

1-1 By: Williams S.B. No. 1771
1-2 (In the Senate - Filed March 11, 2011; March 23, 2011, read
1-3 first time and referred to Committee on Finance; May 6, 2011,
1-4 reported favorably by the following vote: Yeas 9, Nays 1;
1-5 May 6, 2011, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the provision of information by tax officials related
1-9 to ad valorem tax rates.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Subsections (b) and (i), Section 25.19, Tax
1-12 Code, are amended to read as follows:

1-13 (b) The chief appraiser shall separate real from personal
1-14 property and include in the notice for each:

1-15 (1) a list of the taxing units in which the property is
1-16 taxable;

1-17 (2) the appraised value of the property in the
1-18 preceding year;

1-19 (3) the taxable value of the property in the preceding
1-20 year for each taxing unit taxing the property;

1-21 (4) the appraised value of the property for the
1-22 current year and the kind and amount of each partial exemption, if
1-23 any, approved for the current year;

1-24 (5) ~~[if the appraised value is greater than it was in
1-25 the preceding year, the amount of tax that would be imposed on the
1-26 property on the basis of the tax rate for the preceding year;~~

1-27 ~~[(6)]~~ in italic typeface, the following
1-28 statement: "The Texas Legislature does not set the amount of your
1-29 local taxes. Your property tax burden is decided by your locally
1-30 elected officials, and all inquiries concerning your taxes should
1-31 be directed to those officials";

1-32 ~~(6)~~ ~~[(7)]~~ a detailed explanation of the time and
1-33 procedure for protesting the value;

1-34 ~~(7)~~ ~~[(8)]~~ the date and place the appraisal review
1-35 board will begin hearing protests; and

1-36 ~~(8)~~ ~~[(9)]~~ a brief explanation that the governing body
1-37 of each taxing unit decides whether or not taxes on the property
1-38 will increase and the appraisal district only determines the value
1-39 of the property.

1-40 (i) Delivery with a notice required by Subsection (a) or (g)
1-41 of a copy of the pamphlet published by the comptroller under Section
1-42 5.06 or a copy of the notice published by the chief appraiser under
1-43 Section 41.70 is sufficient to comply with the requirement that the
1-44 notice include the information specified by Subsection (b)(6)
1-45 ~~[(b)(7)]~~ or (g)(3), as applicable.

1-46 SECTION 2. Section 26.012, Tax Code, is amended by adding
1-47 Subdivisions (13-a) and (13-b) to read as follows:

1-48 (13-a) "Last year's maintenance and operations levy"
1-49 means the difference between last year's levy and the sum of last
1-50 year's debt levy and last year's junior college levy.

1-51 (13-b) "Last year's maintenance and operations rate"
1-52 means the rate expressed in dollars per \$100 of taxable value
1-53 adopted in the preceding year for maintenance and operations.

1-54 SECTION 3. The heading to Section 26.04, Tax Code, is
1-55 amended to read as follows:

1-56 Sec. 26.04. SUBMISSION OF ROLL TO GOVERNING BODY;
1-57 EFFECTIVE, SAME SERVICES, AND ROLLBACK TAX RATES.

1-58 SECTION 4. Subsections (b) through (e), (e-1), (f), (i),
1-59 and (j), Section 26.04, Tax Code, are amended to read as follows:

1-60 (b) The assessor shall submit the appraisal roll for the
1-61 unit showing the total appraised, assessed, and taxable values of
1-62 all property and the total taxable value of new property to the
1-63 governing body of the unit not later than the 21st day after the
1-64 date the appraisal roll is certified to the assessor. On or before

2-1 the 21st day after the date the appraisal roll is certified by the
 2-2 assessor ~~[by August 1 or as soon thereafter as practicable. By~~
 2-3 ~~August 1 or as soon thereafter as practicable]~~, the taxing unit's
 2-4 collector shall certify an estimate of the collection rate for the
 2-5 current year to the governing body. If the collector certified an
 2-6 anticipated collection rate in the preceding year and the actual
 2-7 collection rate in that year exceeded the anticipated rate, the
 2-8 collector shall also certify the amount of debt taxes collected in
 2-9 excess of the anticipated amount in the preceding year.

2-10 (c) Not later than the 30th day after the date the appraisal
 2-11 roll is certified to the assessor, an [An] officer or employee
 2-12 designated by the governing body shall calculate the effective tax
 2-13 rate, the same services tax rate, and the rollback tax rate for the
 2-14 unit, where:

2-15 (1) "Effective tax rate" means a rate expressed in
 2-16 dollars per \$100 of taxable value calculated according to the
 2-17 following formula:

2-18 EFFECTIVE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY LEVY) /
 2-19 (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

2-20 ; ~~and~~

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

2-24 SAME SERVICES TAX RATE = [(LAST YEAR'S MAINTENANCE AND OPERATIONS
 2-25 LEVY + (NEW PROPERTY VALUE x LAST YEAR'S
 2-26 MAINTENANCE AND OPERATIONS RATE)) / CURRENT
 2-27 TOTAL VALUE] + CURRENT DEBT RATE

2-28 ; and

2-29 (3) "Rollback tax rate" means a rate expressed in
 2-30 dollars per \$100 of taxable value calculated according to the
 2-31 following formula:

2-32 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE
 2-33 x 1.08) + CURRENT DEBT RATE

2-34 (d) The effective tax rate for a county is the sum of the
 2-35 effective tax rates calculated for each type of tax the county
 2-36 levies. The same services tax rate for a county is the sum of the
 2-37 same services tax rates calculated for each type of tax the county
 2-38 levies. The ~~and the~~ rollback tax rate for a county is the sum of
 2-39 the rollback tax rates calculated for each type of tax the county
 2-40 levies.

2-41 (e) Not later than the fifth day after the date the
 2-42 designated officer or employee completes the calculations required
 2-43 by Subsections (c) and (d) ~~[By August 7 or as soon thereafter as~~
 2-44 practicable], the designated officer or employee shall submit the
 2-45 rates to the governing body and provide to the chief appraiser in
 2-46 the form prescribed by the comptroller the effective tax rate, the
 2-47 same services tax rate, the rollback tax rate, and an explanation of
 2-48 how they were calculated. At least 14 days before the date of the
 2-49 first meeting of the governing body to consider the budget for the
 2-50 current tax year, the designated officer or employee~~[. He]~~ shall
 2-51 deliver by mail to each property owner in the unit or publish in a
 2-52 newspaper in the form prescribed by the comptroller:

2-53 (1) last year's ~~the effective~~ tax rate, the same
 2-54 services ~~rollback~~ tax rate, the tax rate required to fund the
 2-55 budget for the current tax year, and an explanation of their meaning
 2-56 and how they were calculated;

2-57 (2) a statement, including an example calculation,
 2-58 that the tax liability of any parcel of taxable property can be
 2-59 derived by multiplying the property's taxable value as computed on
 2-60 the basis of the notice of appraised value delivered by the
 2-61 appraisal district by each tax rate; and

2-62 (3) a statement that adoption by the governing body of
 2-63 a tax rate for the current year that is higher than the same
 2-64 services tax rate will constitute an overall tax increase ~~the~~
 2-65 estimated amount of interest and sinking fund balances and the
 2-66 estimated amount of maintenance and operation or general fund
 2-67 balances remaining at the end of the current fiscal year that are
 2-68 not encumbered with or by corresponding existing debt obligation;

2-69 ~~[(3) a schedule of the unit's debt obligations~~

3-1 showing:

3-2 [~~(A) the amount of principal and interest that~~
 3-3 ~~will be paid to service the unit's debts in the next year from~~
 3-4 ~~property tax revenue, including payments of lawfully incurred~~
 3-5 ~~contractual obligations providing security for the payment of the~~
 3-6 ~~principal of and interest on bonds and other evidences of~~
 3-7 ~~indebtedness issued on behalf of the unit by another political~~
 3-8 ~~subdivision and, if the unit is created under Section 52, Article~~
 3-9 ~~III, or Section 59, Article XVI, Texas Constitution, payments on~~
 3-10 ~~debts that the unit anticipates to incur in the next calendar year;~~

3-11 [~~(B) the amount by which taxes imposed for debt~~
 3-12 ~~are to be increased because of the unit's anticipated collection~~
 3-13 ~~rate; and~~

3-14 [~~(C) the total of the amounts listed in~~
 3-15 ~~Paragraphs (A)-(B), less any amount collected in excess of the~~
 3-16 ~~previous year's anticipated collections certified as provided in~~
 3-17 ~~Subsection (b);~~

3-18 [~~(4) the amount of additional sales and use tax~~
 3-19 ~~revenue anticipated in calculations under Section 26.041;~~

3-20 [~~(5) a statement that the adoption of a tax rate equal~~
 3-21 ~~to the effective tax rate would result in an increase or decrease,~~
 3-22 ~~as applicable, in the amount of taxes imposed by the unit as~~
 3-23 ~~compared to last year's levy, and the amount of the increase or~~
 3-24 ~~decrease;~~

3-25 [~~(6) in the year that a taxing unit calculates an~~
 3-26 ~~adjustment under Subsection (i) or (j), a schedule that includes~~
 3-27 ~~the following elements:~~

3-28 [~~(A) the name of the unit discontinuing the~~
 3-29 ~~department, function, or activity;~~

3-30 [~~(B) the amount of property tax revenue spent by~~
 3-31 ~~the unit listed under Paragraph (A) to operate the discontinued~~
 3-32 ~~department, function, or activity in the 12 months preceding the~~
 3-33 ~~month in which the calculations required by this chapter are made,~~
 3-34 ~~and~~

3-35 [~~(C) the name of the unit that operates a~~
 3-36 ~~distinct department, function, or activity in all or a majority of~~
 3-37 ~~the territory of a taxing unit that has discontinued operating the~~
 3-38 ~~distinct department, function, or activity; and~~

3-39 [~~(7) in the year following the year in which a taxing~~
 3-40 ~~unit raised its rollback rate as required by Subsection (j), a~~
 3-41 ~~schedule that includes the following elements:~~

3-42 [~~(A) the amount of property tax revenue spent by~~
 3-43 ~~the unit to operate the department, function, or activity for which~~
 3-44 ~~the taxing unit raised the rollback rate as required by Subsection~~
 3-45 ~~(j) for the 12 months preceding the month in which the calculations~~
 3-46 ~~required by this chapter are made; and~~

3-47 [~~(B) the amount published by the unit in the~~
 3-48 ~~preceding tax year under Subdivision (6)(B)].~~

3-49 (e-1) The notice requirements imposed by Subsection (e)
 3-50 [~~Subsections (e)(1)-(6)] do not apply to a school district.~~

3-51 (f) If as a result of consolidation of taxing units a taxing
 3-52 unit includes territory that was in two or more taxing units in the
 3-53 preceding year, the amount of taxes imposed in each in the preceding
 3-54 year is combined for purposes of calculating the effective, same
 3-55 services, and rollback tax rates under this section.

3-56 (i) This subsection applies to a taxing unit that has agreed
 3-57 by written contract to transfer a distinct department, function, or
 3-58 activity to another taxing unit and discontinues operating that
 3-59 distinct department, function, or activity if the operation of that
 3-60 department, function, or activity in all or a majority of the
 3-61 territory of the taxing unit is continued by another existing
 3-62 taxing unit or by a new taxing unit. The rollback tax rate of a
 3-63 taxing unit to which this subsection applies in the first tax year
 3-64 in which a budget is adopted that does not allocate revenue to the
 3-65 discontinued department, function, or activity is calculated as
 3-66 otherwise provided by this section, except that last year's levy
 3-67 used to calculate the effective maintenance and operations rate and
 3-68 the same services tax rate of the unit is reduced by the amount of
 3-69 maintenance and operations tax revenue spent by the taxing unit to

4-1 operate the department, function, or activity for the 12 months
 4-2 preceding the month in which the calculations required by this
 4-3 chapter are made and in which the unit operated the discontinued
 4-4 department, function, or activity. If the unit did not operate that
 4-5 department, function, or activity for the full 12 months preceding
 4-6 the month in which the calculations required by this chapter are
 4-7 made, the unit shall reduce last year's levy used for calculating
 4-8 the effective maintenance and operations rate and the same services
 4-9 tax rate of the unit by the amount of the revenue spent in the last
 4-10 full fiscal year in which the unit operated the discontinued
 4-11 department, function, or activity.

4-12 (j) This subsection applies to a taxing unit that had agreed
 4-13 by written contract to accept the transfer of a distinct
 4-14 department, function, or activity from another taxing unit and
 4-15 operates a distinct department, function, or activity if the
 4-16 operation of a substantially similar department, function, or
 4-17 activity in all or a majority of the territory of the taxing unit
 4-18 has been discontinued by another taxing unit, including a dissolved
 4-19 taxing unit. The rollback tax rate of a taxing unit to which this
 4-20 subsection applies in the first tax year after the other taxing unit
 4-21 discontinued the substantially similar department, function, or
 4-22 activity in which a budget is adopted that allocates revenue to the
 4-23 department, function, or activity is calculated as otherwise
 4-24 provided by this section, except that last year's levy used to
 4-25 calculate the effective maintenance and operations rate and the
 4-26 same services tax rate of the unit is increased by the amount of
 4-27 maintenance and operations tax revenue spent by the taxing unit
 4-28 that discontinued operating the substantially similar department,
 4-29 function, or activity to operate that department, function, or
 4-30 activity for the 12 months preceding the month in which the
 4-31 calculations required by this chapter are made and in which the unit
 4-32 operated the discontinued department, function, or activity. If
 4-33 the unit did not operate the discontinued department, function, or
 4-34 activity for the full 12 months preceding the month in which the
 4-35 calculations required by this chapter are made, the unit may
 4-36 increase last year's levy used to calculate the effective
 4-37 maintenance and operations rate and the same services tax rate by an
 4-38 amount not to exceed the amount of property tax revenue spent by the
 4-39 discontinuing unit to operate the discontinued department,
 4-40 function, or activity in the last full fiscal year in which the
 4-41 discontinuing unit operated the department, function, or activity.

4-42 SECTION 5. Subsections (a), (c), (e), (g), and (h), Section
 4-43 26.041, Tax Code, are amended to read as follows:

4-44 (a) In the first year in which an additional sales and use
 4-45 tax is required to be collected, the effective tax rate, same
 4-46 services tax rate, and rollback tax rate for the unit are calculated
 4-47 according to the following formulas:

4-48 EFFECTIVE TAX RATE = $\frac{[(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY LEVY}) /$
 4-49 $(\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})]}{\text{SALES TAX GAIN RATE}} -$

4-50
 4-51 SAME SERVICES TAX RATE = $\frac{[(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS}$
 4-52 $\text{LEVY} + (\text{NEW PROPERTY VALUE} \times \text{LAST YEAR'S}$
 4-53 $\text{MAINTENANCE AND OPERATIONS RATE})]}{\text{CURRENT TOTAL VALUE}} + \text{CURRENT DEBT RATE} -$
 4-54 $\text{SALES TAX GAIN RATE}$

4-55 and

4-56
 4-57 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x
 4-58 1.08) + CURRENT DEBT RATE - SALES TAX GAIN
 4-59 RATE

4-60 where "sales tax gain rate" means a number expressed in dollars per
 4-61 \$100 of taxable value, calculated by dividing the revenue that will
 4-62 be generated by the additional sales and use tax in the following
 4-63 year as calculated under Subsection (d) of this section by the
 4-64 current total value.

4-65 (c) In a year in which a taxing unit that has been imposing
 4-66 an additional sales and use tax ceases to impose an additional sales
 4-67 and use tax the effective tax rate, same services tax rate, and
 4-68 rollback tax rate for the unit are calculated according to the
 4-69 following formulas:

5-1 EFFECTIVE TAX RATE = $\frac{[(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY LEVY}) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})]}{\text{SALES TAX LOSS RATE}}$ +

5-2
5-3
5-4 SAME SERVICES TAX RATE = $\frac{[(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS LEVY} + (\text{NEW PROPERTY VALUE} \times \text{LAST YEAR'S MAINTENANCE AND OPERATIONS RATE})) / \text{CURRENT TOTAL VALUE}] + \text{CURRENT DEBT RATE} + \text{SALES TAX LOSS RATE}}$

5-8 and

5-9
5-10 ROLLBACK TAX RATE = $\frac{[(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE} \times 1.08) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})]}{\text{CURRENT DEBT RATE}}$

5-11
5-12 where "sales tax loss rate" means a number expressed in dollars per
5-13 \$100 of taxable value, calculated by dividing the amount of sales
5-14 and use tax revenue generated in the last four quarters for which
5-15 the information is available by the current total value and "last
5-16 year's maintenance and operations expense" means the amount spent
5-17 for maintenance and operations from property tax and additional
5-18 sales and use tax revenues in the preceding year.

5-19 (e) If a city that imposes an additional sales and use tax
5-20 receives payments under the terms of a contract executed before
5-21 January 1, 1986, in which the city agrees not to annex certain
5-22 property or a certain area and the owners or lessees of the property
5-23 or of property in the area agree to pay at least annually to the city
5-24 an amount determined by reference to all or a percentage of the
5-25 property tax rate of the city and all or a part of the value of the
5-26 property subject to the agreement or included in the area subject to
5-27 the agreement, the governing body, by order adopted by a majority
5-28 vote of the governing body, may direct the designated officer or
5-29 employee to add to the effective, same services, and rollback tax
5-30 rates the amount that, when applied to the total taxable value
5-31 submitted to the governing body, would produce an amount of taxes
5-32 equal to the difference between the total amount of payments for the
5-33 tax year under contracts described by this subsection under the
5-34 rollback tax rate calculated under this section and the total
5-35 amount of payments for the tax year that would have been obligated
5-36 to the city if the city had not adopted an additional sales and use
5-37 tax.

5-38
5-39 (g) If the rate of the additional sales and use tax is
5-40 increased, the designated officer or employee shall make two
5-41 projections, in the manner provided by Subsection (d) of this
5-42 section, of the revenue generated by the additional sales and use
5-43 tax in the following year. The first projection must take into
5-44 account the increase and the second projection must not take into
5-45 account the increase. The officer or employee shall then subtract
5-46 the amount of the result of the second projection from the amount of
5-47 the result of the first projection to determine the revenue
5-48 generated as a result of the increase in the additional sales and
5-49 use tax. In the first year in which an additional sales and use tax
5-50 is increased:

5-51 (1) [7] the effective tax rate for the unit is the
5-52 effective tax rate before the increase minus a number the numerator
5-53 of which is the revenue generated as a result of the increase in the
5-54 additional sales and use tax, as determined under this subsection,
5-55 and the denominator of which is the current total value minus the
5-56 new property value; and

5-57 (2) the same services tax rate for the unit is the same
5-58 services tax rate before the increase minus a number the numerator
5-59 of which is the revenue generated as a result of the increase in the
5-60 additional sales and use tax, as determined under this subsection,
5-61 and the denominator of which is the current total value minus the
5-62 new property value.

5-63 (h) If the rate of the additional sales and use tax is
5-64 decreased, the designated officer or employee shall make two
5-65 projections, in the manner provided by Subsection (d) of this
5-66 section, of the revenue generated by the additional sales and use
5-67 tax in the following year. The first projection must take into
5-68 account the decrease and the second projection must not take into
5-69 account the decrease. The officer or employee shall then subtract

6-1 the amount of the result of the first projection from the amount of
 6-2 the result of the second projection to determine the revenue lost as
 6-3 a result of the decrease in the additional sales and use tax. In the
 6-4 first year in which an additional sales and use tax is decreased:

6-5 (1) [7] the effective tax rate for the unit is the
 6-6 effective tax rate before the decrease plus a number the numerator
 6-7 of which is the revenue lost as a result of the decrease in the
 6-8 additional sales and use tax, as determined under this subsection,
 6-9 and the denominator of which is the current total value minus the
 6-10 new property value; and

6-11 (2) the same services tax rate for the unit is the same
 6-12 services tax rate before the decrease plus a number the numerator of
 6-13 which is the revenue lost as a result of the decrease in the
 6-14 additional sales and use tax, as determined under this subsection,
 6-15 and the denominator of which is the current total value minus the
 6-16 new property value.

6-17 SECTION 6. The heading to Section 26.043, Tax Code, is
 6-18 amended to read as follows:

6-19 Sec. 26.043. ROLLBACK, EFFECTIVE, AND SAME SERVICES TAX
 6-20 RATES [RATE] IN CITY IMPOSING MASS TRANSIT SALES AND USE TAX.

6-21 SECTION 7. Subsections (a) and (b), Section 26.043, Tax
 6-22 Code, are amended to read as follows:

6-23 (a) In the tax year in which a city has set an election on
 6-24 the question of whether to impose a local sales and use tax under
 6-25 Subchapter H, Chapter 453, Transportation Code, the officer or
 6-26 employee designated to make the calculations provided by Section
 6-27 26.04 may not make those calculations until the outcome of the
 6-28 election is determined. If the election is determined in favor of
 6-29 the imposition of the tax, the representative shall subtract from
 6-30 the city's rollback, [and] effective, and same services tax rates
 6-31 the amount that, if applied to the city's current total value, would
 6-32 impose an amount equal to the amount of property taxes budgeted in
 6-33 the current tax year to pay for expenses related to mass transit
 6-34 services.

6-35 (b) In a tax year to which this section applies, a reference
 6-36 in this chapter to the city's effective, same services, or rollback
 6-37 tax rate refers to that rate as adjusted under this section.

6-38 SECTION 8. The heading to Section 26.044, Tax Code, is
 6-39 amended to read as follows:

6-40 Sec. 26.044. EFFECTIVE AND SAME SERVICES TAX RATES [RATE]
 6-41 TO PAY FOR STATE CRIMINAL JUSTICE MANDATE.

6-42 SECTION 9. Subsections (a) and (b), Section 26.044, Tax
 6-43 Code, are amended to read as follows:

6-44 (a) The first time that a county adopts a tax rate after
 6-45 September 1, 1991, in which the state criminal justice mandate
 6-46 applies to the county, the effective maintenance and operation rate
 6-47 and the same services tax rate for the county are [is] increased by
 6-48 the rate calculated according to the following formula:

6-49 (State Criminal Justice Mandate) / (Current Total Value - New
 6-50 Property Value)

6-51 (b) In the second and subsequent years that a county adopts
 6-52 a tax rate, if the amount spent by the county for the state criminal
 6-53 justice mandate increased over the previous year, the effective
 6-54 maintenance and operation rate and the same services tax rate for
 6-55 the county are [is] increased by the rate calculated according to
 6-56 the following formula:

6-57 (This Year's State Criminal Justice Mandate - Previous Year's State
 6-58 Criminal Justice Mandate) / (Current Total Value - New Property
 6-59 Value)

6-60 SECTION 10. Subsections (a) and (b), Section 26.0441, Tax
 6-61 Code, are amended to read as follows:

6-62 (a) In the first tax year in which a taxing unit adopts a tax
 6-63 rate after January 1, 2000, and in which the enhanced minimum
 6-64 eligibility standards for indigent health care established under
 6-65 Section 61.006, Health and Safety Code, apply to the taxing unit,
 6-66 the effective maintenance and operations rate and the same services
 6-67 tax rate for the taxing unit are [is] increased by the rate computed
 6-68 according to the following formula:

6-69 Amount of Increase = Enhanced Indigent Health Care Expenditures /

7-1 (Current Total Value - New Property Value)

7-2 (b) In each subsequent tax year, if the taxing unit's
7-3 enhanced indigent health care expenses exceed the amount of those
7-4 expenses for the preceding year, the effective maintenance and
7-5 operations rate and the same services tax rate for the taxing unit
7-6 are [~~is~~] increased by the rate computed according to the following
7-7 formula:

7-8 Amount of Increase = (Current Tax Year's Enhanced Indigent Health
7-9 Care Expenditures - Preceding Tax Year's Indigent Health Care
7-10 Expenditures) / (Current Total Value - New Property Value)

7-11 SECTION 11. Section 26.05, Tax Code, is amended by amending
7-12 Subsections (a) through (d) and (g) and adding Subsection (d-1) to
7-13 read as follows:

7-14 (a) The governing body of each taxing unit, before the later
7-15 of September 30 or the 90th [~~60th~~] day after the date the certified
7-16 appraisal roll is received by the taxing unit, shall adopt a tax
7-17 rate for the current tax year and shall notify the assessor for the
7-18 unit of the rate adopted. The tax rate consists of two components,
7-19 each of which must be approved separately. The components are:

7-20 (1) the following rate, as applicable:

7-21 (A) for a taxing unit other than a school
7-22 district, the rate that, if applied to the total taxable value, will
7-23 impose an amount equal to the amount computed by:

7-24 (i) adding the following amounts:

7-25 (a) the amount of principal and
7-26 interest that will be paid to service the unit's debts in the next
7-27 year from property tax revenue, including payments of lawfully
7-28 incurred contractual obligations providing security for the
7-29 payment of the principal of and interest on bonds and other
7-30 evidences of indebtedness issued on behalf of the unit by another
7-31 political subdivision and, if the unit is created under Section 52,
7-32 Article III, or Section 59, Article XVI, Texas Constitution,
7-33 payments on debts that the unit anticipates to incur in the next
7-34 calendar year; and

7-35 (b) the amount by which taxes imposed
7-36 for debt are to be increased because of the unit's anticipated
7-37 collection rate; and

7-38 (ii) subtracting from the amount computed
7-39 under Subparagraph (i) the sum of the following amounts:

7-40 (a) any amount collected in excess of
7-41 the previous year's anticipated collections certified as provided
7-42 by Section 26.04(b); and

7-43 (b) [~~the total amount published under~~
7-44 ~~Section 26.04(e)(3)(C), less~~] any amount of additional sales and
7-45 use tax revenue that will be used to pay debt service; or

7-46 (B) [~~or,~~] for a school district, the rate
7-47 published under Section 44.004(c)(5)(A)(ii)(b), Education Code;
7-48 and

7-49 (2) the rate that, if applied to the total taxable
7-50 value, will impose the amount of taxes needed to fund maintenance
7-51 and operation expenditures of the unit for the next year.

7-52 (b) A taxing unit may not impose property taxes in any year
7-53 until the governing body has adopted a tax rate for that year, and
7-54 the annual tax rate must be set by ordinance, resolution, or order,
7-55 depending on the method prescribed by law for adoption of a law by
7-56 the governing body. The vote on the ordinance, resolution, or order
7-57 setting the tax rate must be separate from the vote adopting the
7-58 budget. The vote on the ordinance, resolution, or order setting a
7-59 tax rate that exceeds the same services [~~effective~~] tax rate must be
7-60 a record vote. A motion to adopt an ordinance, resolution, or order
7-61 setting a tax rate that exceeds the same services [~~effective~~] tax
7-62 rate must be made in the following form: "I move that the property
7-63 tax rate be increased by the adoption of a tax rate of (specify tax
7-64 rate), which is effectively a (insert percentage by which the
7-65 proposed tax rate exceeds the same services [~~effective~~] tax rate)
7-66 percent increase in the tax rate." If the ordinance, resolution, or
7-67 order sets a tax rate that, if applied to the total taxable value,
7-68 will impose an amount of taxes [~~to fund maintenance and operation~~
7-69 ~~expenditures of the taxing unit]~~ that exceeds the amount of taxes

8-1 imposed [~~for that purpose~~] in the preceding year, the taxing unit
8-2 must:

8-3 (1) include in the ordinance, resolution, or order in
8-4 type larger than the type used in any other portion of the document:

8-5 (A) the following statement: "THIS TAX RATE WILL
8-6 RAISE MORE TAXES [~~FOR MAINTENANCE AND OPERATIONS~~] THAN LAST YEAR'S
8-7 TAX RATE."; and

8-8 (B) if the tax rate exceeds the same services tax
8-9 [~~effective maintenance and operations~~] rate, the following
8-10 statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT
8-11 PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE SAME SERVICES TAX
8-12 [~~EFFECTIVE MAINTENANCE AND OPERATIONS~~] RATE) PERCENT AND WILL RAISE
8-13 TAXES [~~FOR MAINTENANCE AND OPERATIONS~~] ON A \$100,000 HOME BY
8-14 APPROXIMATELY \$(Insert amount)."; and

8-15 (2) include on the home page of any Internet website
8-16 operated by the unit:

8-17 (A) the following statement: "(Insert name of
8-18 unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES [~~FOR MAINTENANCE~~
8-19 ~~AND OPERATIONS~~] THAN LAST YEAR'S TAX RATE"; and

8-20 (B) if the tax rate exceeds the same services tax
8-21 [~~effective maintenance and operations~~] rate, the following
8-22 statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT
8-23 PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE SAME SERVICES TAX
8-24 [~~EFFECTIVE MAINTENANCE AND OPERATIONS~~] RATE) PERCENT AND WILL RAISE
8-25 TAXES [~~FOR MAINTENANCE AND OPERATIONS~~] ON A \$100,000 HOME BY
8-26 APPROXIMATELY \$(Insert amount)."

8-27 (c) If the designated officer or employee [~~governing body of~~
8-28 ~~a taxing unit~~] does not comply with Section 26.04(e) by the date
8-29 required by that subsection and the failure to comply was caused by
8-30 circumstances beyond the designated officer's or employee's
8-31 control, such as a natural disaster [~~adopt a tax rate before the~~
8-32 ~~date required by Subsection (a)~~], the tax rate for the taxing unit
8-33 for that tax year is the lower of the same services [~~effective~~] tax
8-34 rate calculated for that tax year or the tax rate adopted by the
8-35 taxing unit for the preceding tax year. A tax rate established by
8-36 this subsection is treated as an adopted tax rate. Before the fifth
8-37 day after the establishment of a tax rate by this subsection, the
8-38 governing body of the taxing unit must ratify the applicable tax
8-39 rate in the manner required by Subsection (b).

8-40 (d) The governing body of a taxing unit other than a school
8-41 district may not adopt a tax rate that exceeds the lower of the
8-42 rollback tax rate or the same services [~~effective~~] tax rate
8-43 calculated as provided by this chapter until the governing body has
8-44 complied with Subsection (d-1) of this section and has held two
8-45 public hearings on the proposed tax rate and [~~has~~] otherwise
8-46 complied with Section 26.06 and Section 26.065. The governing body
8-47 of a taxing unit shall reduce a tax rate set by law or by vote of the
8-48 electorate to the lower of the rollback tax rate or the same
8-49 services [~~effective~~] tax rate and may not adopt a higher rate unless
8-50 it first complies with Section 26.06.

8-51 (d-1) Before giving notice of the public hearings on the
8-52 proposed tax rate under Section 26.06, the governing body of a
8-53 taxing unit that is required to comply with that section must take a
8-54 record vote on a proposal to place consideration of an increase in
8-55 taxes on the agenda for the meeting at which the governing body will
8-56 adopt the tax rate. The motion for the vote must be made in the
8-57 following form: "I move that a proposal to increase property taxes
8-58 by the adoption of a tax rate of (specify tax rate) be placed on the
8-59 agenda for the meeting to be held on (date at which the governing
8-60 body anticipates adopting the tax rate)."

8-61 (g) Notwithstanding Subsection (a), the governing body of a
8-62 school district that elects to adopt a tax rate before the adoption
8-63 of a budget for the fiscal year that begins in the current tax year
8-64 may adopt a tax rate for the current tax year before receipt of the
8-65 certified appraisal roll for the school district if the chief
8-66 appraiser of the appraisal district in which the school district
8-67 participates has certified to the assessor for the school district
8-68 an estimate of the taxable value of property in the school district
8-69 as provided by Section 26.01(e). If a school district adopts a tax

9-1 rate under this subsection, the effective tax rate, the same
 9-2 services tax rate, and the rollback tax rate of the district shall
 9-3 be calculated based on the certified estimate of taxable value.

9-4 SECTION 12. Subsection (e), Section 26.052, Tax Code, is
 9-5 amended to read as follows:

9-6 (e) Public notice provided under Subsection (c) must
 9-7 specify:

9-8 (1) the tax rate that the governing body proposes to
 9-9 adopt;

9-10 (2) the date, time, and location of the meeting of the
 9-11 governing body of the taxing unit at which the governing body will
 9-12 consider adopting the proposed tax rate; and

9-13 (3) if the proposed tax rate for the taxing unit
 9-14 exceeds the unit's same services [~~effective~~] tax rate calculated as
 9-15 provided by Section 26.04, a statement substantially identical to
 9-16 the following: "The proposed tax rate would increase total taxes in
 9-17 (name of taxing unit) by (percentage by which the proposed tax rate
 9-18 exceeds the same services [~~effective~~] tax rate)."

9-19 SECTION 13. Subsections (b), (d), and (e), Section 26.06,
 9-20 Tax Code, are amended to read as follows:

9-21 (b) The notice of a public hearing may not be smaller than
 9-22 one-quarter page of a standard-size or a tabloid-size newspaper,
 9-23 and the headline on the notice must be in 24-point or larger type.
 9-24 The notice must contain a statement in the following form:

9-25 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

9-26 "The (name of the taxing unit) will hold two public hearings
 9-27 on a proposal to increase total tax revenues from properties on the
 9-28 tax roll in the preceding tax year by (percentage by which proposed
 9-29 tax rate exceeds lower of rollback tax rate or same services
 9-30 [~~effective~~] tax rate calculated under this chapter) percent. Your
 9-31 individual taxes may increase at a greater or lesser rate, or even
 9-32 decrease, depending on the change in the taxable value of your
 9-33 property in relation to the change in taxable value of all other
 9-34 property and the tax rate that is adopted.

9-35 "The first public hearing will be held on (date and time) at
 9-36 (meeting place).

9-37 "The second public hearing will be held on (date and time) at
 9-38 (meeting place).

9-39 "(Names of all members of the governing body, showing how
 9-40 each voted on the proposal to consider the tax increase or, if one
 9-41 or more were absent, indicating the absences.)

9-42 "The average taxable value of a residence homestead in (name
 9-43 of taxing unit) last year was \$____ (average taxable value of a
 9-44 residence homestead in the taxing unit for the preceding tax year,
 9-45 disregarding residence homestead exemptions available only to
 9-46 disabled persons or persons 65 years of age or older). Based on
 9-47 last year's tax rate of \$____ (preceding year's adopted tax rate)
 9-48 per \$100 of taxable value, the amount of taxes imposed last year on
 9-49 the average home was \$____ (tax on average taxable value of a
 9-50 residence homestead in the taxing unit for the preceding tax year,
 9-51 disregarding residence homestead exemptions available only to
 9-52 disabled persons or persons 65 years of age or older).

9-53 "The average taxable value of a residence homestead in (name
 9-54 of taxing unit) this year is \$____ (average taxable value of a
 9-55 residence homestead in the taxing unit for the current tax year,
 9-56 disregarding residence homestead exemptions available only to
 9-57 disabled persons or persons 65 years of age or older). If the
 9-58 governing body adopts the same services [~~effective~~] tax rate for
 9-59 this year of \$____ (same services [~~effective~~] tax rate) per \$100 of
 9-60 taxable value, the amount of taxes imposed this year on the average
 9-61 home would be \$____ (tax on average taxable value of a residence
 9-62 homestead in the taxing unit for the current tax year, disregarding
 9-63 residence homestead exemptions available only to disabled persons
 9-64 or persons 65 years of age or older).

9-65 "If the governing body adopts the proposed tax rate of \$____
 9-66 (proposed tax rate) per \$100 of taxable value, the amount of taxes
 9-67 imposed this year on the average home would be \$____ (tax on the
 9-68 average taxable value of a residence in the taxing unit for the
 9-69 current year disregarding residence homestead exemptions available

10-1 only to disabled persons or persons 65 years of age or older).
10-2 "The taxes on any parcel of taxable property can be derived by
10-3 multiplying the property's taxable value as computed on the basis
10-4 of the notice of appraised value delivered by the appraisal
10-5 district by each of the above tax rates.

10-6 "Members of the public are encouraged to attend the hearings
10-7 and express their views."

10-8 (d) At the public hearings the governing body shall announce
10-9 the date, time, and place of the meeting at which it will vote on the
10-10 proposed tax rate. After each hearing the governing body shall
10-11 give notice of the meeting at which it will vote on the proposed tax
10-12 rate and the notice shall be in the same form as prescribed by
10-13 Subsections (b) and (c), except that it must state the following:

10-14 "NOTICE OF TAX REVENUE INCREASE

10-15 "The (name of the taxing unit) conducted public hearings on
10-16 (date of first hearing) and (date of second hearing) on a proposal
10-17 to increase the total tax revenues of the (name of the taxing unit)
10-18 from properties on the tax roll in the preceding year by (percentage
10-19 by which proposed tax rate exceeds lower of rollback tax rate or
10-20 same services [effective] tax rate calculated under this chapter)
10-21 percent.

10-22 "The total tax revenue proposed to be raised last year at last
10-23 year's tax rate of (insert tax rate for the preceding year) for each
10-24 \$100 of taxable value was (insert total amount of taxes imposed in
10-25 the preceding year).

10-26 "The total tax revenue proposed to be raised this year at the
10-27 proposed tax rate of (insert proposed tax rate) for each \$100 of
10-28 taxable value, excluding tax revenue to be raised from new property
10-29 added to the tax roll this year, is (insert amount computed by
10-30 multiplying proposed tax rate by the difference between current
10-31 total value and new property value).

10-32 "The total tax revenue proposed to be raised this year at the
10-33 proposed tax rate of (insert proposed tax rate) for each \$100 of
10-34 taxable value, including tax revenue to be raised from new property
10-35 added to the tax roll this year, is (insert amount computed by
10-36 multiplying proposed tax rate by current total value).

10-37 "The (governing body of the taxing unit) is scheduled to vote
10-38 on the tax rate that will result in that tax increase at a public
10-39 meeting to be held on (date of meeting) at (location of meeting,
10-40 including mailing address) at (time of meeting)."

10-41 (e) The meeting to vote on the tax increase may not be
10-42 earlier than the third day or later than the 14th day after the date
10-43 of the second public hearing. The meeting must be held inside the
10-44 boundaries of the taxing unit in a publicly owned building or, if a
10-45 suitable publicly owned building is not available, in a suitable
10-46 building to which the public normally has access. If the governing
10-47 body does not adopt a tax rate that exceeds the lower of the
10-48 rollback tax rate or the same services [effective] tax rate by the
10-49 14th day, it must give a new notice under Subsection (d) before it
10-50 may adopt a rate that exceeds the lower of the rollback tax rate or
10-51 the same services [effective] tax rate.

10-52 SECTION 14. Subsection (c), Section 26.044, and Subsection
10-53 (c), Section 26.0441, Tax Code, are repealed.

10-54 SECTION 15. This Act applies only to a tax year beginning on
10-55 or after the effective date of this Act.

10-56 SECTION 16. This Act takes effect January 1, 2012.

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