 (b) If the board of trustees of an independent school
2 district that divests itself of the management, control, and
3 operation of a junior college district under this section or under
4 Section 130.017 [~~of this code~~] was authorized by [~~Subsection (e)~~
5 ~~of~~] Section 20.48(e) [~~20.48 of this code~~] to dedicate a portion of
6 its tax levy to the junior college district before the divestment,
7 the junior college district may levy an ad valorem tax from and
8 after the divestment. In the first two years in which the junior
9 college district levies an ad valorem tax, the tax rate adopted by
10 the governing body may not exceed the rate that, if applied to the
11 total taxable value submitted to the governing body under Section
12 26.04, Tax Code, would impose an amount equal to the amount of taxes
13 of the school district dedicated to the junior college under
14 [~~Subsection (e) of~~] Section 20.48(e) [~~20.48 of this code~~] in the
15 last dedication before the divestment. In subsequent years, the
16 tax rate of the junior college district is subject to Section 26.071
17 [~~26.07~~], Tax Code.

18 SECTION 10. Section 3828.157, Special District Local Laws
19 Code, is amended to read as follows:

20 Sec. 3828.157. INAPPLICABILITY OF CERTAIN TAX CODE
21 PROVISIONS. Sections 26.04, 26.05, and 26.071 [~~26.07~~], Tax Code,
22 do not apply to a tax imposed under Section 3828.153 or 3828.156.

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

25 (g) Sections 26.04, 26.05, and 26.071 [~~26.07~~], Tax Code, do
26 not apply to a tax levied and collected under this section or an ad
27 valorem tax levied and collected for the payment of the interest on

1 and principal of bonds issued by a district.

2 SECTION 12. Section 49.108(f), Water Code, is amended to
3 read as follows:

4 (f) Sections 26.04, 26.05, and 26.071 [~~26.07~~], Tax Code, do
5 not apply to a tax levied and collected for payments made under a
6 contract approved in accordance with this section.

7 SECTION 13. Section 49.236, Water Code, as added by
8 Chapters 248 and 335, Acts of the 78th Legislature, Regular
9 Session, 2003, is reenacted and amended to read as follows:

10 Sec. 49.236. NOTICE OF TAX HEARING. (a) Before the board
11 adopts an ad valorem tax rate for the district for debt service,
12 operation and maintenance purposes, or contract purposes, the board
13 shall give notice of each meeting of the board at which the adoption
14 of a tax rate will be considered. The notice must:

15 (1) contain a statement in substantially the following
16 form:

17 "NOTICE OF PUBLIC HEARING ON TAX RATE

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

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

27 (2) contain the following information:

1 (A) the district's total adopted tax rate for the
2 preceding year and the proposed tax rate, expressed as an amount per
3 \$100;

4 (B) the difference, expressed as an amount per
5 \$100 and as a percent increase or decrease, as applicable, in the
6 proposed tax rate compared to the adopted tax rate for the preceding
7 year;

8 (C) the average appraised value of a residence
9 homestead in the district in the preceding year and in the current
10 year; the district's total homestead exemption, other than an
11 exemption available only to disabled persons or persons 65 years of
12 age or older, applicable to that appraised value in each of those
13 years; and the average taxable value of a residence homestead in the
14 district in each of those years, disregarding any homestead
15 exemption available only to disabled persons or persons 65 years of
16 age or older;

17 (D) the amount of tax that would have been
18 imposed by the district in the preceding year on a residence
19 homestead appraised at the average appraised value of a residence
20 homestead in that year, disregarding any homestead exemption
21 available only to disabled persons or persons 65 years of age or
22 older;

23 (E) the amount of tax that would be imposed by the
24 district in the current year on a residence homestead appraised at
25 the average appraised value of a residence homestead in that year,
26 disregarding any homestead exemption available only to disabled
27 persons or persons 65 years of age or older, if the proposed tax

1 rate is adopted; and

2 (F) the difference between the amounts of tax
3 calculated under Paragraphs (D) and (E), expressed in dollars and
4 cents and described as the annual percentage increase or decrease,
5 as applicable, in the tax to be imposed by the district on the
6 average residence homestead in the district in the current year if
7 the proposed tax rate is adopted; and

8 (3) contain a statement in substantially the following
9 form:

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

11 "If operation and maintenance taxes [~~on the average~~
12 ~~residence homestead~~] increase by more than five [~~eight~~] percent,
13 [~~the qualified voters of the district by petition may require that~~]
14 an election must be held to determine whether to ratify [~~reduce~~] the
15 operation and maintenance tax rate [~~to the rollback tax rate~~] under
16 Section 49.236(d), Water Code."

17 (b) Notice of the hearing shall be:

18 (1) published at least once in a newspaper having
19 general circulation in the district at least seven days before the
20 date of the hearing; or

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

25 (c) The notice provided under this section may not be
26 smaller than one-quarter page of a standard-size or tabloid-size
27 newspaper of general circulation, and the headline on the notice

1 must be in 18-point or larger type.

2 (d) If the governing body of a district adopts a combined
3 debt service, operation and maintenance, and contract tax rate that
4 would impose more than 1.05 [~~1.08~~] times the total amount of tax
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 the district in that year, disregarding any homestead~~
8 ~~exemption available only to disabled persons or persons 65 years of~~
9 ~~age or older, the qualified voters of the district by petition may~~
10 ~~require that~~] an election must be held to determine whether [~~or not~~]
11 to ratify [~~reduce~~] the tax rate adopted for the current year [~~to the~~
12 ~~rollback tax rate~~] in accordance with the procedures provided by
13 Section 26.071 [~~Sections 26.07(b)-(g) and 26.081~~], Tax Code. For
14 purposes of Section 26.071, Tax Code, [~~Sections 26.07(b)-(g)~~] and
15 this subsection, the rollback tax rate of the district is the
16 current year's debt service and contract tax rates plus the
17 operation and maintenance tax rate that would impose 1.05 [~~1.08~~]
18 times the total amount of the operation and maintenance tax imposed
19 by the district in the preceding year [~~on a residence homestead~~
20 ~~appraised at the average appraised value of a residence homestead~~
21 ~~in the district in that year, disregarding any homestead exemption~~
22 ~~available only to disabled persons or persons 65 years of age or~~
23 ~~older~~].

24 SECTION 14. This Act applies only to ad valorem taxes
25 imposed for a tax year beginning on or after January 1, 2008.

26 SECTION 15. This Act takes effect January 1, 2008.