

By: Howard of Fort Bend

H.B. No. 874

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), (d), and (g) and adding Subsection (d-1)
14 to 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 order
4 setting the tax rate must be separate from the vote adopting the
5 budget. The vote on the ordinance, resolution, or order setting a
6 tax rate that exceeds the same services ~~[effective]~~ tax rate must be
7 a record vote. A motion to adopt an ordinance, resolution, or order
8 setting a tax rate that exceeds the same services ~~[effective]~~ tax
9 rate must be made in the following form: "I move that the property
10 tax rate be increased by the adoption of a tax rate of (specify tax
11 rate), which is effectively a (insert percentage by which the
12 proposed tax rate exceeds the same services ~~[effective]~~ tax rate)
13 percent increase in the tax rate." If the ordinance, resolution, or
14 order sets a tax rate that, if applied to the total taxable value,
15 will impose an amount of taxes ~~[to fund maintenance and operation~~
16 ~~expenditures of the taxing unit]~~ that exceeds the amount of taxes
17 imposed ~~[for that purpose]~~ in the preceding year, the taxing unit
18 must:

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

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

24 (B) if the tax rate exceeds the same services tax
25 ~~[effective maintenance and operations]~~ rate, the following
26 statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT
27 PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE SAME SERVICES TAX

1 ~~[EFFECTIVE MAINTENANCE AND OPERATIONS]~~ RATE) PERCENT AND WILL RAISE
2 TAXES ~~[FOR MAINTENANCE AND OPERATIONS]~~ ON A \$100,000 HOME BY
3 APPROXIMATELY \$(Insert amount)."; and

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

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

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

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

1 rate in the manner required by Subsection (b).

2 (d) The governing body of a taxing unit other than a school
3 district may not adopt a tax rate that exceeds the lower of the
4 rollback tax rate or the same services [~~effective~~] tax rate
5 calculated as provided by this chapter until the governing body has
6 complied with Subsection (d-1) of this section and has held two
7 public hearings on the proposed tax rate and [~~has~~] otherwise
8 complied with Section 26.06 and Section 26.065. The governing body
9 of a taxing unit shall reduce a tax rate set by law or by vote of the
10 electorate to the lower of the rollback tax rate or the same
11 services [~~effective~~] tax rate and may not adopt a higher rate unless
12 it first complies with Section 26.06.

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

23 (g) Notwithstanding Subsection (a), the governing body of a
24 school district that elects to adopt a tax rate before the adoption
25 of a budget for the fiscal year that begins in the current tax year
26 may adopt a tax rate for the current tax year before receipt of the
27 certified appraisal roll for the school district if the chief

1 appraiser of the appraisal district in which the school district
2 participates has certified to the assessor for the school district
3 an estimate of the taxable value of property in the school district
4 as provided by Section 26.01(e). If a school district adopts a tax
5 rate under this subsection, the effective tax rate, the same
6 services tax rate, and the rollback tax rate of the district shall
7 be calculated based on the certified estimate of taxable value.

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

10 (e) Public notice provided under Subsection (c) must
11 specify:

12 (1) the tax rate that the governing body proposes to
13 adopt;

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

17 (3) if the proposed tax rate for the taxing unit
18 exceeds the unit's same services [~~effective~~] tax rate calculated as
19 provided by Section 26.04, a statement substantially identical to
20 the following: "The proposed tax rate would increase total taxes in
21 (name of taxing unit) by (percentage by which the proposed tax rate
22 exceeds the same services [~~effective~~] tax rate)."

23 SECTION 13. Sections 26.06(b), (d), and (e), Tax Code, are
24 amended to read as follows:

25 (b) The notice of a public hearing may not be smaller than
26 one-quarter page of a standard-size or a tabloid-size newspaper,
27 and the headline on the notice must be in 24-point or larger type.

1 The notice must contain a statement in the following form:

2 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

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

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

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

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

19 "The average taxable value of a residence homestead in (name
20 of taxing unit) last year was \$____ (average taxable value of a
21 residence homestead in the taxing unit for the preceding tax year,
22 disregarding residence homestead exemptions available only to
23 disabled persons or persons 65 years of age or older). Based on
24 last year's tax rate of \$____ (preceding year's adopted tax rate)
25 per \$100 of taxable value, the amount of taxes imposed last year on
26 the average home was \$____ (tax on average taxable value of a
27 residence homestead in the taxing unit for the preceding tax year,

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

3 "The average taxable value of a residence homestead in (name
4 of taxing unit) this year is \$____ (average taxable value of a
5 residence homestead in the taxing unit for the current tax year,
6 disregarding residence homestead exemptions available only to
7 disabled persons or persons 65 years of age or older). If the
8 governing body adopts the same services [~~effective~~] tax rate for
9 this year of \$____ (same services [~~effective~~] tax rate) per \$100 of
10 taxable value, the amount of taxes imposed this year on the average
11 home would be \$____ (tax on average taxable value of a residence
12 homestead in the taxing unit for the current tax year, disregarding
13 residence homestead exemptions available only to disabled persons
14 or persons 65 years of age or older).

15 "If the governing body adopts the proposed tax rate of \$____
16 (proposed tax rate) per \$100 of taxable value, the amount of taxes
17 imposed this year on the average home would be \$____ (tax on the
18 average taxable value of a residence in the taxing unit for the
19 current year disregarding residence homestead exemptions available
20 only to disabled persons or persons 65 years of age or older).

21 "The taxes on any parcel of taxable property can be derived by
22 multiplying the property's taxable value as computed on the basis
23 of the notice of appraised value delivered by the appraisal
24 district by each of the above tax rates.

25 "Members of the public are encouraged to attend the hearings
26 and express their views."

27 (d) At the public hearings the governing body shall announce

1 the date, time, and place of the meeting at which it will vote on the
2 proposed tax rate. After each hearing the governing body shall
3 give notice of the meeting at which it will vote on the proposed tax
4 rate and the notice shall be in the same form as prescribed by
5 Subsections (b) and (c), except that it must state the following:

6 "NOTICE OF TAX REVENUE INCREASE

7 "The (name of the taxing unit) conducted public hearings on
8 (date of first hearing) and (date of second hearing) on a proposal
9 to increase the total tax revenues of the (name of the taxing unit)
10 from properties on the tax roll in the preceding year by (percentage
11 by which proposed tax rate exceeds lower of rollback tax rate or
12 same services [~~effective~~] tax rate calculated under this chapter)
13 percent.

14 "The total tax revenue proposed to be raised last year at last
15 year's tax rate of (insert tax rate for the preceding year) for each
16 \$100 of taxable value was (insert total amount of taxes imposed in
17 the preceding year).

18 "The total tax revenue proposed to be raised this year at the
19 proposed tax rate of (insert proposed tax rate) for each \$100 of
20 taxable value, excluding tax revenue to be raised from new property
21 added to the tax roll this year, is (insert amount computed by
22 multiplying proposed tax rate by the difference between current
23 total value and new property value).

24 "The total tax revenue proposed to be raised this year at the
25 proposed tax rate of (insert proposed tax rate) for each \$100 of
26 taxable value, including tax revenue to be raised from new property
27 added to the tax roll this year, is (insert amount computed by

1 multiplying proposed tax rate by current total value).

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

6 (e) The meeting to vote on the tax increase may not be
7 earlier than the third day or later than the 14th day after the date
8 of the second public hearing. The meeting must be held inside the
9 boundaries of the taxing unit in a publicly owned building or, if a
10 suitable publicly owned building is not available, in a suitable
11 building to which the public normally has access. If the governing
12 body does not adopt a tax rate that exceeds the lower of the
13 rollback tax rate or the same services [~~effective~~] tax rate by the
14 14th day, it must give a new notice under Subsection (d) before it
15 may adopt a rate that exceeds the lower of the rollback tax rate or
16 the same services [~~effective~~] tax rate.

17 SECTION 14. Sections 26.044(c) and 26.0441(c), Tax Code,
18 are repealed.

19 SECTION 15. This Act applies only to a tax year beginning on
20 or after the effective date of this Act.

21 SECTION 16. This Act takes effect January 1, 2012.