

1-1 By: Williams S.B. No. 1638
1-2 (In the Senate - Filed March 8, 2007; March 21, 2007, read
1-3 first time and referred to Committee on Finance; May 4, 2007,
1-4 reported adversely, with favorable Committee Substitute by the
1-5 following vote: Yeas 8, Nays 0; May 4, 2007, sent to printer.)

1-6 COMMITTEE SUBSTITUTE FOR S.B. No. 1638 By: Williams

1-7 A BILL TO BE ENTITLED
1-8 AN ACT

1-9 relating to the calculation of certain tax rates and certain notice
1-10 requirements for local taxing jurisdictions.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Subdivision (9), Section 26.012, Tax Code, is
1-13 amended to read as follows:

1-14 (9) "Effective maintenance and operations rate" means
1-15 a rate expressed in dollars per \$100 of taxable value and calculated
1-16 according to the following formula:

1-17 EFFECTIVE MAINTENANCE AND OPERATIONS RATE =

1-18 LAST YEAR'S - LAST YEAR'S - LAST YEAR'S JUNIOR

1-19 LEVY DEBT LEVY COLLEGE LEVY

1-20 [~~+~~]CURRENT TOTAL VALUE [~~- NEW PROPERTY VALUE~~]

1-21 SECTION 2. Subsections (c) and (e), Section 26.04, Tax
1-22 Code, are amended to read as follows:

1-23 (c) An officer or employee designated by the governing body
1-24 shall calculate the effective tax rate and the rollback tax rate for
1-25 the unit, where:

1-26 (1) "Effective tax rate" means a rate expressed in
1-27 dollars per \$100 of taxable value calculated according to the
1-28 following formula:

1-29 EFFECTIVE TAX RATE = [~~+~~]LAST YEAR'S LEVY [~~- LOST PROPERTY LEVY~~]
1-30 [~~+~~]CURRENT TOTAL VALUE [~~- NEW PROPERTY VALUE~~]

1-31 ; and

1-32 (2) "Rollback tax rate" means a rate expressed in
1-33 dollars per \$100 of taxable value calculated according to the
1-34 following formula:

1-35 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x

1-36 1.08 x CURRENT TOTAL VALUE) / (CURRENT TOTAL VALUE - NEW
1-37 PROPERTY VALUE) + CURRENT DEBT RATE

1-38 (e) By August 7 or as soon thereafter as practicable, the
1-39 designated officer or employee shall submit the rates to the
1-40 governing body. The designated officer or employee [He] shall make
1-41 available upon request by the property owner and include on the home
1-42 page of any Internet website operated by the unit [deliver by mail
1-43 to each property owner in the unit or publish in a newspaper in the
1-44 form prescribed by the comptroller]:

1-45 (1) the effective tax rate, the rollback tax rate, and
1-46 an explanation of how they were calculated;

1-47 (2) the estimated amount of interest and sinking fund
1-48 balances and the estimated amount of maintenance and operation or
1-49 general fund balances remaining at the end of the current fiscal
1-50 year that are not encumbered with or by corresponding existing debt
1-51 obligation;

1-52 (3) a schedule of the unit's debt obligations showing:

1-53 (A) the amount of principal and interest that
1-54 will be paid to service the unit's debts in the next year from
1-55 property tax revenue, including payments of lawfully incurred
1-56 contractual obligations providing security for the payment of the
1-57 principal of and interest on bonds and other evidences of

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

2-5 (B) the amount by which taxes imposed for debt
2-6 are to be increased because of the unit's anticipated collection
2-7 rate; and

2-8 (C) the total of the amounts listed in Paragraphs
2-9 (A)-(B), less any amount collected in excess of the previous year's
2-10 anticipated collections certified as provided in Subsection (b);

2-11 (4) the amount of additional sales and use tax revenue
2-12 anticipated in calculations under Section 26.041;

2-13 (5) a statement that the adoption of a tax rate equal
2-14 to the effective tax rate would result in an increase or decrease,
2-15 as applicable, in the amount of taxes imposed by the unit as
2-16 compared to last year's levy, and the amount of the increase or
2-17 decrease;

2-18 (6) in the year that a taxing unit calculates an
2-19 adjustment under Subsection (i) or (j), a schedule that includes
2-20 the following elements:

2-21 (A) the name of the unit discontinuing the
2-22 department, function, or activity;

2-23 (B) the amount of property tax revenue spent by
2-24 the unit listed under Paragraph (A) to operate the discontinued
2-25 department, function, or activity in the 12 months preceding the
2-26 month in which the calculations required by this chapter are made;
2-27 and

2-28 (C) the name of the unit that operates a distinct
2-29 department, function, or activity in all or a majority of the
2-30 territory of a taxing unit that has discontinued operating the
2-31 distinct department, function, or activity; and

2-32 (7) in the year following the year in which a taxing
2-33 unit raised its rollback rate as required by Subsection (j), a
2-34 schedule that includes the following elements:

2-35 (A) the amount of property tax revenue spent by
2-36 the unit to operate the department, function, or activity for which
2-37 the taxing unit raised the rollback rate as required by Subsection
2-38 (j) for the 12 months preceding the month in which the calculations
2-39 required by this chapter are made; and

2-40 (B) the amount published by the unit in the
2-41 preceding tax year under Subdivision (6)(B).

2-42 SECTION 3. Subsection (a), Section 26.06, Tax Code, is
2-43 amended to read as follows:

2-44 (a) A public hearing required by Section 26.05 may not be
2-45 held before the seventh day after the date the notice of the public
2-46 hearing is given. The second hearing may not be held earlier than
2-47 the third day after the date of the first hearing. Each hearing
2-48 must be on a weekday after 6 p.m. or on a Saturday that is not a
2-49 public holiday. Each hearing must be held inside the boundaries of
2-50 the unit in a publicly owned building or, if a suitable publicly
2-51 owned building is not available, in a suitable building to which the
2-52 public normally has access. At the hearings, the governing body
2-53 must afford adequate opportunity for proponents and opponents of
2-54 the tax increase to present their views.

2-55 SECTION 4. Subsection (b), Section 26.06, Tax Code, as
2-56 amended by Chapter 1368, Acts of the 79th Legislature, Regular
2-57 Session, 2005, is amended to read as follows:

2-58 (b) The notice of each of the public hearings may not be
2-59 smaller than one-quarter page of a standard-size or a tabloid-size
2-60 newspaper, and the headline on the notice must be in 18-point or
2-61 larger type. The notice must:

2-62 (1) contain a statement in the following form:

2-63 "NOTICE OF PUBLIC HEARING ON TAX INCREASE
2-64 "THE (NAME OF THE TAXING UNIT) PROPOSES TO INCREASE TOTAL TAX
2-65 REVENUES BY (PERCENTAGE BY WHICH PROPOSED TAX RATE EXCEEDS LOWER OF
2-66 ROLLBACK TAX RATE OR EFFECTIVE TAX RATE CALCULATED UNDER THIS
2-67 CHAPTER) PERCENT.

2-68 "Last year, the (name of taxing unit) property tax rate was
2-69 \$(insert tax rate adopted in preceding tax year). That rate raised

3-1 \$(insert total amount of taxes imposed in the preceding tax year), a
3-2 portion of which was used to fund operations such as (insert sample
3-3 descriptions of unit's operations).

3-4 "This year, (name of taxing unit) is proposing a property tax
3-5 rate of \$(insert proposed tax rate). That rate would raise \$(insert
3-6 total amount of taxes that would be imposed), which is \$(insert
3-7 appropriate amount) more than the taxes imposed last year.

3-8 "There will be two public hearings to consider that increase.
3-9 The first public hearing will be held on (date and time) at (meeting
3-10 place). The second hearing will be held on (date and time) at
3-11 (meeting place).

3-12 "You have a right to attend the hearings and make comments.
3-13 You are encouraged to attend and make comments if you wish."; and

3-14 (2) state that additional information may be obtained
3-15 from the unit by request or on the home page of any Internet website
3-16 operated by the unit; the additional information must include a tax
3-17 calculator, available either on the unit's website or through a
3-18 link on the unit's website to the appraisal district's website, that
3-19 allows a homeowner to calculate the effect of the proposed tax rate
3-20 on the owner's current year taxable value, the effect of the
3-21 proposed tax rates for all taxing units on the owner's current year
3-22 taxable value, and the tax rate and the owner's taxable value for
3-23 the preceding two years.

3-24 SECTION 5. Section 26.06, Tax Code, is amended by amending
3-25 Subsections (d) and (e) and adding Subsection (h) to read as
3-26 follows:

3-27 (d) At the public hearings the governing body shall announce
3-28 the date, time, and place of the meeting at which it will vote on the
3-29 proposed tax rate. After each hearing the governing body shall give
3-30 notice of the meeting at which it will vote on the proposed tax rate
3-31 and the notice shall be in the same form as prescribed by
3-32 Subsections (b) and (c), except that it must state the following:

3-33 "NOTICE OF VOTE ON TAX RATE INCREASE (if applicable)

3-34 "THE (NAME OF THE TAXING UNIT) PROPOSES TO INCREASE PROPERTY
3-35 TAXES FROM THE PRECEDING YEAR BY (PERCENTAGE BY WHICH PROPOSED TAX
3-36 RATE EXCEEDS LOWER OF ROLLBACK TAX RATE OR EFFECTIVE TAX RATE
3-37 CALCULATED UNDER THIS CHAPTER) PERCENT.

3-38 [~~"The (name of the taxing unit) conducted public hearings on~~
3-39 ~~a proposal to increase the total tax revenues of the (name of the~~
3-40 ~~taxing unit) from properties on the tax roll in the preceding year~~
3-41 ~~by (percentage by which proposed tax rate exceeds lower of rollback~~
3-42 ~~tax rate or effective tax rate calculated under this chapter)~~
3-43 ~~percent on (dates and times public hearings were conducted).]~~

3-44 "The (governing body of the taxing unit) is scheduled to vote
3-45 on the tax rate that will result in that tax increase at a public
3-46 meeting to be held on (date and time) at (meeting place)."

3-47 (e) The meeting to vote on the tax increase may not be
3-48 earlier than the third day or later than the 14th day after the date
3-49 of the second public hearing and must be held after 6 p.m. or on a
3-50 Saturday. The meeting must be held inside the boundaries of the
3-51 taxing unit in a publicly owned building or, if a suitable publicly
3-52 owned building is not available, in a suitable building to which the
3-53 public normally has access. If the governing body does not adopt a
3-54 tax rate that exceeds the lower of the rollback tax rate or the
3-55 effective tax rate by the 14th day, it must give a new notice under
3-56 Subsection (d) before it may adopt a rate that exceeds the lower of
3-57 the rollback tax rate or the effective tax rate.

3-58 (h) If the governing body proposes the adoption of a tax
3-59 rate that exceeds the rollback rate, the governing body must
3-60 provide written notice to each single-family residence homestead in
3-61 the taxing unit. The notice shall include information relating to
3-62 rollback election provisions.

3-63 SECTION 6. Section 1, Chapter 807, Acts of the 79th
3-64 Legislature, Regular Session, 2005, amending Subsection (b),
3-65 Section 26.06, Tax Code, is repealed.

3-66 SECTION 7. The change in law made by this Act does not
3-67 affect tax liability accruing before the effective date of this
3-68 Act. That liability continues in effect as if this Act had not been
3-69 enacted, and the former law is continued in effect for the

4-1 collection of taxes due and for civil and criminal enforcement of
4-2 the liability for those taxes.

4-3 SECTION 8. This Act takes effect January 1, 2008.

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