By: Elkins   H.B. No. 365

A BILL TO BE ENTITLED

1   AN ACT

2 relating to the calculation of the ad valorem rollback tax rates of

3 certain taxing units.

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

5   SECTION 1.   Section 26.04, Tax Code, is amended by amending

6 Subsection (c) and adding Subsections (c-1) and (c-2) to read as

7 follows:

8   (c) An officer or employee designated by the governing body

9 shall calculate the effective tax rate and the rollback tax rate for

10 the unit, where:

11   (1) "Effective tax rate" means a rate expressed in

12 dollars per $100 of taxable value calculated according to the

13 following formula:

14   EFFECTIVE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY

15   LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

16   ; and

17   (2) "Rollback tax rate" means a rate expressed in

18 dollars per $100 of taxable value calculated according to the

19 following formula:

20   ROLLBACK   TAX   RATE   =   (EFFECTIVE   MAINTENANCE   AND

21   OPERATIONS RATE x 1.04 [1.08]) + CURRENT DEBT RATE

22   (c-1) Notwithstanding any other provision of this section,

23 the designated officer or employee may substitute "1.08" for "1.04"

24 in the calculation of the rollback tax rate if:

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1   (1) any part of the taxing unit is located in an area
2   declared a disaster area by the governor or the president of the
3   United States during the current tax year.
4   SECTION 2. Section 26.041, Tax Code, is amended by amending
5   Subsections (a), (b), and (c) and adding Subsections (c-1) and
6   (c-2) to read as follows:
7   (a) In the first year in which an additional sales and use
8   tax is required to be collected, the effective tax rate and rollback
9   tax rate for the unit are calculated according to the following
10 formulas:
11   EFFECTIVE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY
12   LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] -
13   SALES TAX GAIN RATE
14 and
15   ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND
16   OPERATIONS RATE x 1.04 [1.08]) + CURRENT DEBT RATE -
17   SALES TAX GAIN RATE
18 where "sales tax gain rate" means a number expressed in dollars per
19 $100 of taxable value, calculated by dividing the revenue that will
20 be generated by the additional sales and use tax in the following
21 year as calculated under Subsection (d) [of this section] by the
22 current total value.
23   (b) Except as provided by Subsections (a) and (c) [of this
24 section], in a year in which a taxing unit imposes an additional
25 sales and use tax the rollback tax rate for the unit is calculated
26 according to the following formula, regardless of whether the unit
27 levied a property tax in the preceding year:

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1   ROLLBACK TAX RATE = [(LAST YEAR'S MAINTENANCE AND
2   OPERATIONS EXPENSE x 1.04 [1.08]) / ([TOTAL] CURRENT
3   TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT
4   RATE - SALES TAX REVENUE RATE)
5 where "last year's maintenance and operations expense" means the
6 amount spent for maintenance and operations from property tax and
7 additional sales and use tax revenues in the preceding year, and
8 "sales tax revenue rate" means a number expressed in dollars per
9 $100 of taxable value, calculated by dividing the revenue that will
10 be generated by the additional sales and use tax in the current year
11 as calculated under Subsection (d) [of this section] by the current
12 total value.
13   (c) In a year in which a taxing unit that has been imposing
14 an additional sales and use tax ceases to impose an additional sales
15 and use tax the effective tax rate and rollback tax rate for the
16 unit are calculated according to the following formulas:
17   EFFECTIVE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY
18   LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +
19   SALES TAX LOSS RATE
20 and
21   ROLLBACK TAX RATE = [(LAST YEAR'S MAINTENANCE AND
22   OPERATIONS EXPENSE x 1.04 [1.08]) / ([TOTAL] CURRENT
23   TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT DEBT RATE
24 where "sales tax loss rate" means a number expressed in dollars per
25 $100 of taxable value, calculated by dividing the amount of sales
26 and use tax revenue generated in the last four quarters for which
27 the information is available by the current total value and "last

1 year's maintenance and operations expense" means the amount spent

2 for maintenance and operations from property tax and additional

3 sales and use tax revenues in the preceding year.

4 (c-1) Notwithstanding any other provision of this section,

5 the designated officer or employee may substitute "1.08" for "1.04"

6 in the calculation of the rollback tax rate if:

7 (1) any part of the taxing unit is located in an area

8 declared a disaster area by the governor or the president of the

9 United States during the current tax year.

10 SECTION 3. Section 26.08, Tax Code, is amended by amending

11 Subsections (a), (b), (d), (d-1) and (d-2) to read as follows:

12 Sec. 26.08. ELECTION TO RATIFY [SCHOOL] TAXES. (a) If the

13 governing body of a taxing unit [school district] adopts a tax rate

14 that exceeds the taxing unit's [district's] rollback tax rate, the

15 registered voters of the taxing unit [district] at an election held

16 for that purpose must determine whether to approve the adopted tax

17 rate. When increased expenditure of money by a taxing unit [school

18 district] is necessary to respond to a disaster, including a

19 tornado, hurricane, flood, or other calamity, but not including a

20 drought, that has impacted a taxing unit [school district] and the

21 governor has requested federal disaster assistance for the area in

22 which the taxing unit [school district] is located, an election is

23 not required under this section to approve the tax rate adopted by

24 the governing body for the year following the year in which the

25 disaster occurs.

26 (b) The governing body shall order that the election be held

27 in the taxing unit [school district] on a date not less than 30 or

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1 more than 90 days after the day on which it adopted the tax rate.

2 Section 41.001, Election Code, does not apply to the election

3 unless a date specified by that section falls within the time

4 permitted by this section. At the election, the ballots shall be

5 prepared to permit voting for or against the proposition:

6 "Approving the ad valorem tax rate of $_____ per $100 valuation in

7 (name of taxing unit [school district]) for the current year, a rate

8 that is $_____ higher per $100 valuation than the school district

9 rollback tax rate." The ballot proposition must include the

10 adopted tax rate and the difference between that rate and the

11 rollback tax rate in the appropriate places.

12 (d) If the proposition is not approved as provided by

13 Subsection (c), the governing body may not adopt a tax rate for the

14 taxing unit [school district] for the current year that exceeds the

15 taxing unit's [school district's] rollback tax rate.

16 (d-1) If, after tax bills for the taxing unit [school

17 district] have been mailed, a proposition to approve the taxing

18 unit's [school district's] adopted tax rate is not approved by the

19 voters of the taxing unit [district] at an election held under this

20 section, on subsequent adoption of a new tax rate by the governing

21 body of the taxing unit [district], the assessor for the taxing unit

22 [school] shall prepare and mail corrected tax bills. The assessor

23 shall include with each bill a brief explanation of the reason for

24 and effect of the corrected bill. The date on which the taxes

25 become delinquent for the year is extended by a number of days equal

26 to the number of days between the date the first tax bills were sent

27 and the date the corrected tax bills were sent.

1   (d-2) If a property owner pays taxes calculated using the
2 originally adopted tax rate of the taxing unit [school district]
3 and the proposition to approve the adopted tax rate is not approved
4 by voters, the taxing unit [school district] shall refund the
5 difference between the amount of taxes paid and the amount due under
6 the subsequently adopted rate if the difference between the amount
7 of taxes paid and the amount due under the subsequent rate is $1 or
8 more. If the difference between the amount of taxes paid and the
9 amount due under the subsequent rate is less than $1, the taxing
10 unit [school district] shall refund the difference on request of
11 the taxpayer. An application for a refund of less than $1 must be
12 made within 90 days after the date the refund becomes due or the
13 taxpayer forfeits the right to the refund.

14   SECTION 4. Section 49.236, Water Code, as added by Chapters
15 248 (H.B. 1541) and 335 (S.B. 392), Acts of the 78th Legislature,
16 Regular Session, 2003, is reenacted and amended to read as follows:

17   Sec. 49.236. NOTICE OF TAX HEARING. (a) Before the board
18 adopts an ad valorem tax rate for the district for debt service,
19 operation and maintenance purposes, or contract purposes, the board
20 shall give notice of each meeting of the board at which the adoption
21 of a tax rate will be considered. The notice must:

22   (1) contain a statement in substantially the following
23 form:

24   "NOTICE OF PUBLIC HEARING ON TAX RATE

25   "The (name of the district) will hold a public hearing on a
26 proposed tax rate for the tax year (year of tax levy) on (date and
27 time) at (meeting place). Your individual taxes may increase or

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1 decrease, depending on the change in the taxable value of your

2 property in relation to the change in taxable value of all other

3 property and the tax rate that is adopted.

4   "(Names of all board members and, if a vote was taken, an

5 indication of how each voted on the proposed tax rate and an

6 indication of any absences.)";

7   (2) contain the following information:

8   (A) the district's total adopted tax rate for the

9 preceding year and the proposed tax rate, expressed as an amount per

10 $100;

11   (B) the difference, expressed as an amount per

12 $100 and as a percent increase or decrease, as applicable, in the

13 proposed tax rate compared to the adopted tax rate for the preceding

14 year;

15   (C) the average appraised value of a residence

16 homestead in the district in the preceding year and in the current

17 year; the district's total homestead exemption, other than an

18 exemption available only to disabled persons or persons 65 years of

19 age or older, applicable to that appraised value in each of those

20 years; and the average taxable value of a residence homestead in the

21 district in each of those years, disregarding any homestead

22 exemption available only to disabled persons or persons 65 years of

23 age or older;

24   (D) the amount of tax that would have been

25 imposed by the district in the preceding year on a residence

26 homestead appraised at the average appraised value of a residence

27 homestead in that year, disregarding any homestead exemption

1 available only to disabled persons or persons 65 years of age or

2 older;

3   (E) the amount of tax that would be imposed by the

4 district in the current year on a residence homestead appraised at

5 the average appraised value of a residence homestead in that year,

6 disregarding any homestead exemption available only to disabled

7 persons or persons 65 years of age or older, if the proposed tax

8 rate is adopted; and

9   (F) the difference between the amounts of tax

10 calculated under Paragraphs (D) and (E), expressed in dollars and

11 cents and described as the annual percentage increase or decrease,

12 as applicable, in the tax to be imposed by the district on the

13 average residence homestead in the district in the current year if

14 the proposed tax rate is adopted; and

15   (3) contain a statement in substantially the following

16 form:

17   "NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION

18   "If taxes on the average residence homestead increase by more

19 than four [eight] percent, the qualified voters of the district by

20 petition may require that an election be held to determine whether

21 to reduce the operation and maintenance tax rate to the rollback tax

22 rate under Section 49.236(d), Water Code."

23   (b) Notice of the hearing shall be:

24   (1) published at least once in a newspaper having

25 general circulation in the district at least seven days before the

26 date of the hearing; or

27   (2) mailed to each owner of taxable property in the

1 district, at the address for notice shown on the most recently
2 certified tax roll of the district, at least 10 days before the date
3 of the hearing.

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

8   (d) If the governing body of a district adopts a combined
9 debt service, operation and maintenance, and contract tax rate that
10 would impose more than 1.04 [1.08] times the amount of tax imposed
11 by the district in the preceding year on a residence homestead
12 appraised at the average appraised value of a residence homestead
13 in the district in that year, disregarding any homestead exemption
14 available only to disabled persons or persons 65 years of age or
15 older, the qualified voters of the district by petition may require
16 that an election be held to determine whether [or not] to reduce the
17 tax rate adopted for the current year to the rollback tax rate in
18 accordance with the procedures provided by Sections 26.07(b)-(g)
19 and 26.081, Tax Code. For purposes of Sections 26.07(b)-(g) and
20 this subsection, the rollback tax rate is the current year's debt
21 service and contract tax rates plus the operation and maintenance
22 tax rate that would impose 1.04 [1.08] times the amount of the
23 operation and maintenance tax imposed by the district in the
24 preceding year on a residence homestead appraised at the average
25 appraised value of a residence homestead in the district in that
26 year, disregarding any homestead exemption available only to
27 disabled persons or persons 65 years of age or older.

1 (e) Notwithstanding any other provision of this section,

2 the board may substitute "eight percent" for "four percent" in

3 Subsection (a) and "1.08" for "1.04" in Subsection (d) if:

4 (1) any part of the district is located in an area

5 declared a disaster area by the governor or the president of the

6 United States during the current tax year.

7 SECTION 5. Section 26.07, Tax Code is repealed.

8 SECTION 6. (a) The change in law made by this Act applies

9 to the ad valorem tax rate of a taxing unit beginning with the 2015

10 tax year, except as provided by Subsection (b) of this section.

11 (b) If the governing body of a taxing unit adopted an ad

12 valorem tax rate for the taxing unit for the 2015 tax year before

13 the effective date of this Act, the change in law made by this Act

14 applies to the ad valorem tax rate of that taxing unit beginning

15 with the 2016 tax year, and the law in effect when the tax rate was

16 adopted applies to the 2015 tax year with respect to that taxing

17 unit.

18 SECTION 7. This Act takes effect immediately if it receives

19 a vote of two-thirds of all the members elected to each house, as

20 provided by Section 39, Article III, Texas Constitution. If this

21 Act does not receive the vote necessary for immediate effect, this

22 Act takes effect on the 91st day after the last day of the

23 legislative session.