

1-1 By: Patrick S.B. No. 700  
1-2 (In the Senate - Filed February 6, 2009; February 23, 2009,  
1-3 read first time and referred to Committee on Finance;  
1-4 April 23, 2009, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 12, Nays 1; April 23, 2009,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 700 By: Williams

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to increased transparency regarding appraisals for ad  
1-11 valorem tax purposes and increased tax rates.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 ARTICLE 1. NOTICE OF APPRAISAL

1-14 SECTION 1.01. Section 25.19, Tax Code, is amended by adding  
1-15 Subsection (b-3) to read as follows:

1-16 (b-3) For real property, in addition to the information  
1-17 required by Subsection (b), the chief appraiser shall state in a  
1-18 notice required to be delivered under Subsection (a) the following  
1-19 for the current tax year and each of the preceding five tax years:

1-20 (1) the appraised value of the property; and  
1-21 (2) the difference, expressed as a percent increase or  
1-22 decrease, as applicable, in the appraised value of the property  
1-23 compared to the appraised value of the property for the preceding  
1-24 tax year.

1-25 ARTICLE 2. REQUIRED ELECTION TO RATIFY TAX RATE INCREASE

1-26 SECTION 2.01. Section 26.07, Tax Code, is amended to read as  
1-27 follows:

1-28 Sec. 26.07. ELECTION TO RATIFY TAX ~~[REPEAL]~~ INCREASE OF  
1-29 TAXING UNIT OTHER THAN SCHOOL DISTRICT. (a) The ~~[if the]~~  
1-30 governing body of a taxing unit other than a school district may not  
1-31 adopt ~~[adopts]~~ a tax rate that exceeds the rollback tax rate  
1-32 calculated as provided by this chapter without voter approval as  
1-33 provided by this section. To adopt a tax rate that exceeds the  
1-34 rollback tax rate, the governing body must adopt the rate as a  
1-35 proposed tax rate and call an election to permit~~[r]~~ the qualified  
1-36 voters of the taxing unit ~~[by petition may require that an election~~  
1-37 be held to determine whether or not] to approve or disapprove  
1-38 ~~[reduce]~~ the proposed tax rate ~~[adopted for the current year to the~~  
1-39 rollback tax rate calculated as provided by this chapter].

1-40 (b) The ~~[A petition is valid only if:~~

1-41 ~~[(1) it states that it is intended to require an~~  
1-42 election in the taxing unit on the question of reducing the tax rate  
1-43 for the current year,

1-44 ~~[(2) it is signed by a number of registered voters of~~  
1-45 the taxing unit equal to at least:

1-46 ~~[(A) seven percent of the number of registered~~  
1-47 voters of the taxing unit according to the most recent list of  
1-48 registered voters if the tax rate adopted for the current tax year  
1-49 would impose taxes for maintenance and operations in an amount of at  
1-50 least \$5 million; or

1-51 ~~[(B) 10 percent of the number of registered~~  
1-52 voters of the taxing unit according to the most recent official list  
1-53 of registered voters if the tax rate adopted for the current tax  
1-54 year would impose taxes for maintenance and operations in an amount  
1-55 of less than \$5 million; and

1-56 ~~[(3) it is submitted to the governing body on or before~~  
1-57 the 90th day after the date on which the governing body adopted the  
1-58 tax rate for the current year.

1-59 ~~[(c) Not later than the 20th day after the day a petition is~~  
1-60 submitted, the governing body shall determine whether or not the  
1-61 petition is valid and pass a resolution stating its finding. If the  
1-62 governing body fails to act within the time allowed, the petition is  
1-63 treated as if it had been found valid.

2-1 ~~[(d) If the] governing body [finds that the petition is~~  
 2-2 ~~valid (or fails to act within the time allowed), it] shall order~~  
 2-3 ~~that the [an] election be held in the taxing unit on a date not less~~  
 2-4 ~~than 30 or more than 90 days after the [last] day on which the~~  
 2-5 ~~governing body adopted the proposed tax rate. Section 41.001,~~  
 2-6 ~~Election Code, [it could have acted to approve or disapprove the~~  
 2-7 ~~petition. A state law requiring local elections to be held on a~~  
 2-8 ~~specified date] does not apply to the election unless a [specified]~~  
 2-9 ~~date specified by that section falls within the time permitted by~~  
 2-10 ~~this section. At the election, the ballots shall be prepared to~~  
 2-11 ~~permit voting for or against the proposition: "Approving~~  
 2-12 ~~["Reducing] the proposed ad valorem tax rate of \$\_\_\_\_\_ per \$100~~  
 2-13 ~~valuation in (name of taxing unit) for the current year, a rate that~~  
 2-14 ~~is \$\_\_\_\_\_ higher per \$100 valuation than the [from (the rate~~  
 2-15 ~~adopted) to (the)] rollback tax rate [calculated as provided by this~~  
 2-16 ~~chapter]."~~ The ballot proposition must include the proposed tax  
 2-17 ~~rate and the difference between that rate and the rollback tax rate~~  
 2-18 ~~in the appropriate places.~~

2-19 ~~(c) [(e)] If a majority of the votes cast [qualified voters~~  
 2-20 ~~voting on the question] in the election favor the proposition, the~~  
 2-21 ~~proposition is approved and the tax rate for the [taxing unit for~~  
 2-22 ~~the] current year is the proposed [rollback] tax rate that was~~  
 2-23 ~~[calculated as provided by this chapter; otherwise, the tax rate~~  
 2-24 ~~for the current year is the one] adopted by the governing body.~~

2-25 ~~(d) [(f)] If the proposition is not approved as provided by~~  
 2-26 ~~Subsection (c), the governing body may not adopt a tax rate for the~~  
 2-27 ~~taxing unit for the current year that exceeds the taxing unit's~~  
 2-28 ~~rollback tax rate [is reduced by an election called under this~~  
 2-29 ~~section after tax bills for the unit are mailed, the assessor for~~  
 2-30 ~~the unit shall prepare and mail corrected tax bills. He shall~~  
 2-31 ~~include with the bill a brief explanation of the reason for and~~  
 2-32 ~~effect of the corrected bill. The date on which the taxes become~~  
 2-33 ~~delinquent for the year is extended by a number of days equal to the~~  
 2-34 ~~number of days between the date the first tax bills were sent and~~  
 2-35 ~~the date the corrected tax bills were sent].~~

2-36 ~~[(g) If a property owner pays taxes calculated using the~~  
 2-37 ~~higher tax rate when the rate is reduced by an election called under~~  
 2-38 ~~this section, the taxing unit shall refund the difference between~~  
 2-39 ~~the amount of taxes paid and the amount due under the reduced rate~~  
 2-40 ~~if the difference between the amount of taxes paid and the amount~~  
 2-41 ~~due under the reduced rate is \$1 or more. If the difference between~~  
 2-42 ~~the amount of taxes paid and the amount due under the reduced rate~~  
 2-43 ~~is less than \$1, the taxing unit shall refund the difference on~~  
 2-44 ~~request of the taxpayer. An application for a refund of less than~~  
 2-45 ~~\$1 must be made within 90 days after the date the refund becomes due~~  
 2-46 ~~or the taxpayer forfeits the right to the refund.]~~

2-47 SECTION 2.02. Subsections (a) and (b), Section 31.12, Tax  
 2-48 Code, are amended to read as follows:

2-49 (a) If a refund of a tax provided by Section 11.431(b),  
 2-50 ~~[26.07(g),] 26.15(f), 31.11, or 31.111 is paid on or before the 60th~~  
 2-51 ~~day after the date the liability for the refund arises, no interest~~  
 2-52 ~~is due on the amount refunded. If not paid on or before that 60th~~  
 2-53 ~~day, the amount of the tax to be refunded accrues interest at a rate~~  
 2-54 ~~of one percent for each month or part of a month that the refund is~~  
 2-55 ~~unpaid, beginning with the date on which the liability for the~~  
 2-56 ~~refund arises.~~

2-57 (b) For purposes of this section, liability for a refund  
 2-58 arises:

2-59 (1) if the refund is required by Section 11.431(b), on  
 2-60 the date the chief appraiser notifies the collector for the unit of  
 2-61 the approval of the late homestead exemption;

2-62 (2) ~~[if the refund is required by Section 26.07(g), on~~  
 2-63 ~~the date the results of the election to reduce the tax rate are~~  
 2-64 ~~certified,~~

2-65 ~~[(3)] if the refund is required by Section 26.15(f):~~

2-66 (A) for a correction to the tax roll made under  
 2-67 Section 26.15(b), on the date the change in the tax roll is  
 2-68 certified to the assessor for the taxing unit under Section 25.25;  
 2-69 or

3-1 (B) for a correction to the tax roll made under  
3-2 Section 26.15(c), on the date the change in the tax roll is ordered  
3-3 by the governing body of the taxing unit;

3-4 (3) [~~4~~] if the refund is required by Section 31.11,  
3-5 on the date the auditor for the taxing unit determines that the  
3-6 payment was erroneous or excessive or, if the amount of the refund  
3-7 exceeds the applicable amount specified by Section 31.11(a), on the  
3-8 date the governing body of the unit approves the refund; or

3-9 (4) [~~5~~] if the refund is required by Section 31.111,  
3-10 on the date the collector for the taxing unit determines that the  
3-11 payment was erroneous.

3-12 SECTION 2.03. Subsection (b), Section 33.08, Tax Code, is  
3-13 amended to read as follows:

3-14 (b) The governing body of the taxing unit or appraisal  
3-15 district, in the manner required by law for official action, may  
3-16 provide that taxes that become delinquent on or after June 1 under  
3-17 Section [~~26.07(f)~~] 26.15(e), 31.03, 31.031, 31.032, or 31.04 incur  
3-18 an additional penalty to defray costs of collection. The amount of  
3-19 the penalty may not exceed the amount of the compensation specified  
3-20 in the applicable contract with an attorney under Section 6.30 to be  
3-21 paid in connection with the collection of the delinquent taxes.

3-22 SECTION 2.04. Section 49.236, Water Code, as added by  
3-23 Chapters 248 (H.B. 1541) and 335 (S.B. 392), Acts of the 78th  
3-24 Legislature, Regular Session, 2003, is reenacted and amended to  
3-25 read as follows:

3-26 Sec. 49.236. NOTICE OF TAX HEARING. (a) Before the board  
3-27 adopts an ad valorem tax rate for the district for debt service,  
3-28 operation and maintenance purposes, or contract purposes, the board  
3-29 shall give notice of each meeting of the board at which the adoption  
3-30 of a tax rate will be considered. The notice must:

3-31 (1) contain a statement in substantially the following  
3-32 form:

3-33 "NOTICE OF PUBLIC HEARING ON TAX RATE  
3-34 "The (name of the district) will hold a public hearing on a  
3-35 proposed tax rate for the tax year (year of tax levy) on (date and  
3-36 time) at (meeting place). Your individual taxes may increase or  
3-37 decrease, depending on the change in the taxable value of your  
3-38 property in relation to the change in taxable value of all other  
3-39 property and the tax rate that is adopted.

3-40 "(Names of all board members and, if a vote was taken, an  
3-41 indication of how each voted on the proposed tax rate and an  
3-42 indication of any absences.)";

3-43 (2) contain the following information:

3-44 (A) the district's total adopted tax rate for the  
3-45 preceding year and the proposed tax rate, expressed as an amount per  
3-46 \$100;

3-47 (B) the difference, expressed as an amount per  
3-48 \$100 and as a percent increase or decrease, as applicable, in the  
3-49 proposed tax rate compared to the adopted tax rate for the preceding  
3-50 year;

3-51 (C) the average appraised value of a residence  
3-52 homestead in the district in the preceding year and in the current  
3-53 year; the district's total homestead exemption, other than an  
3-54 exemption available only to disabled persons or persons 65 years of  
3-55 age or older, applicable to that appraised value in each of those  
3-56 years; and the average taxable value of a residence homestead in the  
3-57 district in each of those years, disregarding any homestead  
3-58 exemption available only to disabled persons or persons 65 years of  
3-59 age or older;

3-60 (D) the amount of tax that would have been  
3-61 imposed by the district in the preceding year on a residence  
3-62 homestead appraised at the average appraised value of a residence  
3-63 homestead in that year, disregarding any homestead exemption  
3-64 available only to disabled persons or persons 65 years of age or  
3-65 older;

3-66 (E) the amount of tax that would be imposed by the  
3-67 district in the current year on a residence homestead appraised at  
3-68 the average appraised value of a residence homestead in that year,  
3-69 disregarding any homestead exemption available only to disabled

4-1 persons or persons 65 years of age or older, if the proposed tax  
4-2 rate is adopted; and

4-3 (F) the difference between the amounts of tax  
4-4 calculated under Paragraphs (D) and (E), expressed in dollars and  
4-5 cents and described as the annual percentage increase or decrease,  
4-6 as applicable, in the tax to be imposed by the district on the  
4-7 average residence homestead in the district in the current year if  
4-8 the proposed tax rate is adopted; and

4-9 (3) contain a statement in substantially the following  
4-10 form:

4-11 "NOTICE OF VOTE ON TAX RATE [~~TAXPAYERS' RIGHT TO~~  
4-12 ~~ROLLBACK ELECTION~~]

4-13 "If taxes on the average residence homestead increase by more  
4-14 than eight percent, [~~the qualified voters of the district by~~  
4-15 ~~petition may require that~~] an election must be held to determine  
4-16 whether to ratify [~~reduce~~] the operation and maintenance tax rate  
4-17 [~~to the rollback tax rate~~] under Section 49.236(d), Water Code."

4-18 (b) Notice of the hearing shall be:

4-19 (1) published at least once in a newspaper having  
4-20 general circulation in the district at least seven days before the  
4-21 date of the hearing; or

4-22 (2) mailed to each owner of taxable property in the  
4-23 district, at the address for notice shown on the most recently  
4-24 certified tax roll of the district, at least 10 days before the date  
4-25 of the hearing.

4-26 (c) The notice provided under this section may not be  
4-27 smaller than one-quarter page of a standard-size or tabloid-size  
4-28 newspaper of general circulation, and the headline on the notice  
4-29 must be in 18-point or larger type.

4-30 (d) If the governing body of a district adopts a combined  
4-31 debt service, operation and maintenance, and contract tax rate that  
4-32 would impose more than 1.08 times the amount of tax imposed by the  
4-33 district in the preceding year on a residence homestead appraised  
4-34 at the average appraised value of a residence homestead in the  
4-35 district in that year, disregarding any homestead exemption  
4-36 available only to disabled persons or persons 65 years of age or  
4-37 older, [~~the qualified voters of the district by petition may~~  
4-38 ~~require that~~] an election must be held to determine whether [~~or not~~]  
4-39 to ratify [~~reduce~~] the tax rate adopted for the current year [~~to the~~  
4-40 ~~rollback tax rate~~] in accordance with the procedures provided by  
4-41 Section 26.07 [~~Sections 26.07(b)-(g) and 26.081~~], Tax Code. For  
4-42 purposes of Section 26.07, Tax Code, [~~Sections 26.07(b)-(g)~~] and  
4-43 this subsection, the rollback tax rate is the current year's debt  
4-44 service and contract tax rates plus the operation and maintenance  
4-45 tax rate that would impose 1.08 times the amount of the operation  
4-46 and maintenance tax imposed by the district in the preceding year on  
4-47 a residence homestead appraised at the average appraised value of a  
4-48 residence homestead in the district in that year, disregarding any  
4-49 homestead exemption available only to disabled persons or persons  
4-50 65 years of age or older.

4-51 SECTION 2.05. (a) The change in law made by this article  
4-52 applies to the ad valorem tax rate of a taxing unit beginning with  
4-53 the 2009 tax year, except as provided by Subsection (b) of this  
4-54 section.

4-55 (b) If the governing body of a taxing unit adopted an ad  
4-56 valorem tax rate for the taxing unit for the 2009 tax year before  
4-57 the effective date of this article, the change in law made by this  
4-58 article applies to the ad valorem tax rate of that taxing unit  
4-59 beginning with the 2010 tax year, and the law in effect when the tax  
4-60 rate was adopted applies to the 2009 tax year with respect to that  
4-61 taxing unit.

4-62 SECTION 2.06. This article takes effect immediately if this  
4-63 Act receives a vote of two-thirds of all the members elected to each  
4-64 house, as provided by Section 39, Article III, Texas Constitution.  
4-65 If this Act does not receive the vote necessary for immediate  
4-66 effect, this article takes effect on the 91st day after the last day  
4-67 of the legislative session.

4-68 ARTICLE 3. ELECTRONIC PROTEST PROCEDURE

4-69 SECTION 3.01. Subchapter C, Chapter 41, Tax Code, is

5-1 amended by adding Section 41.415 to read as follows:

5-2 Sec. 41.415. ELECTRONIC FILING OF NOTICE OF PROTEST.

5-3 (a) This section applies only to an appraisal district established  
5-4 for a county having a population of 500,000 or more.

5-5 (b) The appraisal district shall implement a system that  
5-6 allows the owner of a property that for the current tax year has  
5-7 been granted a residence homestead exemption under Section 11.13,  
5-8 in connection with the property, to electronically:

5-9 (1) file a notice of protest under Section 41.41(a)(1)  
5-10 or (2) with the appraisal review board;

5-11 (2) receive and review comparable sales data and other  
5-12 evidence that the chief appraiser intends to use at the protest  
5-13 hearing before the board;

5-14 (3) receive, as applicable:

5-15 (A) a settlement offer from the district to  
5-16 correct the appraisal records by changing the appraised value of  
5-17 the property to the value as redetermined by the district; or

5-18 (B) a notice from the district that a settlement  
5-19 offer will not be made; and

5-20 (4) accept or reject a settlement offer received from  
5-21 the appraisal district under Subdivision (3)(A).

5-22 (c) With each notice sent under Section 25.19 to an eligible  
5-23 property owner, the chief appraiser shall include information about  
5-24 the system required by this section, including instructions for  
5-25 accessing and using the system.

5-26 (d) A notice of protest filed electronically under this  
5-27 section must include, at a minimum:

5-28 (1) a statement as to whether the protest is brought  
5-29 under Section 41.41(a)(1) or under Section 41.41(a)(2);

5-30 (2) a statement of the property owner's good faith  
5-31 estimate of the value of the property; and

5-32 (3) an electronic mail address that the district may  
5-33 use to communicate electronically with the property owner in  
5-34 connection with the protest.

5-35 (e) If the property owner accepts a settlement offer made by  
5-36 the appraisal district, the chief appraiser shall notify the  
5-37 appraisal review board. The board shall determine the protest  
5-38 accordingly and otherwise comply with Section 41.47.

5-39 (f) If the property owner rejects a settlement offer, the  
5-40 appraisal review board shall hear and determine the property  
5-41 owner's protest in the manner otherwise provided by this subchapter  
5-42 and Subchapter D.

5-43 (g) An appraisal district is not required to make the system  
5-44 required by this section available to an owner of a residence  
5-45 homestead located in an area in which the chief appraiser  
5-46 determines that the factors affecting the market value of real  
5-47 property are unusually complex.

5-48 (h) An electronic mail address provided by a property owner  
5-49 to an appraisal district under Subsection (d)(3) is confidential  
5-50 and may not be disclosed by the district.

5-51 (i) The comptroller shall encourage appraisal districts to  
5-52 which this section does not apply to voluntarily implement an  
5-53 electronic system for filing protests.

5-54 SECTION 3.02. Section 41.415, Tax Code, as added by this  
5-55 article, applies only to a tax year that begins on or after the  
5-56 effective date of this Act.

5-57 ARTICLE 4. EFFECTIVE DATE

5-58 SECTION 4.01. Except as otherwise provided by this Act,  
5-59 this Act takes effect January 1, 2010.

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