

By: Kent

H.B. No. 2645

A BILL TO BE ENTITLED

AN ACT

relating to certain limitations on the ad valorem tax rate of a school district.

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

SECTION 1. Sections 44.004(c) and (i), Education Code, are amended to read as follows:

(c) The notice of public meeting to discuss and adopt the budget and the proposed tax rate may not be smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and the headline on the notice must be in 18-point or larger type. Subject to Subsection (d), the notice must:

(1) contain a statement in the following form:

"NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

"The (name of school district) will hold a public meeting at (time, date, year) in (name of room, building, physical location, city, state). The purpose of this meeting is to discuss the school district's budget that will determine the tax rate that will be adopted. Public participation in the discussion is invited." The statement of the purpose of the meeting must be in bold type. In reduced type, the notice must state: "The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to

1 discuss the revised notice.";

2 (2) contain a section entitled "Comparison of Proposed  
3 Budget with Last Year's Budget," which must show the difference,  
4 expressed as a percent increase or decrease, as applicable, in the  
5 amounts budgeted for the preceding fiscal year and the amount  
6 budgeted for the fiscal year that begins in the current tax year for  
7 each of the following:

8 (A) maintenance and operations;

9 (B) debt service; and

10 (C) total expenditures;

11 (3) contain a section entitled "Total Appraised Value  
12 and Total Taxable Value," which must show the total appraised value  
13 and the total taxable value of all property and the total appraised  
14 value and the total taxable value of new property taxable by the  
15 district in the preceding tax year and the current tax year as  
16 calculated under Section 26.04, Tax Code;

17 (4) contain a statement of the total amount of the  
18 outstanding and unpaid bonded indebtedness of the school district;

19 (5) contain a section entitled "Comparison of Proposed  
20 Rates with Last Year's Rates," which must:

21 (A) show in rows the tax rates described by  
22 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of  
23 property, for columns entitled "Maintenance & Operations,"  
24 "Interest & Sinking Fund," and "Total," which is the sum of  
25 "Maintenance & Operations" and "Interest & Sinking Fund":

26 (i) the school district's "Last Year's  
27 Rate";

1 (ii) the "Rate to Maintain Same Level of  
2 Maintenance & Operations Revenue & Pay Debt Service," which:

3 (a) in the case of "Maintenance &  
4 Operations," is the tax rate that, when applied to the current  
5 taxable value for the district, as certified by the chief appraiser  
6 under Section 26.01, Tax Code, and as adjusted to reflect changes  
7 made by the chief appraiser as of the time the notice is prepared,  
8 would impose taxes in an amount that, when added to state funds to  
9 be distributed to the district under Chapter 42, would provide the  
10 same amount of maintenance and operations taxes and state funds  
11 distributed under Chapter 42 per student in average daily  
12 attendance for the applicable school year that was available to the  
13 district in the preceding school year; and

14 (b) in the case of "Interest & Sinking  
15 Fund," is the tax rate that, when applied to the current taxable  
16 value for the district, as certified by the chief appraiser under  
17 Section 26.01, Tax Code, and as adjusted to reflect changes made by  
18 the chief appraiser as of the time the notice is prepared, and when  
19 multiplied by the district's anticipated collection rate, would  
20 impose taxes in an amount that, when added to state funds to be  
21 distributed to the district under Chapter 46 and any excess taxes  
22 collected to service the district's debt during the preceding tax  
23 year but not used for that purpose during that year, would provide  
24 the amount required to service the district's debt; and

25 (iii) the "Proposed Rate";

26 (B) contain fourth and fifth columns aligned with  
27 the columns required by Paragraph (A) that show, for each row

1 required by Paragraph (A):

2 (i) the "Local Revenue per Student," which  
3 is computed by multiplying the district's total taxable value of  
4 property, as certified by the chief appraiser for the applicable  
5 school year under Section 26.01, Tax Code, and as adjusted to  
6 reflect changes made by the chief appraiser as of the time the  
7 notice is prepared, by the total tax rate, and dividing the product  
8 by the number of students in average daily attendance in the  
9 district for the applicable school year; and

10 (ii) the "State Revenue per Student," which  
11 is computed by determining the amount of state aid received or to be  
12 received by the district under Chapters 42, 43, and 46 and dividing  
13 that amount by the number of students in average daily attendance in  
14 the district for the applicable school year; and

15 (C) contain an asterisk after each calculation  
16 for "Interest & Sinking Fund" and a footnote to the section that, in  
17 reduced type, states "The Interest & Sinking Fund tax revenue is  
18 used to pay for bonded indebtedness on construction, equipment, or  
19 both. The bonds, and the tax rate necessary to pay those bonds,  
20 were approved by the voters of this district.";

21 (6) contain a section entitled "Comparison of Proposed  
22 Levy with Last Year's Levy on Average Residence," which must:

23 (A) show in rows the information described by  
24 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns  
25 entitled "Last Year" and "This Year":

26 (i) "Average Market Value of Residences,"  
27 determined using the same group of residences for each year;

1 (ii) "Average Taxable Value of Residences,"  
2 determined after taking into account the limitation on the  
3 appraised value of residences under Section 23.23, Tax Code, and  
4 after subtracting all homestead exemptions applicable in each year,  
5 other than exemptions available only to disabled persons or persons  
6 65 years of age or older or their surviving spouses, and using the  
7 same group of residences for each year;

8 (iii) "Last Year's Rate Versus Proposed  
9 Rate per \$100 Value"; and

10 (iv) "Taxes Due on Average Residence,"  
11 determined using the same group of residences for each year; and

12 (B) contain the following  
13 information: "Increase (Decrease) in Taxes" expressed in dollars  
14 and cents, which is computed by subtracting the "Taxes Due on  
15 Average Residence" for the preceding tax year from the "Taxes Due on  
16 Average Residence" for the current tax year;

17 (7) contain the following statement in bold  
18 print: "Under state law, the dollar amount of school taxes imposed  
19 on the residence of a person 65 years of age or older or of the  
20 surviving spouse of such a person, if the surviving spouse was 55  
21 years of age or older when the person died, may not be increased  
22 above the amount paid in the first year after the person turned 65,  
23 regardless of changes in tax rate or property value.";

24 (8) contain the following statement in bold  
25 print: "Notice of Maximum Maintenance Tax [~~Rollback~~] Rate: The  
26 highest maintenance tax rate the district can adopt before  
27 requiring voter approval at an election is (the maximum maintenance

1 tax rate the district may adopt before requiring voter approval at  
2 an election under Section 45.003 [~~school district rollback rate~~  
3 ~~determined under Section 26.08, Tax Code~~]. [~~This election will be~~  
4 ~~automatically held if the district adopts a rate in excess of the~~  
5 ~~rollback rate of (the school district rollback rate).~~]; and

6 (9) contain a section entitled "Fund Balances," which  
7 must include the estimated amount of interest and sinking fund  
8 balances and the estimated amount of maintenance and operation or  
9 general fund balances remaining at the end of the current fiscal  
10 year that are not encumbered with or by corresponding debt  
11 obligation, less estimated funds necessary for the operation of the  
12 district before the receipt of the first payment under Chapter 42 in  
13 the succeeding school year.

14 (i) A school district that uses a certified estimate, as  
15 authorized by Subsection (h), may adopt a budget at the public  
16 meeting designated in the notice prepared using the estimate, but  
17 the district may not adopt a tax rate before the district receives  
18 the certified appraisal roll for the district required by Section  
19 26.01(a), Tax Code. After receipt of the certified appraisal roll,  
20 the district must publish a revised notice and hold another public  
21 meeting before the district may adopt a tax rate that exceeds[+

22 [~~(1)~~] the rate proposed in the notice prepared using  
23 the estimate[, ~~or~~

24 [~~(2) the district's rollback rate determined under~~  
25 ~~Section 26.08, Tax Code, using the certified appraisal roll~~].

26 SECTION 2. Section 42.2522(e), Education Code, is amended  
27 to read as follows:

1 (e) The commissioner shall notify school districts as soon  
2 as practicable as to the availability of funds under this section.  
3 ~~[For purposes of computing a rollback tax rate under Section 26.08,~~  
4 ~~Tax Code, a district shall adjust the district's tax rate limit to~~  
5 ~~reflect assistance received under this section.]~~

6 SECTION 3. Section 45.003, Education Code, is amended by  
7 adding Subsection (g) to read as follows:

8 (g) Notwithstanding any other law:

9 (1) a district that adopted a maintenance tax rate for  
10 the preceding tax year of at least \$1.04 per \$100 of taxable value  
11 in the district may not adopt a maintenance tax rate for the current  
12 tax year that exceeds the sum of:

13 (A) the district's maintenance tax rate for the  
14 preceding tax year; and

15 (B) the rate of four cents per \$100 of taxable  
16 value in the district; and

17 (2) a district that adopted a maintenance tax rate for  
18 the preceding tax year of less than \$1.04 per \$100 of taxable value  
19 in the district may not adopt a maintenance tax rate for the current  
20 tax year that exceeds the greater of:

21 (A) the rate described by Subdivision (1); or

22 (B) the rate of \$1.04 per \$100 of taxable value in  
23 the district.

24 SECTION 4. Sections 26.08 and 313.029, Tax Code, are  
25 repealed.

26 SECTION 5. This Act applies only to ad valorem taxes imposed  
27 for a tax year beginning on or after the effective date of this Act.

1 SECTION 6. This Act takes effect January 1, 2010.