

AN ACT

relating to the procedure to be used by a taxing unit in adopting an ad valorem tax rate.

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

SECTION 1. Section 26.05(b), Tax Code, is amended to read as follows:

(b) A taxing unit may not impose property taxes in any year until the governing body has adopted a tax rate for that year, and the annual tax rate must be set by ordinance, resolution, or order, depending on the method prescribed by law for adoption of a law by the governing body. The vote on the ordinance, resolution, or order setting the tax rate must be separate from the vote adopting the budget. The vote on the ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate must be a record vote. A motion to adopt an ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate must be made in the following form: "I move that the property tax rate [~~taxes~~] be increased by the adoption of a tax rate of (specify tax rate), which is effectively a (insert percentage by which the proposed tax rate exceeds the effective tax rate) percent increase in the tax rate."

If the ordinance, resolution, or order sets a tax rate that, if applied to the total taxable value, will impose an amount of taxes to fund maintenance and operation expenditures of the taxing unit that exceeds the amount of taxes imposed for that purpose in the

1 preceding year, the taxing unit must:

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

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

7 (B) if the tax rate exceeds the effective
8 maintenance and operations rate, the following statement: "THE TAX
9 RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE
10 TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE)
11 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A
12 \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."; and

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

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

18 (B) if the tax rate exceeds the effective
19 maintenance and operations rate, the following statement: "THE TAX
20 RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE
21 TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE)
22 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A
23 \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."

24 SECTION 2. (a) The change in law made by this Act applies to
25 the ad valorem tax rate of a taxing unit beginning with the 2009 tax
26 year, except as provided by Subsection (b) of this section.

27 (b) If the governing body of a taxing unit adopted an ad

1 valorem tax rate for the taxing unit for the 2009 tax year before
2 the effective date of this Act, the change in law made by this Act
3 applies to the ad valorem tax rate of that taxing unit beginning
4 with the 2010 tax year, and the law in effect when the tax rate was
5 adopted applies to the 2009 tax year with respect to that taxing
6 unit.

7 SECTION 3. This Act takes effect immediately if it receives
8 a vote of two-thirds of all the members elected to each house, as
9 provided by Section 39, Article III, Texas Constitution. If this
10 Act does not receive the vote necessary for immediate effect, this
11 Act takes effect September 1, 2009.

President of the Senate

Speaker of the House

I certify that H.B. No. 2291 was passed by the House on May 8, 2009, by the following vote: Yeas 133, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2291 was passed by the Senate on May 27, 2009, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor