

By: Williams

S.B. No. 1774

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the procedure for the adoption of an ad valorem tax  
3 rate.

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

5 SECTION 1. Section 26.012, Tax Code, is amended by amending  
6 Subdivisions (4), (9), (13), and (15) and adding Subdivision (16-a)  
7 to read as follows:

8 (4) "Current debt rate" means a rate expressed in  
9 dollars per \$100 of taxable value and calculated according to the  
10 following formula:

11  $CURRENT\ DEBT\ RATE = [(-)CURRENT\ DEBT\ SERVICE\ [-\ EXCESS\ COLLECTIONS]]$   
12  $/ (CURRENT\ TOTAL\ VALUE\ X\ COLLECTION\ RATE)\ [+ \ CURRENT\ JUNIOR\ COLLEGE$   
13  $LEVY / CURRENT\ TOTAL\ VALUE]$

14 (9) "Effective maintenance and operations rate" means  
15 a rate expressed in dollars per \$100 of taxable value and calculated  
16 according to the following formula:

17  $EFFECTIVE\ MAINTENANCE\ AND\ OPERATIONS\ RATE =$   
18  $[(LAST\ YEAR'S\ LEVY\ FOR\ MAINTENANCE\ AND\ OPERATIONS - LOST\ PROPERTY$   
19  $LEVY\ FOR\ MAINTENANCE\ AND\ OPERATIONS) + MAINTENANCE\ AND\ OPERATIONS$   
20  $LEVY\ ON\ NEW\ PROPERTY\ VALUE] / CURRENT\ TOTAL\ VALUE [LAST\ YEAR'S\ LEVY$   
21  $- LAST\ YEAR'S\ DEBT\ LEVY - LAST\ YEAR'S\ JUNIOR\ COLLEGE\ LEVY / (CURRENT$   
22  $TOTAL\ VALUE - NEW\ PROPERTY\ VALUE)]$

23 (13) "Last year's levy for maintenance and operations"  
24 means the total of:

1 (A) the amount of taxes that would be generated  
2 by multiplying the [~~total~~] tax rate adopted by the governing body in  
3 the preceding year for maintenance and operations by the total  
4 taxable value of property on the appraisal roll for the preceding  
5 year, including:

6 (i) taxable value that was reduced in an  
7 appeal under Chapter 42; and

8 (ii) all appraisal roll supplements and  
9 corrections other than corrections made pursuant to Section  
10 25.25(d), as of the date of the calculation, except that last year's  
11 taxable value for a school district excludes the total value of  
12 homesteads that qualified for a tax limitation as provided by  
13 Section 11.26 and last year's taxable value for a county,  
14 municipality, or junior college district excludes the total value  
15 of homesteads that qualified for a tax limitation as provided by  
16 Section 11.261; and

17 (B) the amount of taxes for maintenance and  
18 operations refunded by the taxing unit in the preceding year for tax  
19 years before that year.

20 (15) "Lost property levy for maintenance and  
21 operations" means the amount of taxes levied for maintenance and  
22 operations in the preceding year on property value that was taxable  
23 in the preceding year but is not taxable in the current year because  
24 the property is exempt in the current year under a provision of this  
25 code other than Section 11.251 or 11.253, the property has  
26 qualified for special appraisal under Chapter 23 in the current  
27 year, or the property is located in territory that has ceased to be

1 a part of the unit since the preceding year.

2 (16-a) "Maintenance and operations levy on new  
3 property value" means the amount of taxes that would be generated by  
4 multiplying the tax rate adopted by the governing body for  
5 maintenance and operations in the preceding year by the new  
6 property value.

7 SECTION 2. Sections 26.04(c), (d), (e), (e-1), (f), and  
8 (g), Tax Code, are amended to read as follows:

9 (c) An officer or employee designated by the governing body  
10 shall calculate the effective maintenance and operations [~~tax~~]  
11 rate, the current debt rate, the effective tax rate, and the  
12 rollback tax rate for the unit, where:

13 (1) "Effective tax rate" means the sum of the  
14 effective maintenance and operations rate and the current debt rate  
15 expressed in dollars per \$100 of taxable value [~~a rate expressed in~~  
16 ~~dollars per \$100 of taxable value calculated according to the~~  
17 ~~following formula:~~

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

20 ; and

21 (2) "Rollback tax rate" means:

22 (A) for a taxing unit other than a school  
23 district, a rate expressed in dollars per \$100 of taxable value  
24 calculated according to the following formula:

25 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x  
26 1.08) + CURRENT DEBT RATE

27 ; and

1                    (B) for a school district, a rate calculated in  
2 the manner provided by Section 26.08.

3            (d) The effective maintenance and operations rate for a  
4 county is the sum of the effective maintenance and operations rates  
5 calculated for each type of tax the county levies. The effective  
6 tax rate for a county is the sum of the effective tax rates  
7 calculated for each type of tax the county levies. ~~The [and the]~~  
8 rollback tax rate for a county is the sum of the rollback tax rates  
9 calculated for each type of tax the county levies.

10            (e) By August 7 or as soon thereafter as practicable, the  
11 designated officer or employee shall submit the rates to the  
12 governing body. The designated officer or employee [He] shall  
13 electronically deliver [by mail] to [each property owner in the  
14 unit or publish in a newspaper in the form prescribed by] the  
15 comptroller in a format prescribed by the comptroller:

16                    (1) the effective maintenance and operations rate, the  
17 current debt rate, the effective tax rate, the rollback tax rate,  
18 and an explanation of how they were calculated; and

19                    (2) the estimated amount of ~~[interest and sinking]~~  
20 fund balances used for debt service and the estimated amount of  
21 maintenance and operation or general fund balances remaining at the  
22 end of the current fiscal year that are not encumbered with or by  
23 corresponding existing debt obligation[+]

24                    ~~[(3) a schedule of the unit's debt obligations~~  
25 ~~showing:~~

26                    ~~[(A) the amount of principal and interest that~~  
27 ~~will be paid to service the unit's debts in the next year from~~

1 ~~property tax revenue, including payments of lawfully incurred~~  
2 ~~contractual obligations providing security for the payment of the~~  
3 ~~principal of and interest on bonds and other evidences of~~  
4 ~~indebtedness issued on behalf of the unit by another political~~  
5 ~~subdivision and, if the unit is created under Section 52, Article~~  
6 ~~III, or Section 59, Article XVI, Texas Constitution, payments on~~  
7 ~~debts that the unit anticipates to incur in the next calendar year,~~

8 ~~[(B) the amount by which taxes imposed for debt~~  
9 ~~are to be increased because of the unit's anticipated collection~~  
10 ~~rate; and~~

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

15 ~~[(4) the amount of additional sales and use tax~~  
16 ~~revenue anticipated in calculations under Section 26.041;~~

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

22 ~~[(6) in the year that a taxing unit calculates an~~  
23 ~~adjustment under Subsection (i) or (j), a schedule that includes~~  
24 ~~the following elements:~~

25 ~~[(A) the name of the unit discontinuing the~~  
26 ~~department, function, or activity;~~

27 ~~[(B) the amount of property tax revenue spent by~~

1 ~~the unit listed under Paragraph (A) to operate the discontinued~~  
2 ~~department, function, or activity in the 12 months preceding the~~  
3 ~~month in which the calculations required by this chapter are made,~~  
4 ~~and~~

5 ~~[(C) the name of the unit that operates a~~  
6 ~~distinct department, function, or activity in all or a majority of~~  
7 ~~the territory of a taxing unit that has discontinued operating the~~  
8 ~~distinct department, function, or activity; and~~

9 ~~[(7) in the year following the year in which a taxing~~  
10 ~~unit raised its rollback rate as required by Subsection (j), a~~  
11 ~~schedule that includes the following elements:~~

12 ~~[(A) the amount of property tax revenue spent by~~  
13 ~~the unit to operate the department, function, or activity for which~~  
14 ~~the taxing unit raised the rollback rate as required by Subsection~~  
15 ~~(j) for the 12 months preceding the month in which the calculations~~  
16 ~~required by this chapter are made; and~~

17 ~~[(B) the amount published by the unit in the~~  
18 ~~preceding tax year under Subdivision (6)(B)].~~

19 (e-1) The comptroller shall post the information provided  
20 under Subsection (e)(1) on the comptroller's Internet website not  
21 later than the seventh day after the date the comptroller receives  
22 the information. The taxing unit shall publish the information in a  
23 local newspaper of general circulation in the taxing unit in a  
24 format prescribed by the comptroller, which must include a  
25 toll-free telephone number for the public to call for answers to  
26 technical questions concerning the calculation of the tax rates by  
27 taxing units. ~~[The notice requirements imposed by Subsections~~

1 ~~(e)(1)-(6) do not apply to a school district.]~~

2 (f) If as a result of consolidation of taxing units a taxing  
3 unit includes territory that was in two or more taxing units in the  
4 preceding year, the amount of taxes imposed in each in the preceding  
5 year is combined for purposes of calculating the effective  
6 maintenance and operations rate, effective tax rate, and rollback  
7 tax rate [~~rates~~] under this section.

8 (g) A [~~person who owns taxable property is entitled to an~~  
9 ~~injunction prohibiting the~~] taxing unit may not adopt [~~in which the~~  
10 ~~property is taxable from adopting~~] a tax rate if:

11 (1) the comptroller determines that the assessor or  
12 designated officer or employee of the unit, as applicable, has not  
13 complied with the computation [~~or publication~~] requirements of this  
14 section and the failure to comply was not in good faith; or

15 (2) the assessor or designated officer or employee of  
16 the unit has not delivered to the comptroller the information  
17 required by Subsection (e) in the time and manner prescribed by the  
18 comptroller.

19 SECTION 3. Section 26.05(a), Tax Code, is amended to read as  
20 follows:

21 (a) The governing body of each taxing unit, before the later  
22 of September 30 or the 60th day after the date the certified  
23 appraisal roll is received by the taxing unit, shall adopt a tax  
24 rate for the current tax year and shall notify the assessor for the  
25 unit of the rate adopted. The tax rate consists of two components,  
26 each of which must be approved separately. The components are:

27 (1) the rate for debt service [~~a taxing unit other than~~

1 ~~a school district, the rate that, if applied to the total taxable~~  
2 ~~value, will impose the total amount published under Section~~  
3 ~~26.04(e)(3)(C), less any amount of additional sales and use tax~~  
4 ~~revenue that will be used to pay debt service, or, for a school~~  
5 ~~district, the rate published under Section 44.004(c)(5)(A)(ii)(b),~~  
6 ~~Education Code]; and~~

7 (2) the rate for maintenance and operations [~~that, if~~  
8 ~~applied to the total taxable value, will impose the amount of taxes~~  
9 ~~needed to fund maintenance and operation expenditures of the unit~~  
10 ~~for the next year)].~~

11 SECTION 4. Section 321.106(e), Tax Code, is amended to read  
12 as follows:

13 (e) If, in a municipality where a fire control, prevention,  
14 and emergency medical services district is composed of the whole  
15 municipality, a municipal sales and use tax or a municipal sales and  
16 use tax rate increase for the purpose of financing a fire control,  
17 prevention, and emergency medical services district is approved,  
18 the municipality is responsible for distributing to the district  
19 that portion of the municipal sales and use tax revenue received  
20 from the comptroller that is to be used for the purposes of  
21 financing the fire control, prevention, and emergency medical  
22 services district. Not later than the 10th day after the date the  
23 municipality receives money under this section from the  
24 comptroller, the municipality shall make the distribution in the  
25 proportion that the fire control, prevention, and emergency medical  
26 services portion of the tax rate bears to the total sales and use  
27 tax rate of the municipality. [~~The amounts distributed to a fire~~



1 ~~control, prevention, and emergency medical services district are~~  
2 ~~not considered to be sales and use tax revenue for the purpose of~~  
3 ~~property tax reduction and computation of the municipal tax rate~~  
4 ~~under Section 26.041.]~~

5 SECTION 5. Section 321.108(f), Tax Code, is amended to read  
6 as follows:

7 (f) If, in a municipality in which a crime control and  
8 prevention district is composed of the whole municipality, a  
9 municipal sales and use tax or a municipal sales and use tax rate  
10 increase for the purpose of financing a crime control and  
11 prevention district is approved, the municipality is responsible  
12 for distributing to the district that portion of the municipal  
13 sales and use tax revenue received from the comptroller that is to  
14 be used for the purposes of financing the crime control and  
15 prevention district. Not later than the 10th day after the date  
16 the municipality receives money under this section from the  
17 comptroller, the municipality shall make the distribution in the  
18 proportion that the crime control and prevention portion of the tax  
19 rate bears to the total sales and use tax rate of the  
20 municipality. ~~[The amounts distributed to a crime control and~~  
21 ~~prevention district are not considered to be additional municipal~~  
22 ~~sales and use tax revenue for the purpose of property tax reduction~~  
23 ~~and computation of the municipal tax rate under Section 26.041.]~~

24 SECTION 6. Section 321.507(a), Tax Code, is amended to read  
25 as follows:

26 (a) In each year in which a municipality imposes an  
27 additional municipal sales and use tax, if the revenue from the

1 collection of the additional tax exceeds the amount of taxes  
2 computed for the municipality under Section 26.04(c), [~~except for~~  
3 ~~the amount required to be deposited in a special account under~~  
4 ~~Subsection (b),~~] the excess shall be deposited in an account to be  
5 called the municipal sales tax debt service fund. Revenue  
6 deposited in the municipal sales tax debt service fund may be spent  
7 only for the reduction of lawful debts of the municipality, except  
8 that deposits that exceed the amount of revenue needed to pay the  
9 debt service needs of the municipality in the current year may be  
10 used for any municipal purpose consistent with the municipal  
11 budget.

12 SECTION 7. Section 323.105(f), Tax Code, is amended to read  
13 as follows:

14 (f) If, in a county where a crime control and prevention  
15 district is composed of the whole county, a county sales and use tax  
16 or a county sales and use tax rate increase for the purpose of  
17 financing a crime control and prevention district is approved, the  
18 county is responsible for distributing to the district that portion  
19 of the county sales and use tax revenue received from the  
20 comptroller that is to be used for the purposes of financing the  
21 crime control and prevention district. Not later than the 10th day  
22 after the date the county receives funds under this section from the  
23 comptroller, the county shall make the distribution in the  
24 proportion that the crime control and prevention portion of the tax  
25 rate bears to the total sales and use tax rate of the county. [~~The~~  
26 ~~amounts distributed to a crime control and prevention district are~~  
27 ~~not considered to be sales and use tax revenue for the purpose of~~

1 ~~property tax reduction and computation of the county tax rate under~~  
2 ~~Section 26.041, Tax Code.]~~

3 SECTION 8. Section 323.505(a), Tax Code, is amended to read  
4 as follows:

5 (a) The money received by a county under this chapter is for  
6 the use and benefit of the county and shall be used for the  
7 replacement of property tax revenue lost as a result of the adoption  
8 of the taxes authorized by this chapter. The ~~[Except as provided by~~  
9 ~~Subsection (b), the]~~ revenue in excess of the revenue used to  
10 replace those property taxes shall be used for the reduction of  
11 indebtedness of the county. After all indebtedness is paid, the  
12 excess may be used for any purpose for which county general revenue  
13 may be used. A county may not pledge anticipated revenue from this  
14 source to secure the payment of bonds or other indebtedness for a  
15 period longer than one year.

16 SECTION 9. The following provisions of the Tax Code are  
17 repealed:

- 18 (1) Sections 26.01(c) and (d);
- 19 (2) Sections 26.012(1), (5), (10), (11), (12), and  
20 (14);
- 21 (3) Sections 26.04(h), (i), and (j);
- 22 (4) Section 26.041;
- 23 (5) Section 26.043;
- 24 (6) Section 26.044;
- 25 (7) Section 26.0441;
- 26 (8) Section 26.045;
- 27 (9) Section 31.01(i);

1                   (10) Section 321.507(b); and

2                   (11) Section 323.505(b).

3           SECTION 10. This Act applies only to ad valorem taxes  
4 imposed for a tax year beginning on or after the effective date of  
5 this Act.

6           SECTION 11. This Act takes effect January 1, 2012.