

By: Howard of Fort Bend

H.B. No. 1221

Substitute the following for H.B. No. 1221:

By: Oliveira

C.S.H.B. No. 1221

A BILL TO BE ENTITLED

1

AN ACT

2 relating to the provision of information by tax officials related  
3 to ad valorem tax rates.

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

5 SECTION 1. Sections 25.19(b) and (i), Tax Code, are amended  
6 to read as follows:

7 (b) The chief appraiser shall separate real from personal  
8 property and include in the notice for each:

9 (1) a list of the taxing units in which the property is  
10 taxable;

11 (2) the appraised value of the property in the  
12 preceding year;

13 (3) the taxable value of the property in the preceding  
14 year for each taxing unit taxing the property;

15 (4) the appraised value of the property for the  
16 current year and the kind and amount of each partial exemption, if  
17 any, approved for the current year;

18 (5) ~~[if the appraised value is greater than it was in~~  
19 ~~the preceding year, the amount of tax that would be imposed on the~~  
20 ~~property on the basis of the tax rate for the preceding year,~~

21 ~~(6)~~ in italic typeface, the following  
22 statement: "The Texas Legislature does not set the amount of your  
23 local taxes. Your property tax burden is decided by your locally  
24 elected officials, and all inquiries concerning your taxes should

1 be directed to those officials";

2 (6) [~~(7)~~] a detailed explanation of the time and  
3 procedure for protesting the value;

4 (7) [~~(8)~~] the date and place the appraisal review  
5 board will begin hearing protests; and

6 (8) [~~(9)~~] a brief explanation that the governing body  
7 of each taxing unit decides whether or not taxes on the property  
8 will increase and the appraisal district only determines the value  
9 of the property.

10 (i) Delivery with a notice required by Subsection (a) or (g)  
11 of a copy of the pamphlet published by the comptroller under Section  
12 5.06 or a copy of the notice published by the chief appraiser under  
13 Section 41.70 is sufficient to comply with the requirement that the  
14 notice include the information specified by Subsection (b)(6)  
15 [~~(b)(7)~~] or (g)(3), as applicable.

16 SECTION 2. Section 26.012, Tax Code, is amended by adding  
17 Subdivisions (13-a) and (13-b) to read as follows:

18 (13-a) "Last year's maintenance and operations levy"  
19 means the difference between last year's levy and the sum of last  
20 year's debt levy and last year's junior college levy.

21 (13-b) "Last year's maintenance and operations rate"  
22 means the rate expressed in dollars per \$100 of taxable value  
23 adopted in the preceding year for maintenance and operations.

24 SECTION 3. The heading to Section 26.04, Tax Code, is  
25 amended to read as follows:

26 Sec. 26.04. SUBMISSION OF ROLL TO GOVERNING BODY;  
27 EFFECTIVE, SAME SERVICES, AND ROLLBACK TAX RATES.

1 SECTION 4. Sections 26.04(b), (c), (d), (e), (e-1), (f),  
2 (i), and (j), Tax Code, are amended to read as follows:

3 (b) The assessor shall submit the appraisal roll for the  
4 unit showing the total appraised, assessed, and taxable values of  
5 all property and the total taxable value of new property to the  
6 governing body of the unit not later than the 21st day after the  
7 date the appraisal roll is certified to the assessor. On or before  
8 the 21st day after the date the appraisal roll is certified by the  
9 assessor [~~by August 1 or as soon thereafter as practicable. By~~  
10 ~~August 1 or as soon thereafter as practicable~~], the taxing unit's  
11 collector shall certify an estimate of the collection rate for the  
12 current year to the governing body. If the collector certified an  
13 anticipated collection rate in the preceding year and the actual  
14 collection rate in that year exceeded the anticipated rate, the  
15 collector shall also certify the amount of debt taxes collected in  
16 excess of the anticipated amount in the preceding year.

17 (c) Not later than the 30th day after the date the appraisal  
18 roll is certified to the assessor, an [~~An~~] officer or employee  
19 designated by the governing body shall calculate the effective tax  
20 rate, the same services tax rate, and the rollback tax rate for the  
21 unit, where:

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

25 EFFECTIVE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY LEVY) /  
26 (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

27 ; [~~and~~]

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

4 SAME SERVICES TAX RATE = [(LAST YEAR'S MAINTENANCE AND OPERATIONS  
5 LEVY + (NEW PROPERTY VALUE x LAST YEAR'S  
6 MAINTENANCE AND OPERATIONS RATE)) / CURRENT  
7 TOTAL VALUE] + CURRENT DEBT RATE

8 ; and

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

12 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE  
13 x 1.08) + CURRENT DEBT RATE

14           (d) The effective tax rate for a county is the sum of the  
15 effective tax rates calculated for each type of tax the county  
16 levies. The same services tax rate for a county is the sum of the  
17 same services tax rates calculated for each type of tax the county  
18 levies. The [and the] rollback tax rate for a county is the sum of  
19 the rollback tax rates calculated for each type of tax the county  
20 levies.

21           (e) Not later than the fifth day after the date the  
22 designated officer or employee completes the calculations required  
23 by Subsections (c) and (d) [By August 7 or as soon thereafter as  
24 practicable], the designated officer or employee shall submit the  
25 rates to the governing body and provide to the chief appraiser in  
26 the form prescribed by the comptroller the effective tax rate, the  
27 same services tax rate, the rollback tax rate, and an explanation of

1 how they were calculated. At least 14 days before the date of the  
2 first meeting of the governing body to consider the budget for the  
3 current tax year, the designated officer or employee [~~He~~] shall  
4 deliver by mail to each property owner in the unit or publish in a  
5 newspaper in the form prescribed by the comptroller:

6 (1) last year's [~~the effective~~] tax rate, the same  
7 services [~~rollback~~] tax rate, the tax rate required to fund the  
8 budget for the current tax year, and an explanation of their meaning  
9 and how they were calculated;

10 (2) a statement, including an example calculation,  
11 that the tax liability of any parcel of taxable property can be  
12 derived by multiplying the property's taxable value as computed on  
13 the basis of the notice of appraised value delivered by the  
14 appraisal district by each tax rate; and

15 (3) a statement that adoption by the governing body of  
16 a tax rate for the current year that is higher than the same  
17 services tax rate will constitute an overall tax increase [~~the~~  
18 ~~estimated amount of interest and sinking fund balances and the~~  
19 ~~estimated amount of maintenance and operation or general fund~~  
20 ~~balances remaining at the end of the current fiscal year that are~~  
21 ~~not encumbered with or by corresponding existing debt obligation;~~

22 [~~(3) a schedule of the unit's debt obligations~~  
23 ~~showing:~~

24 [~~(A) the amount of principal and interest that~~  
25 ~~will be paid to service the unit's debts in the next year from~~  
26 ~~property tax revenue, including payments of lawfully incurred~~  
27 ~~contractual obligations providing security for the payment of the~~

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

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

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

13 ~~[(4) the amount of additional sales and use tax~~  
14 ~~revenue anticipated in calculations under Section 26.041;~~

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

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

23 ~~[(A) the name of the unit discontinuing the~~  
24 ~~department, function, or activity;~~

25 ~~[(B) the amount of property tax revenue spent by~~  
26 ~~the unit listed under Paragraph (A) to operate the discontinued~~  
27 ~~department, function, or activity in the 12 months preceding the~~

1 ~~month in which the calculations required by this chapter are made,~~  
2 ~~and~~

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

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

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

15 ~~[(B) the amount published by the unit in the~~  
16 ~~preceding tax year under Subdivision (6)(B)].~~

17 (e-1) The notice requirements imposed by Subsection (e)  
18 ~~[Subsections (e)(1)-(6)]~~ do not apply to a school district.

19 (f) If as a result of consolidation of taxing units a taxing  
20 unit includes territory that was in two or more taxing units in the  
21 preceding year, the amount of taxes imposed in each in the preceding  
22 year is combined for purposes of calculating the effective, same  
23 services, and rollback tax rates under this section.

24 (i) This subsection applies to a taxing unit that has agreed  
25 by written contract to transfer a distinct department, function, or  
26 activity to another taxing unit and discontinues operating that  
27 distinct department, function, or activity if the operation of that

1 department, function, or activity in all or a majority of the  
2 territory of the taxing unit is continued by another existing  
3 taxing unit or by a new taxing unit. The rollback tax rate of a  
4 taxing unit to which this subsection applies in the first tax year  
5 in which a budget is adopted that does not allocate revenue to the  
6 discontinued department, function, or activity is calculated as  
7 otherwise provided by this section, except that last year's levy  
8 used to calculate the effective maintenance and operations rate and  
9 the same services tax rate of the unit is reduced by the amount of  
10 maintenance and operations tax revenue spent by the taxing unit to  
11 operate the department, function, or activity for the 12 months  
12 preceding the month in which the calculations required by this  
13 chapter are made and in which the unit operated the discontinued  
14 department, function, or activity. If the unit did not operate that  
15 department, function, or activity for the full 12 months preceding  
16 the month in which the calculations required by this chapter are  
17 made, the unit shall reduce last year's levy used for calculating  
18 the effective maintenance and operations rate and the same services  
19 tax rate of the unit by the amount of the revenue spent in the last  
20 full fiscal year in which the unit operated the discontinued  
21 department, function, or activity.

22 (j) This subsection applies to a taxing unit that had agreed  
23 by written contract to accept the transfer of a distinct  
24 department, function, or activity from another taxing unit and  
25 operates a distinct department, function, or activity if the  
26 operation of a substantially similar department, function, or  
27 activity in all or a majority of the territory of the taxing unit



1 has been discontinued by another taxing unit, including a dissolved  
2 taxing unit. The rollback tax rate of a taxing unit to which this  
3 subsection applies in the first tax year after the other taxing unit  
4 discontinued the substantially similar department, function, or  
5 activity in which a budget is adopted that allocates revenue to the  
6 department, function, or activity is calculated as otherwise  
7 provided by this section, except that last year's levy used to  
8 calculate the effective maintenance and operations rate and the  
9 same services tax rate of the unit is increased by the amount of  
10 maintenance and operations tax revenue spent by the taxing unit  
11 that discontinued operating the substantially similar department,  
12 function, or activity to operate that department, function, or  
13 activity for the 12 months preceding the month in which the  
14 calculations required by this chapter are made and in which the unit  
15 operated the discontinued department, function, or activity. If  
16 the unit did not operate the discontinued department, function, or  
17 activity for the full 12 months preceding the month in which the  
18 calculations required by this chapter are made, the unit may  
19 increase last year's levy used to calculate the effective  
20 maintenance and operations rate and the same services tax rate by an  
21 amount not to exceed the amount of property tax revenue spent by the  
22 discontinuing unit to operate the discontinued department,  
23 function, or activity in the last full fiscal year in which the  
24 discontinuing unit operated the department, function, or activity.

25 SECTION 5. Sections 26.041(a), (c), (e), (g), and (h), Tax  
26 Code, are amended to read as follows:

27 (a) In the first year in which an additional sales and use

1 tax is required to be collected, the effective tax rate, same  
 2 services tax rate, and rollback tax rate for the unit are calculated  
 3 according to the following formulas:

4 EFFECTIVE TAX RATE =  $\frac{[(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY LEVY}) /$   
 5  $(\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})]}{\text{SALES TAX GAIN RATE}}$

7 SAME SERVICES TAX RATE =  $\frac{[(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS}$   
 8 LEVY + (NEW PROPERTY VALUE X LAST YEAR'S  
 9 MAINTENANCE AND OPERATIONS RATE)) /  
 10 CURRENT TOTAL VALUE] + CURRENT DEBT RATE -  
 11 SALES TAX GAIN RATE

12 and

13 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x  
 14 1.08) + CURRENT DEBT RATE - SALES TAX GAIN  
 15 RATE

16 where "sales tax gain rate" means a number expressed in dollars per  
 17 \$100 of taxable value, calculated by dividing the revenue that will  
 18 be generated by the additional sales and use tax in the following  
 19 year as calculated under Subsection (d) of this section by the  
 20 current total value.

21 (c) In a year in which a taxing unit that has been imposing  
 22 an additional sales and use tax ceases to impose an additional sales  
 23 and use tax the effective tax rate, same services tax rate, and  
 24 rollback tax rate for the unit are calculated according to the  
 25 following formulas:

26 EFFECTIVE TAX RATE =  $\frac{[(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY LEVY}) /$   
 27  $(\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})]}{\text{SALES TAX GAIN RATE}}$

SALES TAX LOSS RATE

$$\text{SAME SERVICES TAX RATE} = \frac{[(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS LEVY} + (\text{NEW PROPERTY VALUE} \times \text{LAST YEAR'S MAINTENANCE AND OPERATIONS RATE})) / \text{CURRENT TOTAL VALUE}] + \text{CURRENT DEBT RATE} + \text{SALES TAX LOSS RATE}}$$

and

$$\text{ROLLBACK TAX RATE} = \frac{[(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE} \times 1.08) / ((\text{TOTAL CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE}))] + \text{CURRENT DEBT RATE}}$$

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

(e) If a city that imposes an additional sales and use tax receives payments under the terms of a contract executed before January 1, 1986, in which the city agrees not to annex certain property or a certain area and the owners or lessees of the property or of property in the area agree to pay at least annually to the city an amount determined by reference to all or a percentage of the property tax rate of the city and all or a part of the value of the property subject to the agreement or included in the area subject to the agreement, the governing body, by order adopted by a majority vote of the governing body, may direct the designated officer or

1 employee to add to the effective, same services, and rollback tax  
2 rates the amount that, when applied to the total taxable value  
3 submitted to the governing body, would produce an amount of taxes  
4 equal to the difference between the total amount of payments for the  
5 tax year under contracts described by this subsection under the  
6 rollback tax rate calculated under this section and the total  
7 amount of payments for the tax year that would have been obligated  
8 to the city if the city had not adopted an additional sales and use  
9 tax.

10 (g) If the rate of the additional sales and use tax is  
11 increased, the designated officer or employee shall make two  
12 projections, in the manner provided by Subsection (d) of this  
13 section, of the revenue generated by the additional sales and use  
14 tax in the following year. The first projection must take into  
15 account the increase and the second projection must not take into  
16 account the increase. The officer or employee shall then subtract  
17 the amount of the result of the second projection from the amount of  
18 the result of the first projection to determine the revenue  
19 generated as a result of the increase in the additional sales and  
20 use tax. In the first year in which an additional sales and use tax  
21 is increased:

22 (1) [~~7~~] the effective tax rate for the unit is the  
23 effective tax rate before the increase minus a number the numerator  
24 of which is the revenue generated as a result of the increase in the  
25 additional sales and use tax, as determined under this subsection,  
26 and the denominator of which is the current total value minus the  
27 new property value; and

1           (2) the same services tax rate for the unit is the same  
2 services tax rate before the increase minus a number the numerator  
3 of which is the revenue generated as a result of the increase in the  
4 additional sales and use tax, as determined under this subsection,  
5 and the denominator of which is the current total value minus the  
6 new property value.

7           (h) If the rate of the additional sales and use tax is  
8 decreased, the designated officer or employee shall make two  
9 projections, in the manner provided by Subsection (d) of this  
10 section, of the revenue generated by the additional sales and use  
11 tax in the following year. The first projection must take into  
12 account the decrease and the second projection must not take into  
13 account the decrease. The officer or employee shall then subtract  
14 the amount of the result of the first projection from the amount of  
15 the result of the second projection to determine the revenue lost as  
16 a result of the decrease in the additional sales and use tax. In the  
17 first year in which an additional sales and use tax is decreased:

18           (1) [7] the effective tax rate for the unit is the  
19 effective tax rate before the decrease plus a number the numerator  
20 of which is the revenue lost as a result of the decrease in the  
21 additional sales and use tax, as determined under this subsection,  
22 and the denominator of which is the current total value minus the  
23 new property value; and

24           (2) the same services tax rate for the unit is the same  
25 services tax rate before the decrease plus a number the numerator of  
26 which is the revenue lost as a result of the decrease in the  
27 additional sales and use tax, as determined under this subsection,

1 and the denominator of which is the current total value minus the  
2 new property value.

3 SECTION 6. The heading to Section 26.043, Tax Code, is  
4 amended to read as follows:

5 Sec. 26.043. ROLLBACK, EFFECTIVE, AND SAME SERVICES TAX  
6 RATES [~~RATE~~] IN CITY IMPOSING MASS TRANSIT SALES AND USE TAX.

7 SECTION 7. Sections 26.043(a) and (b), Tax Code, are  
8 amended to read as follows:

9 (a) In the tax year in which a city has set an election on  
10 the question of whether to impose a local sales and use tax under  
11 Subchapter H, Chapter 453, Transportation Code, the officer or  
12 employee designated to make the calculations provided by Section  
13 26.04 may not make those calculations until the outcome of the  
14 election is determined. If the election is determined in favor of  
15 the imposition of the tax, the representative shall subtract from  
16 the city's rollback, [~~and~~] effective, and same services tax rates  
17 the amount that, if applied to the city's current total value, would  
18 impose an amount equal to the amount of property taxes budgeted in  
19 the current tax year to pay for expenses related to mass transit  
20 services.

21 (b) In a tax year to which this section applies, a reference  
22 in this chapter to the city's effective, same services, or rollback  
23 tax rate refers to that rate as adjusted under this section.

24 SECTION 8. The heading to Section 26.044, Tax Code, is  
25 amended to read as follows:

26 Sec. 26.044. EFFECTIVE AND SAME SERVICES TAX RATES [~~RATE~~]  
27 TO PAY FOR STATE CRIMINAL JUSTICE MANDATE.

1 SECTION 9. Sections 26.044(a) and (b), Tax Code, are  
2 amended to read as follows:

3 (a) The first time that a county adopts a tax rate after  
4 September 1, 1991, in which the state criminal justice mandate  
5 applies to the county, the effective maintenance and operation rate  
6 and the same services tax rate for the county are [~~is~~] increased by  
7 the rate calculated according to the following formula:

8 (State Criminal Justice Mandate) / (Current Total Value - New  
9 Property Value)

10 (b) In the second and subsequent years that a county adopts  
11 a tax rate, if the amount spent by the county for the state criminal  
12 justice mandate increased over the previous year, the effective  
13 maintenance and operation rate and the same services tax rate for  
14 the county are [~~is~~] increased by the rate calculated according to  
15 the following formula:

16 (This Year's State Criminal Justice Mandate - Previous Year's State  
17 Criminal Justice Mandate) / (Current Total Value - New Property  
18 Value)

19 SECTION 10. Sections 26.0441(a) and (b), Tax Code, are  
20 amended to read as follows:

21 (a) In the first tax year in which a taxing unit adopts a tax  
22 rate after January 1, 2000, and in which the enhanced minimum  
23 eligibility standards for indigent health care established under  
24 Section 61.006, Health and Safety Code, apply to the taxing unit,  
25 the effective maintenance and operations rate and the same services  
26 tax rate for the taxing unit are [~~is~~] increased by the rate computed  
27 according to the following formula:

1 Amount of Increase = Enhanced Indigent Health Care Expenditures /  
2 (Current Total Value - New Property Value)

3 (b) In each subsequent tax year, if the taxing unit's  
4 enhanced indigent health care expenses exceed the amount of those  
5 expenses for the preceding year, the effective maintenance and  
6 operations rate and the same services tax rate for the taxing unit  
7 are [~~is~~] increased by the rate computed according to the following  
8 formula:

9 Amount of Increase = (Current Tax Year's Enhanced Indigent Health  
10 Care Expenditures - Preceding Tax Year's Indigent Health Care  
11 Expenditures) / (Current Total Value - New Property Value)

12 SECTION 11. Section 26.05, Tax Code, is amended by amending  
13 Subsections (a), (b), (c), and (d) and adding Subsection (d-1) to  
14 read as follows:

15 (a) The governing body of each taxing unit, before the later  
16 of September 30 or the 90th [~~60th~~] day after the date the certified  
17 appraisal roll is received by the taxing unit, shall adopt a tax  
18 rate for the current tax year and shall notify the assessor for the  
19 unit of the rate adopted. The tax rate consists of two components,  
20 each of which must be approved separately. The components are:

21 (1) the following rate, as applicable:

22 (A) for a taxing unit other than a school  
23 district, the rate that, if applied to the total taxable value, will  
24 impose an amount equal to the amount computed by:

25 (i) adding the following amounts:

26 (a) the amount of principal and  
27 interest that will be paid to service the unit's debts in the next



1 year from property tax revenue, including payments of lawfully  
2 incurred contractual obligations providing security for the  
3 payment of the principal of and interest on bonds and other  
4 evidences of indebtedness issued on behalf of the unit by another  
5 political subdivision and, if the unit is created under Section 52,  
6 Article III, or Section 59, Article XVI, Texas Constitution,  
7 payments on debts that the unit anticipates to incur in the next  
8 calendar year; and

9 (b) the amount by which taxes imposed  
10 for debt are to be increased because of the unit's anticipated  
11 collection rate; and

12 (ii) subtracting from the amount computed  
13 under Subparagraph (i) the sum of the following amounts:

14 (a) any amount collected in excess of  
15 the previous year's anticipated collections certified as provided  
16 by Section 26.04(b); and

17 (b) [~~the total amount published under~~  
18 ~~Section 26.04(e)(3)(C), less]~~ any amount of additional sales and  
19 use tax revenue that will be used to pay debt service; or

20 (B) [~~or~~] for a school district, the rate  
21 published under Section 44.004(c)(5)(A)(ii)(b), Education Code;  
22 and

23 (2) the rate that, if applied to the total taxable  
24 value, will impose the amount of taxes needed to fund maintenance  
25 and operation expenditures of the unit for the next year.

26 (b) A taxing unit may not impose property taxes in any year  
27 until the governing body has adopted a tax rate for that year, and

1 the annual tax rate must be set by ordinance, resolution, or order,  
2 depending on the method prescribed by law for adoption of a law by  
3 the governing body. The vote on the ordinance, resolution, or  
4 order setting the tax rate must be separate from the vote adopting  
5 the budget. The vote on the ordinance, resolution, or order  
6 setting a tax rate that exceeds the same services [~~effective~~] tax  
7 rate must be a record vote. A motion to adopt an ordinance,  
8 resolution, or order setting a tax rate that exceeds the same  
9 services [~~effective~~] tax rate must be made in the following  
10 form: "I move that property taxes be increased by the adoption of a  
11 tax rate of (specify tax rate)." If the ordinance, resolution, or  
12 order sets a tax rate that, if applied to the total taxable value,  
13 will impose an amount of taxes [~~to fund maintenance and operation~~  
14 ~~expenditures of the taxing unit~~] that exceeds the amount of taxes  
15 imposed [~~for that purpose~~] in the preceding year, the taxing unit  
16 must:

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

19 (A) the following statement: "THIS TAX RATE  
20 WILL RAISE MORE TAXES [~~FOR MAINTENANCE AND OPERATIONS~~] THAN LAST  
21 YEAR'S TAX RATE."; and

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

27 (2) include on the home page of any Internet website

1 operated by the unit:

2 (A) the following statement: "(Insert name of  
3 unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES [~~FOR MAINTENANCE~~  
4 ~~AND OPERATIONS~~] THAN LAST YEAR'S TAX RATE"; and

5 (B) if the tax rate exceeds the same services tax  
6 [~~effective maintenance and operations~~] rate, the following  
7 statement: "THE TAX RATE WILL RAISE TAXES [~~FOR MAINTENANCE AND~~  
8 ~~OPERATIONS~~] ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."

9 (c) If the designated officer or employee [~~governing body of~~  
10 ~~a taxing unit~~] does not comply with Section 26.04(e) by the date  
11 required by that subsection and the failure to comply was caused by  
12 circumstances beyond the designated officer's or employee's  
13 control, such as a natural disaster [~~adopt a tax rate before the~~  
14 ~~date required by Subsection (a)~~], the tax rate for the taxing unit  
15 for that tax year is the lower of the same services [~~effective~~] tax  
16 rate calculated for that tax year or the tax rate adopted by the  
17 taxing unit for the preceding tax year. A tax rate established by  
18 this subsection is treated as an adopted tax rate. Before the fifth  
19 day after the establishment of a tax rate by this subsection, the  
20 governing body of the taxing unit must ratify the applicable tax  
21 rate in the manner required by Subsection (b).

22 (d) The governing body of a taxing unit other than a school  
23 district may not adopt a tax rate that exceeds the lower of the  
24 rollback tax rate or the same services [~~effective~~] tax rate  
25 calculated as provided by this chapter until the governing body has  
26 complied with Subsection (d-1) of this section and has held two  
27 public hearings on the proposed tax rate and [~~has~~] otherwise

1 complied with Section 26.06 and Section 26.065. The governing body  
2 of a taxing unit shall reduce a tax rate set by law or by vote of the  
3 electorate to the lower of the rollback tax rate or the same  
4 services [~~effective~~] tax rate and may not adopt a higher rate unless  
5 it first complies with Section 26.06.

6 (d-1) Before giving notice of the public hearings on the  
7 proposed tax rate under Section 26.06, the governing body of a  
8 taxing unit that is required to comply with that section must take a  
9 record vote on a proposal to place consideration of an increase in  
10 taxes on the agenda for the meeting at which the governing body will  
11 adopt the tax rate. The motion for the vote must be made in the  
12 following form: "I move that a proposal to increase property taxes  
13 by the adoption of a tax rate of (specify tax rate) be placed on the  
14 agenda for the meeting to be held on (date at which the governing  
15 body anticipates adopting the tax rate)."

16 SECTION 12. Section 26.052(e), Tax Code, is amended to read  
17 as follows:

18 (e) Public notice provided under Subsection (c) must  
19 specify:

20 (1) the tax rate that the governing body proposes to  
21 adopt;

22 (2) the date, time, and location of the meeting of the  
23 governing body of the taxing unit at which the governing body will  
24 consider adopting the proposed tax rate; and

25 (3) if the proposed tax rate for the taxing unit  
26 exceeds the unit's same services [~~effective~~] tax rate calculated as  
27 provided by Section 26.04, a statement substantially identical to

1 the following: "The proposed tax rate would increase total taxes in  
2 (name of taxing unit) by (percentage by which the proposed tax rate  
3 exceeds the same services [~~effective~~] tax rate)."

4 SECTION 13. Section 26.06(b), Tax Code, is amended to read  
5 as follows:

6 (b) The notice of a public hearing may not be smaller than  
7 one-quarter page of a standard-size or a tabloid-size newspaper,  
8 and the headline on the notice must be in 24-point or larger type.  
9 The notice must contain a statement in the following form:

10 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

11 "The (name of the taxing unit) will hold two public hearings  
12 on a proposal to increase total tax revenues from properties on the  
13 tax roll in the preceding tax year by (percentage by which proposed  
14 tax rate exceeds lower of rollback tax rate or same services  
15 [~~effective~~] tax rate calculated under this chapter) percent. Your  
16 individual taxes may increase at a greater or lesser rate, or even  
17 decrease, depending on the change in the taxable value of your  
18 property in relation to the change in taxable value of all other  
19 property and the tax rate that is adopted.

20 "The first public hearing will be held on (date and time) at  
21 (meeting place).

22 "The second public hearing will be held on (date and time) at  
23 (meeting place).

24 "(Names of all members of the governing body, showing how  
25 each voted on the proposal to consider the tax increase or, if one  
26 or more were absent, indicating the absences.)

27 "The average taxable value of a residence homestead in (name

1 of taxing unit) last year was \$ (average taxable value of a  
2 residence homestead in the taxing unit for the preceding tax year,  
3 disregarding residence homestead exemptions available only to  
4 disabled persons or persons 65 years of age or older). Based on  
5 last year's tax rate of \$ (preceding year's adopted tax rate) per  
6 \$100 of taxable value, the amount of taxes imposed last year on the  
7 average home was \$ (tax on average taxable value of a residence  
8 homestead in the taxing unit for the preceding tax year,  
9 disregarding residence homestead exemptions available only to  
10 disabled persons or persons 65 years of age or older).

11 "The average taxable value of a residence homestead in (name  
12 of taxing unit) this year is \$ (average taxable value of a  
13 residence homestead in the taxing unit for the current tax year,  
14 disregarding residence homestead exemptions available only to  
15 disabled persons or persons 65 years of age or older). If the  
16 governing body adopts the same services [~~effective~~] tax rate for  
17 this year of \$ (same services [~~effective~~] tax rate) per \$100 of  
18 taxable value, the amount of taxes imposed this year on the average  
19 home would be \$ (tax on average taxable value of a residence  
20 homestead in the taxing unit for the current tax year, disregarding  
21 residence homestead exemptions available only to disabled persons  
22 or persons 65 years of age or older).

23 "If the governing body adopts the proposed tax rate of  
24 \$ (proposed tax rate) per \$100 of taxable value, the amount of  
25 taxes imposed this year on the average home would be \$ (tax on  
26 the average taxable value of a residence in the taxing unit for the  
27 current year disregarding residence homestead exemptions available

1 only to disabled persons or persons 65 years of age or older).

2 "The taxes on any parcel of taxable property can be derived by  
3 multiplying the property's taxable value as computed on the basis  
4 of the notice of appraised value delivered by the appraisal  
5 district by each of the above tax rates.

6 "Members of the public are encouraged to attend the hearings  
7 and express their views."

8 SECTION 14. Section 26.06(d), Tax Code, as amended by  
9 Chapters 1105 (H.B. 3495) and 1112 (H.B. 3630), Acts of the 80th  
10 Legislature, Regular Session, 2007, is reenacted and amended to  
11 read as follows:

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

18 "NOTICE OF TAX REVENUE INCREASE

19 "The (name of the taxing unit) conducted public hearings on  
20 (date of first hearing) and (date of second hearing) on a proposal  
21 to increase the total tax revenues of the (name of the taxing unit)  
22 from properties on the tax roll in the preceding year by (percentage  
23 by which proposed tax rate exceeds lower of rollback tax rate or  
24 same services [~~effective~~] tax rate calculated under this chapter)  
25 percent.

26 "The total tax revenue proposed to be raised last year at last  
27 year's tax rate of (insert tax rate for the preceding year) for each

1 \$100 of taxable value was (insert total amount of taxes imposed in  
2 the preceding year).

3 "The total tax revenue proposed to be raised this year at the  
4 proposed tax rate of (insert proposed tax rate) for each \$100 of  
5 taxable value, excluding tax revenue to be raised from new property  
6 added to the tax roll this year, is (insert amount computed by  
7 multiplying proposed tax rate by the difference between current  
8 total value and new property value).

9 "The total tax revenue proposed to be raised this year at the  
10 proposed tax rate of (insert proposed tax rate) for each \$100 of  
11 taxable value, including tax revenue to be raised from new property  
12 added to the tax roll this year, is (insert amount computed by  
13 multiplying proposed tax rate by current total value).

14 "The (governing body of the taxing unit) is scheduled to vote  
15 on the tax rate that will result in that tax increase at a public  
16 meeting to be held on (date of meeting) at (location of meeting,  
17 including mailing address) at (time of meeting)."

18 SECTION 15. Sections 26.044(c) and 26.0441(c), Tax Code,  
19 are repealed.

20 SECTION 16. This Act applies only to a tax year beginning on  
21 or after the effective date of this Act.

22 SECTION 17. This Act takes effect January 1, 2010.