

By: Bohac

H.B. No. 4105

A BILL TO BE ENTITLED

AN ACT

relating to changing the term "effective" tax rate to the term "no new taxes" tax rate for the purposes of the calculation and adoption of ad valorem tax rates.

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

SECTION 1. Sec. 26.012, TAX CODE, is amended by amending paragraph (9) to read as follows:

(9) "No new taxes [~~Effective~~] maintenance and operations rate" means a rate expressed in dollars per \$100 of taxable value and calculated according to the following formula:

$$\frac{\text{NO NEW TAXES} [\text{EFFECTIVE}] \text{ MAINTENANCE AND OPERATIONS RATE} = \text{LAST YEAR'S - LAST YEAR'S - LAST YEAR'S JUNIOR LEVY} \quad \text{DEBT LEVY} \quad \text{COLLEGE LEVY}}{\text{(CURRENT TOTAL VALUE - NEW PROPERTY VALUE)}}$$

SECTION 2. Section 26.04, Tax Code, is amended to read as follows:

Sec. 26.04. SUBMISSION OF ROLL TO GOVERNING BODY; NO NEW TAXES TAX RATE [~~EFFECTIVE~~] AND ROLLBACK TAX RATES. (a) On receipt of the appraisal roll, the assessor for a taxing unit shall determine the total appraised value, the total assessed value, and the total taxable value of property taxable by the unit. He shall also determine, using information provided by the appraisal office, the appraised, assessed, and taxable value of new property.

(b) The assessor shall submit the appraisal roll for the unit showing the total appraised, assessed, and taxable values of

1 all property and the total taxable value of new property to the
2 governing body of the unit by August 1 or as soon thereafter as
3 practicable. By August 1 or as soon thereafter as practicable, the
4 taxing unit's collector shall certify an estimate of the collection
5 rate for the current year to the governing body. If the collector
6 certified an anticipated collection rate in the preceding year and
7 the actual collection rate in that year exceeded the anticipated
8 rate, the collector shall also certify the amount of debt taxes
9 collected in excess of the anticipated amount in the preceding
10 year.

11 (c) An officer or employee designated by the governing body
12 shall calculate the no new taxes [~~effective~~] tax rate and the
13 rollback tax rate for the unit, where:

14 (1) "No new taxes [~~Effective~~] tax rate" means a rate
15 expressed in dollars per \$100 of taxable value calculated according
16 to the following formula:

17 NO NEW TAXES [~~EFFECTIVE~~] TAX RATE = (LAST YEAR'S LEVY - LOST
18 PROPERTY LEVY)
19 (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

20 ; and

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

24 ROLLBACK TAX RATE = (NO NEW TAXES [~~EFFECTIVE~~] MAINTENANCE AND
25 OPERATIONS RATE
26 x 1.08) + CURRENT DEBT RATE

1 (d) The no new taxes [~~effective~~] tax rate for a county is the
2 sum of the no new taxes [~~effective~~] tax rates calculated for each
3 type of tax the county levies and the rollback tax rate for a county
4 is the sum of the rollback tax rates calculated for each type of tax
5 the county levies.

6 (e) By August 7 or as soon thereafter as practicable, the
7 designated officer or employee shall submit the rates to the
8 governing body. He shall deliver by mail to each property owner in
9 the unit or publish in a newspaper in the form prescribed by the
10 comptroller:

11 (1) the no new taxes [~~effective~~] tax rate, the
12 rollback tax rate, and an explanation of how they were calculated;

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

18 (3) a schedule of the unit's debt obligations showing:

19 (A) the amount of principal and interest that
20 will be paid to service the unit's debts in the next year from
21 property tax revenue, including payments of lawfully incurred
22 contractual obligations providing security for the payment of the
23 principal of and interest on bonds and other evidences of
24 indebtedness issued on behalf of the unit by another political
25 subdivision and, if the unit is created under Section 52, Article
26 III, or Section 59, Article XVI, Texas Constitution, payments on
27 debts that the unit anticipates to incur in the next calendar year;

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

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

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

9 (5) a statement that the adoption of a tax rate equal
10 to the no new taxes [~~effective~~] tax rate would result in an increase
11 or decrease, as applicable, in the amount of taxes imposed by the
12 unit as compared to last year's levy, and the amount of the increase
13 or decrease;

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

17 (A) the name of the unit discontinuing the
18 department, function, or activity;

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

24 (C) the name of the unit that operates a distinct
25 department, function, or activity in all or a majority of the
26 territory of a taxing unit that has discontinued operating the
27 distinct department, function, or activity; and

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

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

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

11 (e-1) The notice requirements imposed by Subsections
12 (e)(1)-(6) do not apply to a school district.

13 (f) If as a result of consolidation of taxing units a taxing
14 unit includes territory that was in two or more taxing units in the
15 preceding year, the amount of taxes imposed in each in the preceding
16 year is combined for purposes of calculating the no new taxes tax
17 rate [~~effective~~] and rollback tax rate under this section.

18 (g) A person who owns taxable property is entitled to an
19 injunction prohibiting the taxing unit in which the property is
20 taxable from adopting a tax rate if the assessor or designated
21 officer or employee of the unit, as applicable, has not complied
22 with the computation or publication requirements of this section
23 and the failure to comply was not in good faith.

24 (h) For purposes of this section, the anticipated
25 collection rate of a taxing unit is the percentage relationship
26 that the total amount of estimated tax collections for the current
27 year bears to the total amount of taxes imposed for the current

1 year. The total amount of estimated tax collections for the current
2 year is the sum of the collector's estimate of:

3 (1) the total amount of property taxes imposed in the
4 current year that will be collected before July 1 of the following
5 year, including any penalties and interest on those taxes that will
6 be collected during that period; and

7 (2) the total amount of delinquent property taxes
8 imposed in previous years that will be collected on or after July 1
9 of the current year and before July 1 of the following year,
10 including any penalties and interest on those taxes that will be
11 collected during that period.

12 (i) This subsection applies to a taxing unit that has agreed
13 by written contract to transfer a distinct department, function, or
14 activity to another taxing unit and discontinues operating that
15 distinct department, function, or activity if the operation of that
16 department, function, or activity in all or a majority of the
17 territory of the taxing unit is continued by another existing
18 taxing unit or by a new taxing unit. The rollback tax rate of a
19 taxing unit to which this subsection applies in the first tax year
20 in which a budget is adopted that does not allocate revenue to the
21 discontinued department, function, or activity is calculated as
22 otherwise provided by this section, except that last year's levy
23 used to calculate the no new taxes [~~effective~~] maintenance and
24 operations rate of the unit is reduced by the amount of maintenance
25 and operations tax revenue spent by the taxing unit to operate the
26 department, function, or activity for the 12 months preceding the
27 month in which the calculations required by this chapter are made

1 and in which the unit operated the discontinued department,
2 function, or activity. If the unit did not operate that department,
3 function, or activity for the full 12 months preceding the month in
4 which the calculations required by this chapter are made, the unit
5 shall reduce last year's levy used for calculating the no new taxes
6 [~~effective~~] maintenance and operations rate of the unit by the
7 amount of the revenue spent in the last full fiscal year in which
8 the unit operated the discontinued department, function, or
9 activity.

10 (j) This subsection applies to a taxing unit that had agreed
11 by written contract to accept the transfer of a distinct
12 department, function, or activity from another taxing unit and
13 operates a distinct department, function, or activity if the
14 operation of a substantially similar department, function, or
15 activity in all or a majority of the territory of the taxing unit
16 has been discontinued by another taxing unit, including a dissolved
17 taxing unit. The rollback tax rate of a taxing unit to which this
18 subsection applies in the first tax year after the other taxing unit
19 discontinued the substantially similar department, function, or
20 activity in which a budget is adopted that allocates revenue to the
21 department, function, or activity is calculated as otherwise
22 provided by this section, except that last year's levy used to
23 calculate the no new taxes [~~effective~~] maintenance and operations
24 rate of the unit is increased by the amount of maintenance and
25 operations tax revenue spent by the taxing unit that discontinued
26 operating the substantially similar department, function, or
27 activity to operate that department, function, or activity for the

1 12 months preceding the month in which the calculations required by
2 this chapter are made and in which the unit operated the
3 discontinued department, function, or activity. If the unit did
4 not operate the discontinued department, function, or activity for
5 the full 12 months preceding the month in which the calculations
6 required by this chapter are made, the unit may increase last year's
7 levy used to calculate the no new taxes [~~effective~~] maintenance and
8 operations rate by an amount not to exceed the amount of property
9 tax revenue spent by the discontinuing unit to operate the
10 discontinued department, function, or activity in the last full
11 fiscal year in which the discontinuing unit operated the
12 department, function, or activity.

13 (k) to (q) Expired.

14 SECTION 3. Section 26.041, Tax Code, is amended to read as
15 follows:

16 Sec. 26.041. TAX RATE OF UNIT IMPOSING ADDITIONAL SALES AND
17 USE TAX. (a) In the first year in which an additional sales and
18 use tax is required to be collected, the no new taxes [~~effective~~]
19 tax rate and rollback tax rate for the unit are calculated according
20 to the following formulas:

21 NO NEW TAXES [~~EFFECTIVE~~] TAX RATE = (LAST YEAR'S LEVY - LOST
22 PROPERTY LEVY-
23 (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

24
25 SALES TAX GAIN RATE

26 and

27

1 ROLLBACK RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x
 2 1.08) + CURRENT DEBT RATE - SALES TAX GAIN
 3 RATE

4 where "sales tax gain rate" means a number expressed in dollars per
 5 \$100 of taxable value, calculated by dividing the revenue that will
 6 be generated by the additional sales and use tax in the following
 7 year as calculated under Subsection (d) of this section by the
 8 current total value.

9 (b) Except as provided by Subsections (a) and (c) of this
 10 section, in a year in which a taxing unit imposes an additional
 11 sales and use tax the rollback tax rate for the unit is calculated
 12 according to the following formula, regardless of whether the unit
 13 levied a property tax in the preceding year:

14 ROLLBACK RATE =
 15 (LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08) +
 16 (TOTAL CURRENT VALUE - NEW PROPERTY VALUE)
 17
 18 (CURRENT DEBT RATE - SALES TAX REVENUE RATE)

19 where "last year's maintenance and operations expense" means the
 20 amount spent for maintenance and operations from property tax and
 21 additional sales and use tax revenues in the preceding year, and
 22 "sales tax revenue rate" means a number expressed in dollars per
 23 \$100 of taxable value, calculated by dividing the revenue that will
 24 be generated by the additional sales and use tax in the current year
 25 as calculated under Subsection (d) of this section by the current
 26 total value.

27 (c) In a year in which a taxing unit that has been imposing

1 an additional sales and use tax ceases to impose an additional sales
 2 and use tax the no new taxes [~~effective~~] tax rate and rollback tax
 3 rate for the unit are calculated according to the following
 4 formulas:

$$\begin{aligned} & \text{5} \quad \quad \quad \text{NO NEW TAXES } [\text{EFFECTIVE}] \text{ TAX RATE} = \\ & \text{6} \quad \quad \quad \frac{(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY LEVY})}{(\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})} + \\ & \text{7} \quad \quad \quad \end{aligned}$$

8 SALES TAX LOSS RATE

9 and

$$\begin{aligned} & \text{10} \quad \quad \quad \text{ROLLBACK TAX RATE} = \\ & \text{11} \quad \quad \quad \frac{(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE} \times 1.08)}{(\text{TOTAL CURRENT VALUE} - \text{NEW PROPERTY VALUE})} + \\ & \text{12} \quad \quad \quad \end{aligned}$$

13 CURRENT DEBT RATE

14 where "sales tax loss rate" means a number expressed in dollars per
 15 \$100 of taxable value, calculated by dividing the amount of sales
 16 and use tax revenue generated in the last four quarters for which
 17 the information is available by the current total value and "last
 18 year's maintenance and operations expense" means the amount spent
 19 for maintenance and operations from property tax and additional
 20 sales and use tax revenues in the preceding year.

21 (d) In order to determine the amount of additional sales and
 22 use tax revenue for purposes of this section, the designated
 23 officer or employee shall use the sales and use tax revenue for the
 24 last preceding four quarters for which the information is available
 25 as the basis for projecting the additional sales and use tax revenue
 26 for the current tax year. If the rate of the additional sales and

1 use tax is increased or reduced, the projection to be used for the
2 first tax year after the effective date of the sales and use tax
3 change shall be adjusted to exclude any revenue gained or lost
4 because of the sales and use tax rate change. If the unit did not
5 impose an additional sales and use tax for the last preceding four
6 quarters, the designated officer or employee shall request the
7 comptroller of public accounts to provide to the officer or
8 employee a report showing the estimated amount of taxable sales and
9 uses within the unit for the previous four quarters as compiled by
10 the comptroller, and the comptroller shall comply with the request.
11 The officer or employee shall prepare the estimate of the
12 additional sales and use tax revenue for the first year of the
13 imposition of the tax by multiplying the amount reported by the
14 comptroller by the appropriate additional sales and use tax rate
15 and by multiplying that product by .95.

16 (e) If a city that imposes an additional sales and use tax
17 receives payments under the terms of a contract executed before
18 January 1, 1986, in which the city agrees not to annex certain
19 property or a certain area and the owners or lessees of the property
20 or of property in the area agree to pay at least annually to the city
21 an amount determined by reference to all or a percentage of the
22 property tax rate of the city and all or a part of the value of the
23 property subject to the agreement or included in the area subject to
24 the agreement, the governing body, by order adopted by a majority
25 vote of the governing body, may direct the designated officer or
26 employee to add to the no new taxes [~~effective~~] and rollback tax
27 rate the amount that, when applied to the total taxable value

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

8 (f) An estimate made by the comptroller under Subsection (d)
9 of this section need not be adjusted to take into account any
10 projection of additional revenue attributable to increases in the
11 total value of items taxable under the state sales and use tax
12 because of amendments of Chapter 151, Tax Code.

13 (g) If the rate of the additional sales and use tax is
14 increased, the designated officer or employee shall make two
15 projections, in the manner provided by Subsection (d) of this
16 section, of the revenue generated by the additional sales and use
17 tax in the following year. The first projection must take into
18 account the increase and the second projection must not take into
19 account the increase. The officer or employee shall then subtract
20 the amount of the result of the second projection from the amount of
21 the result of the first projection to determine the revenue
22 generated as a result of the increase in the additional sales and
23 use tax. In the first year in which an additional sales and use tax
24 is increased, the no new taxes [~~effective~~] tax rate for the unit is
25 the no new taxes [~~effective~~] tax rate before the increase minus a
26 number the numerator of which is the revenue generated as a result
27 of the increase in the additional sales and use tax, as determined

1 under this subsection, and the denominator of which is the current
2 total value minus the new property value.

3 (h) If the rate of the additional sales and use tax is
4 decreased, the designated officer or employee shall make two
5 projections, in the manner provided by Subsection (d) of this
6 section, of the revenue generated by the additional sales and use
7 tax in the following year. The first projection must take into
8 account the decrease and the second projection must not take into
9 account the decrease. The officer or employee shall then subtract
10 the amount of the result of the first projection from the amount of
11 the result of the second projection to determine the revenue lost as
12 a result of the decrease in the additional sales and use tax. In the
13 first year in which an additional sales and use tax is decreased,
14 the no new taxes [~~effective~~] tax rate for the unit is the no new
15 taxes [~~effective~~] tax rate before the decrease plus a number the
16 numerator of which is the revenue lost as a result of the decrease
17 in the additional sales and use tax, as determined under this
18 subsection, and the denominator of which is the current total value
19 minus the new property value.

20 (i) Any amount derived from the sales and use tax that is or
21 will be distributed by a county to the recipient of an economic
22 development grant made under Chapter 381, Local Government Code, is
23 not considered to be sales and use tax revenue for purposes of this
24 section.

25 (j) Any amount derived from the sales and use tax that is
26 retained by the comptroller under Section 4 or 5, Chapter 1507, Acts
27 of the 76th Legislature, Regular Session, 1999 (Article 5190.14,

1 Vernon's Texas Civil Statutes), is not considered to be sales and
2 use tax revenue for purposes of this section.

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

6 Sec. 26.043. NO NEW TAXES [~~EFFECTIVE~~] TAX RATE IN CITY
7 IMPOSING MASS TRANSIT SALES AND USE TAX. (a) In the tax year in
8 which a city has set an election on the question of whether to
9 impose a local sales and use tax under Subchapter H, Chapter 453,
10 Transportation Code, the officer or employee designated to make the
11 calculations provided by Section 26.04 may not make those
12 calculations until the outcome of the election is determined. If
13 the election is determined in favor of the imposition of the tax,
14 the representative shall subtract from the city's rollback and no
15 new taxes [~~effective~~] tax rates the amount that, if applied to the
16 city's current total value, would impose an amount equal to the
17 amount of property taxes budgeted in the current tax year to pay for
18 expenses related to mass transit services.

19 (b) In a tax year to which this section applies, a reference
20 in this chapter to the city's no new taxes tax rate [~~effective~~] or
21 rollback tax rate refers to that rate as adjusted under this
22 section.

23 (c) For the purposes of this section, "mass transit
24 services" does not include the construction, reconstruction, or
25 general maintenance of municipal streets.

26 SECTION 5. Section 26.044, Tax Code, is amended to read as
27 follows:

1 Sec. 26.044. NO NEW TAXES [~~EFFECTIVE~~] TAX RATE TO PAY FOR
2 STATE CRIMINAL JUSTICE MANDATE. (a) The first time that a county
3 adopts a tax rate after September 1, 1991, in which the state
4 criminal justice mandate applies to the county, the no new taxes
5 [~~effective~~] maintenance and operation rate for the county is
6 increased by the rate calculated according to the following
7 formula:

$$\frac{\text{(State Criminal Justice Mandate)}}{\text{(Current Total Value - New Property Value)}}$$

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 no new taxes
13 [~~effective~~] maintenance and operation rate for the county is
14 increased by the rate calculated according to the following
15 formula:

$$\frac{\text{(This Year's State Criminal Justice Mandate - Previous Year's State Criminal Justice Mandate)}}{\text{(Current Total Value - New Property Value)}}$$

19 (c) The county shall include a notice of the increase in the
20 no new taxes [~~effective~~] maintenance and operation rate provided by
21 this section, including a description and amount of the state
22 criminal justice mandate, in the information published under
23 Section 26.04(e) and Section 26.06(b) of this code.

24 (d) In this section, "state criminal justice mandate" means
25 the amount spent by the county in the previous 12 months providing
26 for the maintenance and operation cost of keeping inmates in
27 county-paid facilities after they have been sentenced to the

1 institutional division of the Texas Department of Criminal Justice
2 as certified by the county auditor based on information provided by
3 the county sheriff, minus the amount received from state revenue
4 for reimbursement of such costs.

5 Section 6. Section 26.0441, Tax Code, is amended to read as
6 follows:

7 Sec. 26.0441. TAX RATE ADJUSTMENT FOR INDIGENT HEALTH CARE.

8 (a) In the first tax year in which a taxing unit adopts a tax rate
9 after January 1, 2000, and in which the enhanced minimum
10 eligibility standards for indigent health care established under
11 Section 61.006, Health and Safety Code, apply to the taxing unit,
12 the no new taxes [~~effective~~] maintenance and operations rate for
13 the taxing unit is increased by the rate computed according to the
14 following formula:

15
$$\text{Amount of Increase} = \frac{\text{Enhanced Indigent Health Care Expenditures}}{\text{(Current Total Value - New Property Value)}}$$

18 (b) In each subsequent tax year, if the taxing unit's
19 enhanced indigent health care expenses exceed the amount of those
20 expenses for the preceding year, the no new taxes [~~effective~~]
21 maintenance and operations rate for the taxing unit is increased by
22 the rate computed according to the following formula:

23
$$\text{Amount of Increase} = \frac{\text{(Current Tax Year's Enhanced Indigent Health Care Expenditures - Preceding Tax Year's Indigent Health Care Expenditures)}}{\text{(Current Total Value - New Property Value)}}$$

1 (c) The taxing unit shall include a notice of the increase
2 in its no new taxes [~~effective~~] maintenance and operations rate
3 provided by this section, including a brief description and the
4 amount of the enhanced indigent health care expenditures, in the
5 information published under Section 26.04(e) and, if applicable,
6 Section 26.06(b).

7 (d) In this section, "enhanced indigent health care
8 expenditures" for a tax year means the amount spent by the taxing
9 unit for the maintenance and operation costs of providing indigent
10 health care at the increased minimum eligibility standards
11 established under Section 61.006, Health and Safety Code, effective
12 on or after January 1, 2000, in the period beginning on July 1 of the
13 year preceding the tax year for which the tax is adopted and ending
14 on June 30 of the tax year for which the tax is adopted, less the
15 amount of state assistance received by the taxing unit in
16 accordance with Chapter 61, Health and Safety Code, that is
17 attributable to those costs.

18 SECTION 7. Section 26.05, Tax Code, is amended by amending
19 subsections (b), (c), and (d) to read as follows:

20 (b) A taxing unit may not impose property taxes in any year
21 until the governing body has adopted a tax rate for that year, and
22 the annual tax rate must be set by ordinance, resolution, or order,
23 depending on the method prescribed by law for adoption of a law by
24 the governing body. The vote on the ordinance, resolution, or
25 order setting the tax rate must be separate from the vote adopting
26 the budget. The vote on the ordinance, resolution, or order
27 setting a tax rate that exceeds the no new taxes [~~effective~~] tax

1 rate must be a record vote. A motion to adopt an ordinance,
2 resolution, or order setting a tax rate that exceeds the no new
3 taxes [~~effective~~] tax rate must be made in the following form: "I
4 move that property taxes be increased by the adoption of a tax rate
5 of (specify tax rate)." If the ordinance, resolution, or order sets
6 a tax rate that, if applied to the total taxable value, will impose
7 an amount of taxes to fund maintenance and operation expenditures
8 of the taxing unit that exceeds the amount of taxes imposed for that
9 purpose in the preceding year, the taxing unit must:

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

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

15 (B) if the tax rate exceeds the effective
16 maintenance and operations rate, the following statement: "THE
17 TAX RATE WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A
18 \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."; and

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

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

24 (B) if the tax rate exceeds the effective
25 maintenance and operations rate, the following statement: "THE
26 TAX RATE WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A
27 \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."

1 (c) If the governing body of a taxing unit does not adopt a
2 tax rate before the date required by Subsection (a), the tax rate
3 for the taxing unit for that tax year is the lower of the no new
4 taxes [~~effective~~] tax rate calculated for that tax year or the tax
5 rate adopted by the taxing unit for the preceding tax year. A tax
6 rate established by this subsection is treated as an adopted tax
7 rate. Before the fifth day after the establishment of a tax rate by
8 this subsection, the governing body of the taxing unit must ratify
9 the applicable tax rate in the manner required by Subsection (b).

10 (d) The governing body of a taxing unit other than a school
11 district may not adopt a tax rate that exceeds the lower of the
12 rollback tax rate or the no new taxes [~~effective~~] tax rate
13 calculated as provided by this chapter until the governing body has
14 held two public hearings on the proposed tax rate and has otherwise
15 complied with Section 26.06 and Section 26.065. The governing body
16 of a taxing unit shall reduce a tax rate set by law or by vote of the
17 electorate to the lower of the rollback tax rate or the no new taxes
18 [~~effective~~] tax rate and may not adopt a higher rate unless it first
19 complies with Section 26.06.

20 SECTION 8. Section 26.052, Tax Code, is amended by amending
21 subsection (e) to read as follows:

22 (e) Public notice provided under Subsection (c) must
23 specify:

24 (1) the tax rate that the governing body proposes to
25 adopt;

26 (2) the date, time, and location of the meeting of the
27 governing body of the taxing unit at which the governing body will

1 consider adopting the proposed tax rate; and

2 (3) if the proposed tax rate for the taxing unit
3 exceeds the unit's no new taxes [~~effective~~] tax rate calculated as
4 provided by Section 26.04, a statement substantially identical to
5 the following: "The proposed tax rate would increase total taxes in
6 (name of taxing unit) by (percentage by which the proposed tax rate
7 exceeds the no new taxes [~~effective~~] tax rate)."

8 SECTION 9. Section 26.06, Tax Code, is amended by amending
9 subsections (b) and (e) and by reenacting and amending subsection
10 (d), as amended by Acts 2007, 80th Leg., R.S., Ch. 807, Sec. 1, and
11 by Acts 2007, 80th Leg., R.S., Ch. to read as follows:

12 Sec. 26.06. NOTICE, HEARING, AND VOTE ON TAX INCREASE.

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

17 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

18 "The (name of the taxing unit) will hold two public hearings
19 on a proposal to increase total tax revenues from properties on the
20 tax roll in the preceding tax year by (percentage by which proposed
21 tax rate exceeds lower of rollback tax rate or no new taxes
22 [~~effective~~] tax rate calculated under this chapter) percent. Your
23 individual taxes may increase at a greater or lesser rate, or even
24 decrease, depending on the change in the taxable value of your
25 property in relation to the change in taxable value of all other
26 property and the tax rate that is adopted.

27 "The first public hearing will be held on (date and time) at

1 (meeting place).

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

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

7 "The average taxable value of a residence homestead in (name
8 of taxing unit) last year was \$ (average taxable value of a
9 residence homestead in the taxing unit for the preceding tax year,
10 disregarding residence homestead exemptions available only to
11 disabled persons or persons 65 years of age or older). Based on
12 last year's tax rate of \$ (preceding year's adopted tax rate) per
13 \$100 of taxable value, the amount of taxes imposed last year on the
14 average home was \$ (tax on average taxable value of a residence
15 homestead in the taxing unit for the preceding tax year,
16 disregarding residence homestead exemptions available only to
17 disabled persons or persons 65 years of age or older).

18 "The average taxable value of a residence homestead in (name
19 of taxing unit) this year is \$ (average taxable value of a
20 residence homestead in the taxing unit for the current tax year,
21 disregarding residence homestead exemptions available only to
22 disabled persons or persons 65 years of age or older). If the
23 governing body adopts the no new taxes [~~effective~~] tax rate for this
24 year of \$ (effective tax rate) per \$100 of taxable value, the
25 amount of taxes imposed this year on the average home would be
26 \$ (tax on average taxable value of a residence homestead in the
27 taxing unit for the current tax year, disregarding residence

1 homestead exemptions available only to disabled persons or persons
2 65 years of age or older).

3 "If the governing body adopts the proposed increase tax rate
4 of \$ (proposed tax rate) per \$100 of taxable value, the amount of
5 taxes imposed this year on the average home would be \$ (tax on
6 the average taxable value of a residence in the taxing unit for the
7 current year disregarding residence homestead exemptions available
8 only to disabled persons or persons 65 years of age or older).

9 "Members of the public are encouraged to attend the hearings
10 and express their views."

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

17 "NOTICE OF TAX REVENUE INCREASE

18 "The (name of the taxing unit) conducted public hearings on
19 (date of first hearing) and (date of second hearing) on a proposal
20 to increase the total tax revenues of the (name of the taxing unit)
21 from properties on the tax roll in the preceding year by (percentage
22 by which proposed tax rate exceeds lower of rollback tax rate or no
23 new taxes [~~effective~~] tax rate calculated under this chapter)
24 percent.

25 "The total tax revenue raised last year at last year's tax
26 rate of (insert tax rate for the preceding year) for each \$100 of
27 taxable value was (insert total amount of taxes imposed in the

1 preceding year).

2 "The total tax revenue proposed to be raised this year at the
3 proposed increase tax rate of (insert proposed tax rate) for each
4 \$100 of taxable value, excluding tax revenue to be raised from new
5 property added to the tax roll this year, is (insert amount computed
6 by multiplying (state percentage of increase over no new taxes tax
7 rate) percent increase 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 (state percentage of increase over no new taxes tax rate) percent
11 increase tax rate of (insert proposed tax rate) for each \$100 of
12 taxable value, including tax revenue to be raised from new property
13 added to the tax roll this year, is (insert amount computed by
14 multiplying proposed tax rate by current total value).

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

19 (e) The meeting to vote on the tax increase may not be
20 earlier than the third day or later than the 14th day after the date
21 of the second public hearing. The meeting must be held inside the
22 boundaries of the taxing unit in a publicly owned building or, if a
23 suitable publicly owned building is not available, in a suitable
24 building to which the public normally has access. If the governing
25 body does not adopt a tax rate that exceeds the lower of the
26 rollback tax rate or the no new taxes [~~effective~~] tax rate by the
27 14th day, it must give a new notice under Subsection (d) before it

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1 may adopt a rate that exceeds the lower of the rollback tax rate or
2 the no new taxes [~~effective~~] tax rate.

3 SECTION 10. This act takes effect January 1, 2010.