

By: Williams

S.B. No. 1638

A BILL TO BE ENTITLED

1

AN ACT

2 relating to the calculation of an effective tax rate and certain
3 notice requirements for local taxing jurisdictions.

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

5 SECTION 1. Subdivision (9), Section 26.012, Tax Code, is
6 amended to read as follows:

7 (9) "Effective maintenance and operations rate" means
8 a rate expressed in dollars per \$100 of taxable value and calculated
9 according to the following formula:

10 EFFECTIVE MAINTENANCE AND OPERATIONS RATE =
11 LAST YEAR'S - LAST YEAR'S - LAST YEAR'S JUNIOR
12 LEVY DEBT LEVY COLLEGE LEVY
13 [~~(+)~~CURRENT TOTAL VALUE [~~-NEW PROPERTY VALUE~~)]

14 SECTION 2. Subsections (c) and (e), Section 26.04, Tax
15 Code, are amended to read as follows:

16 (c) An officer or employee designated by the governing body
17 shall calculate the effective tax rate and the rollback tax rate for
18 the unit, where:

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

22 EFFECTIVE TAX RATE = [~~(+)~~LAST YEAR'S LEVY [~~-LOST PROPERTY LEVY~~]
23 [~~(+)~~CURRENT TOTAL VALUE [~~-NEW PROPERTY VALUE~~)]

1 ; and

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

5
$$\text{ROLLBACK TAX RATE} = (\text{EFFECTIVE MAINTENANCE AND OPERATIONS RATE} \\ \text{x } 1.08) + \text{CURRENT DEBT RATE}$$

7 (e) By August 7 or as soon thereafter as practicable, the
8 designated officer or employee shall submit the rates to the
9 governing body. The designated officer or employee [He] shall make
10 available upon request by the property owner and include on the home
11 page of any Internet website operated by the unit [~~deliver by mail~~
12 ~~to each property owner in the unit or publish in a newspaper in the~~
13 ~~form prescribed by the comptroller]:~~

14 (1) the effective tax rate, the rollback tax rate, and
15 an explanation of how they were calculated;

16 (2) the estimated amount of interest and sinking fund
17 balances and the estimated amount of maintenance and operation or
18 general fund balances remaining at the end of the current fiscal
19 year that are not encumbered with or by corresponding existing debt
20 obligation;

21 (3) a schedule of the unit's debt obligations showing:
22 (A) the amount of principal and interest that
23 will be paid to service the unit's debts in the next year from
24 property tax revenue, including payments of lawfully incurred
25 contractual obligations providing security for the payment of the
26 principal of and interest on bonds and other evidences of

1 indebtedness issued on behalf of the unit by another political
2 subdivision and, if the unit is created under Section 52, Article
3 III, or Section 59, Article XVI, Texas Constitution, payments on
4 debts that the unit anticipates to incur in the next calendar year;

5 (B) the amount by which taxes imposed for debt
6 are to be increased because of the unit's anticipated collection
7 rate; and

8 (C) the total of the amounts listed in Paragraphs
9 (A)-(B), less any amount collected in excess of the previous year's
10 anticipated collections certified as provided in Subsection (b);

11 (4) the amount of additional sales and use tax revenue
12 anticipated in calculations under Section 26.041;

13 (5) a statement that the adoption of a tax rate equal
14 to the effective tax rate would result in an increase or decrease,
15 as applicable, in the amount of taxes imposed by the unit as
16 compared to last year's levy, and the amount of the increase or
17 decrease;

18 (6) in the year that a taxing unit calculates an
19 adjustment under Subsection (i) or (j), a schedule that includes
20 the following elements:

21 (A) the name of the unit discontinuing the
22 department, function, or activity;

23 (B) the amount of property tax revenue spent by
24 the unit listed under Paragraph (A) to operate the discontinued
25 department, function, or activity in the 12 months preceding the
26 month in which the calculations required by this chapter are made;
27 and

1 (C) the name of the unit that operates a distinct
2 department, function, or activity in all or a majority of the
3 territory of a taxing unit that has discontinued operating the
4 distinct department, function, or activity; and

5 (7) in the year following the year in which a taxing
6 unit raised its rollback rate as required by Subsection (j), a
7 schedule that includes the following elements:

8 (A) the amount of property tax revenue spent by
9 the unit to operate the department, function, or activity for which
10 the taxing unit raised the rollback rate as required by Subsection
11 (j) for the 12 months preceding the month in which the calculations
12 required by this chapter are made; and

13 (B) the amount published by the unit in the
14 preceding tax year under Subdivision (6)(B).

15 SECTION 3. Subsection (a), Section 26.06, Tax Code, is
16 amended to read as follows:

17 (a) A public hearing required by Section 26.05 may not be
18 held before the seventh day after the date the notice of the public
19 hearing is given. The second hearing may not be held earlier than
20 the third day after the date of the first hearing. Each hearing
21 must be on a weekday after 6 p.m. or on a Saturday that is not a
22 public holiday. Each hearing must be held inside the boundaries of
23 the unit in a publicly owned building or, if a suitable publicly
24 owned building is not available, in a suitable building to which the
25 public normally has access. At the hearings, the governing body
26 must afford adequate opportunity for proponents and opponents of
27 the tax increase to present their views.

1 SECTION 4. Subsection (b), Section 26.06, Tax Code, as
2 amended by Chapter 1368, Acts of the 79th Legislature, Regular
3 Session, 2005, is amended to read as follows:

4 (b) The notice of each of the public hearings may not be
5 smaller than one-quarter page of a standard-size or a tabloid-size
6 newspaper, and the headline on the notice must be in 18-point or
7 larger type. The notice must:

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

9 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

10 "THE (NAME OF THE TAXING UNIT) PROPOSES TO INCREASE TOTAL TAX
11 REVENUES BY (PERCENTAGE BY WHICH PROPOSED TAX RATE EXCEEDS LOWER OF
12 ROLLBACK TAX RATE OR EFFECTIVE TAX RATE CALCULATED UNDER THIS
13 CHAPTER) PERCENT.

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

19 "This year, (name of taxing unit) is proposing a property tax
20 rate of \$(insert proposed tax rate). That rate would raise \$(insert
21 total amount of taxes that would be imposed), which is \$(insert
22 appropriate amount) more than the taxes imposed last year.

23 "There will be two public hearings to consider that increase.
24 The first public hearing will be held on (date and time) at (meeting
25 place). The second hearing will be held on (date and time) at
26 (meeting place).

27 "You have a right to attend the hearings and make comments.

1 You are encouraged to attend and make comments if you wish." and
 2 (2) state that additional information may be obtained
 3 from the unit by request or on the home page of any Internet website
 4 operated by the unit; the additional information must include a tax
 5 calculator, available either on the unit's website or through a
 6 link on the unit's website to the appraisal district's website, that
 7 allows a homeowner to calculate the effect of the proposed tax rate
 8 on the owner's current year taxable value, the effect of the
 9 proposed tax rates for all taxing units on the owner's current year
 10 taxable value, and the tax rate and the owner's taxable value for
 11 the preceding two years.

12 SECTION 5. Section 26.06, Tax Code, is amended by amending
 13 Subsections (d) and (e) and adding Subsection (h) to read as
 14 follows:

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

21 "NOTICE OF VOTE ON TAX RATE INCREASE (if applicable)
 22 "THE (NAME OF THE TAXING UNIT) PROPOSES TO INCREASE PROPERTY
 23 TAXES FROM THE PRECEDING YEAR BY (PERCENTAGE BY WHICH PROPOSED TAX
 24 RATE EXCEEDS LOWER OF ROLLBACK TAX RATE OR EFFECTIVE TAX RATE
 25 CALCULATED UNDER THIS CHAPTER) PERCENT.

26 [~~"The (name of the taxing unit) conducted public hearings on~~
 27 ~~a proposal to increase the total tax revenues of the (name of the~~

1 ~~taxing unit) from properties on the tax roll in the preceding year~~
2 ~~by (percentage by which proposed tax rate exceeds lower of rollback~~
3 ~~tax rate or effective tax rate calculated under this chapter)~~
4 ~~percent on (dates and times public hearings were conducted).]~~

5 "The (governing body of the taxing unit) is scheduled to vote
6 on the tax rate that will result in that tax increase at a public
7 meeting to be held on (date and time) at (meeting place)."

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

19 (h) If the governing body proposes the adoption of a tax
20 rate that exceeds the rollback rate, the governing body must
21 provide written notice to each single-family residence homestead in
22 the taxing unit. The notice shall include information relating to
23 rollback election provisions.

24 SECTION 6. Section 1, Chapter 807, Acts of the 79th
25 Legislature, Regular Session, 2005, amending Subsection (b),
26 Section 26.06, Tax Code, is repealed.

27 SECTION 7. The change in law made by this Act does not

1 affect tax liability accruing before the effective date of this
2 Act. That liability continues in effect as if this Act had not been
3 enacted, and the former law is continued in effect for the
4 collection of taxes due and for civil and criminal enforcement of
5 the liability for those taxes.

6 SECTION 8. This Act takes effect January 1, 2008.