

By: Paul

H.B. No. 1965

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the calculation of the rollback tax rate of a taxing
3 unit and voter approval of a proposed tax rate that exceeds the
4 rollback tax rate.

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

6 SECTION 1. Section 26.012, Tax Code, is amended by adding
7 Subdivisions (2-a) and (10-a) to read as follows:

8 (2-a) "Consumer price index" means the average over a
9 calendar year of the index that the comptroller considers to most
10 accurately report changes in the purchasing power of the dollar for
11 consumers in this state.

12 (10-a) "Inflation rate" means the amount, expressed in
13 decimal form rounded to the nearest thousandth, computed by
14 determining the percentage change in the consumer price index for
15 the preceding calendar year as compared to the consumer price index
16 for the calendar year preceding that calendar year.

17 SECTION 2. Section 26.04, Tax Code, is amended by adding
18 Subsection (b-1) and amending Subsection (c) to read as follows:

19 (b-1) By August 1 or as soon thereafter as practicable, the
20 comptroller shall determine the inflation rate for the current year
21 and publish the rate in the Texas Register.

22 (c) An officer or employee designated by the governing body
23 shall calculate the effective tax rate and the rollback tax rate for
24 the unit, where:

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

4 EFFECTIVE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY
5 LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)
6 ; and

7 (2) "Rollback tax rate" means a rate expressed in
8 dollars per \$100 of taxable value calculated according to the
9 following formula:

10 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND
11 OPERATIONS RATE x (1 + INFLATION RATE) [~~1.08~~]) +
12 CURRENT DEBT RATE

13 SECTION 3. Sections 26.041(a), (b), and (c), Tax Code, are
14 amended to read as follows:

15 (a) In the first year in which an additional sales and use
16 tax is required to be collected, the effective tax rate and rollback
17 tax rate for the unit are calculated according to the following
18 formulas:

19 EFFECTIVE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY
20 LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] -
21 SALES TAX GAIN RATE

22 and

23 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND
24 OPERATIONS RATE x (1 + INFLATION RATE) [~~1.08~~]) +
25 CURRENT DEBT RATE - SALES TAX GAIN RATE

26 where "sales tax gain rate" means a number expressed in dollars per
27 \$100 of taxable value, calculated by dividing the revenue that will

1 be generated by the additional sales and use tax in the following
 2 year as calculated under Subsection (d) [~~of this section~~] by the
 3 current total value.

4 (b) Except as provided by Subsections (a) and (c) [~~of this~~
 5 ~~section~~], in a year in which a taxing unit imposes an additional
 6 sales and use tax the rollback tax rate for the unit is calculated
 7 according to the following formula, regardless of whether the unit
 8 levied a property tax in the preceding year:

$$\begin{aligned}
 & \text{9} \quad \text{ROLLBACK } \underline{\text{TAX}} \text{ RATE} = [(\text{LAST YEAR'S MAINTENANCE AND} \\
 & \text{10} \quad \text{OPERATIONS EXPENSE} \times \underline{(1 + \text{INFLATION RATE})} \text{ [1.08])} / \\
 & \text{11} \quad \text{([TOTAL] CURRENT } \underline{\text{TOTAL}} \text{ VALUE} - \text{NEW PROPERTY VALUE)}] + \\
 & \text{12} \quad \text{(CURRENT DEBT RATE} - \text{SALES TAX REVENUE RATE)}
 \end{aligned}$$

13 where "last year's maintenance and operations expense" means the
 14 amount spent for maintenance and operations from property tax and
 15 additional sales and use tax revenues in the preceding year, and
 16 "sales tax revenue 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 current year
 19 as calculated under Subsection (d) [~~of this section~~] by the current
 20 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 and rollback tax rate for the
 24 unit are calculated according to the following formulas:

$$\begin{aligned}
 & \text{25} \quad \text{EFFECTIVE TAX RATE} = [(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY} \\
 & \text{26} \quad \text{LEVY)} / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})] + \\
 & \text{27} \quad \text{SALES TAX LOSS RATE}
 \end{aligned}$$

1 and

2 ROLLBACK TAX RATE = [(LAST YEAR'S MAINTENANCE AND
 3 OPERATIONS EXPENSE x (1 + INFLATION RATE) [~~1.08~~]) /
 4 (~~[TOTAL]~~ CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +
 5 CURRENT DEBT RATE

6 where "sales tax loss rate" means a number expressed in dollars per
 7 \$100 of taxable value, calculated by dividing the amount of sales
 8 and use tax revenue generated in the last four quarters for which
 9 the information is available by the current total value and "last
 10 year's maintenance and operations expense" means the amount spent
 11 for maintenance and operations from property tax and additional
 12 sales and use tax revenues in the preceding year.

13 SECTION 4. The heading to Section 26.08, Tax Code, is
 14 amended to read as follows:

15 Sec. 26.08. ELECTION TO RATIFY TAX RATE [~~SCHOOL TAXES~~].

16 SECTION 5. Sections 26.08(a), (b), (d), (d-1), (d-2), (e),
 17 and (h), Tax Code, are amended to read as follows:

18 (a) If the governing body of a taxing unit [~~school district~~]
 19 adopts a tax rate that exceeds the taxing unit's [~~district's~~]
 20 rollback tax rate, the registered voters of the taxing unit
 21 [~~district~~] at an election held for that purpose must determine
 22 whether to approve the adopted tax rate. When increased
 23 expenditure of money by a taxing unit [~~school district~~] is
 24 necessary to respond to a disaster, including a tornado, hurricane,
 25 flood, or other calamity, but not including a drought, that has
 26 impacted the taxing unit [~~a school district~~] and the governor has
 27 requested federal disaster assistance for the area in which the

1 taxing unit [~~school district~~] is located, an election is not
2 required under this section to approve the tax rate adopted by the
3 governing body for the year following the year in which the disaster
4 occurs.

5 (b) The governing body shall order that the election be held
6 in the taxing unit [~~school district~~] on a date not less than 30 or
7 more than 90 days after the day on which it adopted the tax rate.
8 Section 41.001, Election Code, does not apply to the election
9 unless a date specified by that section falls within the time
10 permitted by this section. At the election, the ballots shall be
11 prepared to permit voting for or against the proposition:
12 "Approving the ad valorem tax rate of \$_____ per \$100 valuation in
13 (name of taxing unit [~~school district~~]) for the current year, a rate
14 that is \$_____ higher per \$100 valuation than the [~~school district~~]
15 rollback tax rate of (name of taxing unit)." The ballot proposition
16 must include the adopted tax rate and the difference between that
17 rate and the rollback tax rate in the appropriate places.

18 (d) If the proposition is not approved as provided by
19 Subsection (c), the governing body may not adopt a tax rate for the
20 taxing unit [~~school district~~] for the current year that exceeds the
21 taxing unit's [~~school district's~~] rollback tax rate.

22 (d-1) If, after tax bills for the taxing unit [~~school~~
23 ~~district~~] have been mailed, a proposition to approve the taxing
24 unit's [~~school district's~~] adopted tax rate is not approved by the
25 voters of the taxing unit [~~district~~] at an election held under this
26 section, on subsequent adoption of a new tax rate by the governing
27 body of the taxing unit [~~district~~], the assessor for the taxing unit

1 ~~[school]~~ shall prepare and mail corrected tax bills. The assessor
2 shall include with each bill a brief explanation of the reason for
3 and effect of the corrected bill. The date on which the taxes
4 become delinquent for the year is extended by a number of days equal
5 to the number of days between the date the first tax bills were sent
6 and the date the corrected tax bills were sent.

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

20 (e) For purposes of this section, local tax funds dedicated
21 to a junior college district under Section 45.105(e), Education
22 Code, shall be eliminated from the calculation of the tax rate
23 adopted by the governing body of a a ~~[the]~~ school district. However,
24 the funds dedicated to the junior college district are subject to
25 Section 26.085.

26 (h) For purposes of this section, increases in taxable
27 values and tax levies occurring within a reinvestment zone under

1 Chapter 311 (Tax Increment Financing Act), in which a school [~~the~~
2 district is a participant, shall be eliminated from the calculation
3 of the tax rate adopted by the governing body of the school
4 district.

5 SECTION 6. Section 26.16(d), Tax Code, is amended to read as
6 follows:

7 (d) The county assessor-collector shall post immediately
8 below the table prescribed by Subsection (c) the following
9 statement:

10 "The county is providing this table of property tax rate
11 information as a service to the residents of the county. Each
12 individual taxing unit is responsible for calculating the property
13 tax rates listed in this table pertaining to that taxing unit and
14 providing that information to the county.

15 "The adopted tax rate is the tax rate adopted by the governing
16 body of a taxing unit.

17 "The maintenance and operations rate is the component of the
18 adopted tax rate of a taxing unit that will impose the amount of
19 taxes needed to fund maintenance and operation expenditures of the
20 unit for the following year.

21 "The debt rate is the component of the adopted tax rate of a
22 taxing unit that will impose the amount of taxes needed to fund the
23 unit's debt service for the following year.

24 "The effective tax rate is the tax rate that would generate
25 the same amount of revenue in the current tax year as was generated
26 by a taxing unit's adopted tax rate in the preceding tax year from
27 property that is taxable in both the current tax year and the

1 preceding tax year.

2 "The effective maintenance and operations rate is the tax
3 rate that would generate the same amount of revenue for maintenance
4 and operations in the current tax year as was generated by a taxing
5 unit's maintenance and operations rate in the preceding tax year
6 from property that is taxable in both the current tax year and the
7 preceding tax year.

8 "The rollback tax rate is the highest tax rate a taxing unit
9 may adopt before requiring voter approval at an election. An [~~In~~
10 ~~the case of a taxing unit other than a school district, the voters~~
11 ~~by petition may require that a rollback election be held if the unit~~
12 ~~adopts a tax rate in excess of the unit's rollback tax rate. In the~~
13 ~~case of a school district, an~~] election will automatically be held
14 if a taxing unit [~~the district~~] wishes to adopt a tax rate in excess
15 of the unit's [~~district's~~] rollback tax rate."

16 SECTION 7. Sections 31.12(a) and (b), Tax Code, are amended
17 to read as follows:

18 (a) If a refund of a tax provided by Section 11.431(b),
19 26.08(d-2) [~~26.07(g)~~], 26.15(f), 31.11, or 31.111 is paid on or
20 before the 60th day after the date the liability for the refund
21 arises, no interest is due on the amount refunded. If not paid on or
22 before that 60th day, the amount of the tax to be refunded accrues
23 interest at a rate of one percent for each month or part of a month
24 that the refund is unpaid, beginning with the date on which the
25 liability for the refund arises.

26 (b) For purposes of this section, liability for a refund
27 arises:

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

4 (2) if the refund is required by Section 26.08(d-2)
5 [~~26.07(g)~~], on the date the results of the election to reduce the
6 tax rate are certified;

7 (3) if the refund is required by Section 26.15(f):

8 (A) for a correction to the tax roll made under
9 Section 26.15(b), on the date the change in the tax roll is
10 certified to the assessor for the taxing unit under Section 25.25;
11 or

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

15 (4) if the refund is required by Section 31.11, on the
16 date the auditor for the taxing unit determines that the payment was
17 erroneous or excessive or, if the amount of the refund exceeds the
18 applicable amount specified by Section 31.11(a), on the date the
19 governing body of the unit approves the refund; or

20 (5) if the refund is required by Section 31.111, on the
21 date the collector for the taxing unit determines that the payment
22 was erroneous.

23 SECTION 8. Section 33.08(b), Tax Code, is amended to read as
24 follows:

25 (b) The governing body of the taxing unit or appraisal
26 district, in the manner required by law for official action, may
27 provide that taxes that become delinquent on or after June 1 under

1 Section 26.08(d-1) [~~26.07(f)~~], 26.15(e), 31.03, 31.031, 31.032,
2 31.04, or 42.42 incur an additional penalty to defray costs of
3 collection. The amount of the penalty may not exceed the amount of
4 the compensation specified in the applicable contract with an
5 attorney under Section 6.30 to be paid in connection with the
6 collection of the delinquent taxes.

7 SECTION 9. Section 130.016(b), Education Code, is amended
8 to read as follows:

9 (b) If the board of trustees of an independent school
10 district that divests itself of the management, control, and
11 operation of a junior college district under this section or under
12 Section 130.017 [~~of this code~~] was authorized by [~~Subsection (e)~~
13 ~~of~~] Section 45.105(e) or under former Section 20.48(e) [~~20.48 of~~
14 ~~this code~~] to dedicate a portion of its tax levy to the junior
15 college district before the divestment, the junior college district
16 may levy an ad valorem tax from and after the divestment. In the
17 first two years in which the junior college district levies an ad
18 valorem tax, the tax rate adopted by the governing body may not
19 exceed the rate that, if applied to the total taxable value
20 submitted to the governing body under Section 26.04, Tax Code,
21 would impose an amount equal to the amount of taxes of the school
22 district dedicated to the junior college under [~~Subsection (e) of~~
23 Section 45.105(e) or former Section 20.48(e) [~~20.48 of this code~~]
24 in the last dedication before the divestment. In subsequent years,
25 the tax rate of the junior college district is subject to Section
26 26.08 [~~26.07~~], Tax Code.

27 SECTION 10. Sections 281.124(d) and (e), Health and Safety

1 Code, are amended to read as follows:

2 (d) If a majority of the votes cast in the election favor the
3 proposition, the tax rate for the specified tax year is the rate
4 approved by the voters, and that rate is not subject to [~~a rollback~~
5 ~~election under~~] Section 26.08 [~~26.07~~], Tax Code. The board shall
6 adopt the tax rate as provided by Chapter 26, Tax Code.

7 (e) If the proposition is not approved as provided by
8 Subsection (c), the board may not adopt a tax rate for the district
9 for the specified tax year that exceeds the rate that was not
10 approved, and Section 26.08 [~~26.07~~], Tax Code, applies to the
11 adopted rate if that rate exceeds the district's rollback tax rate.

12 SECTION 11. Section 140.010(e), Local Government Code, is
13 amended to read as follows:

14 (e) A county or municipality that proposes a property tax
15 rate that exceeds the lower of the effective tax rate or the
16 rollback tax rate shall provide the following notice:

17 "NOTICE OF (INSERT CURRENT TAX YEAR) TAX YEAR PROPOSED PROPERTY TAX
18 RATE FOR (INSERT NAME OF COUNTY OR MUNICIPALITY)

19 "A tax rate of \$_____ per \$100 valuation has been proposed for
20 adoption by the governing body of (insert name of county or
21 municipality). This rate exceeds the lower of the effective or
22 rollback tax rate, and state law requires that two public hearings
23 be held by the governing body before adopting the proposed tax rate.

24	PROPOSED TAX RATE	\$_____ per \$100
25	PRECEDING YEAR'S TAX RATE	\$_____ per \$100
26	EFFECTIVE TAX RATE	\$_____ per \$100
27	ROLLBACK TAX RATE	\$_____ per \$100

1 "The effective tax rate is the total tax rate needed to raise the
2 same amount of property tax revenue for (insert name of county or
3 municipality) from the same properties in both the (insert
4 preceding tax year) tax year and the (insert current tax year) tax
5 year.

6 "The rollback tax rate is the highest tax rate that (insert name of
7 county or municipality) may adopt without holding [~~before voters~~
8 ~~are entitled to petition for~~] an election to ratify [~~limit~~]
9 [~~that may be approved to the rollback rate~~].

10 "YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS
11 FOLLOWS:

12 property tax amount = (rate) x (taxable value of your property)
13 / 100

14 "For assistance or detailed information about tax calculations,
15 please contact:

16 (insert name of county or municipal tax assessor-collector)
17 (insert name of county or municipality) tax
18 assessor-collector
19 (insert address)
20 (insert telephone number)
21 (insert e-mail address)
22 (insert Internet website address, if applicable)

23 "You are urged to attend and express your views at the following
24 public hearings on the proposed tax rate:

25 First Hearing: (insert date and time) at (insert location of
26 meeting).

27 Second Hearing: (insert date and time) at (insert location

1 of meeting)."

2 SECTION 12. Section 1101.254(f), Special District Local
3 Laws Code, is amended to read as follows:

4 (f) This section does not affect the applicability of [~~any~~
5 ~~rights district voters may have to petition for an election under~~]
6 Section 26.08 [~~26.07~~], Tax Code, to the district's tax rate, except
7 that if district voters approve a tax rate increase under this
8 section, [~~the voters may not petition for an election under~~]
9 Section 26.08 [~~26.07~~], Tax Code, does not apply [~~as~~] to the tax rate
10 for that year.

11 SECTION 13. Sections 3828.157 and 8876.152, Special
12 District Local Laws Code, are amended to read as follows:

13 Sec. 3828.157. INAPPLICABILITY OF CERTAIN TAX CODE
14 PROVISIONS. Sections 26.04, 26.05, and 26.08 [~~26.07~~], Tax Code, do
15 not apply to a tax imposed under Section 3828.153 or 3828.156.

16 Sec. 8876.152. APPLICABILITY OF CERTAIN TAX PROVISIONS.

17 (a) Sections 26.04, 26.05, 26.06, and 26.08 [~~26.07~~], Tax Code, do
18 not apply to a tax imposed by the district.

19 (b) Sections 49.236(a)(1) and (2) and (b) [~~Section 49.236~~],
20 Water Code, apply [~~as added by Chapter 248 (H.B. 1541), Acts of the~~
21 ~~78th Legislature, Regular Session, 2003, applies~~] to the district.

22 SECTION 14. Section 49.107(g), Water Code, is amended to
23 read as follows:

24 (g) Sections 26.04, 26.05, and 26.08 [~~26.07~~], Tax Code, do
25 not apply to a tax levied and collected under this section or an ad
26 valorem tax levied and collected for the payment of the interest on
27 and principal of bonds issued by a district.

1 SECTION 15. Section 49.108(f), Water Code, is amended to
2 read as follows:

3 (f) Sections 26.04, 26.05, and 26.08 [~~26.07~~], Tax Code, do
4 not apply to a tax levied and collected for payments made under a
5 contract approved in accordance with this section.

6 SECTION 16. Section 49.236, Water Code, as added by Chapter
7 335 (S.B. 392), Acts of the 78th Legislature, Regular Session,
8 2003, is amended by amending Subsections (a) and (d) and adding
9 Subsection (e) to read as follows:

10 (a) Before the board adopts an ad valorem tax rate for the
11 district for debt service, operation and maintenance purposes, or
12 contract purposes, the board shall give notice of each meeting of
13 the board at which the adoption of a tax rate will be considered.
14 The notice must:

15 (1) contain a statement in substantially the following
16 form:

17 "NOTICE OF PUBLIC HEARING ON TAX RATE

18 "The (name of the district) will hold a public hearing on a
19 proposed tax rate for the tax year (year of tax levy) on (date and
20 time) at (meeting place). Your individual taxes may increase or
21 decrease, depending on the change in the taxable value of your
22 property in relation to the change in taxable value of all other
23 property and the tax rate that is adopted.

24 "(Names of all board members and, if a vote was taken, an
25 indication of how each voted on the proposed tax rate and an
26 indication of any absences.)";

27 (2) contain the following information:

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

4 (B) the difference, expressed as an amount per
5 \$100 and as a percent increase or decrease, as applicable, in the
6 proposed tax rate compared to the adopted tax rate for the preceding
7 year;

8 (C) the average appraised value of a residence
9 homestead in the district in the preceding year and in the current
10 year; the district's total homestead exemption, other than an
11 exemption available only to disabled persons or persons 65 years of
12 age or older, applicable to that appraised value in each of those
13 years; and the average taxable value of a residence homestead in the
14 district in each of those years, disregarding any homestead
15 exemption available only to disabled persons or persons 65 years of
16 age or older;

17 (D) the amount of tax that would have been
18 imposed by the district in the preceding year on a residence
19 homestead appraised at the average appraised value of a residence
20 homestead in that year, disregarding any homestead exemption
21 available only to disabled persons or persons 65 years of age or
22 older;

23 (E) the amount of tax that would be imposed by the
24 district in the current year on a residence homestead appraised at
25 the average appraised value of a residence homestead in that year,
26 disregarding any homestead exemption available only to disabled
27 persons or persons 65 years of age or older, if the proposed tax

1 rate is adopted; and

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

8 (3) contain a statement in substantially the following
9 form:

10 "NOTICE OF VOTE ON TAX RATE [~~TAXPAYERS' RIGHT TO ROLLBACK ELECTION~~]

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

17 (d) If the governing body of a district adopts a combined
18 debt service, operation and maintenance, and contract tax rate that
19 exceeds the rollback tax rate, [~~would impose more than 1.08 times~~
20 ~~the amount of tax imposed by the district in the preceding year on a~~
21 ~~residence homestead appraised at the average appraised value of a~~
22 ~~residence homestead in the district in that year, disregarding any~~
23 ~~homestead exemption available only to disabled persons or persons~~
24 ~~65 years of age or older, the qualified voters of the district by~~
25 ~~petition may require that~~] an election must be held to determine
26 whether [~~or not~~] to ratify [~~reduce~~] the tax rate adopted for the
27 current year [~~to the rollback tax rate~~] in accordance with the

1 procedures provided by Sections 26.08(b)-(d) [~~26.07(b)-(g)~~ and
2 ~~26.081~~], Tax Code. For purposes of Sections 26.08(b)-(d)
3 [~~26.07(b)-(g)~~] and this subsection, the rollback tax rate is the
4 sum of the following tax rates:

5 (1) the current year's debt service tax rate;

6 (2) the current year's [~~and~~] contract tax rate; and

7 (3) [~~rates plus~~] the operation and maintenance tax
8 rate that would impose [~~1.08 times~~] the amount of the operation and
9 maintenance tax imposed by the district in the preceding year on a
10 residence homestead appraised at the average appraised value of a
11 residence homestead in the district in that year, disregarding any
12 homestead exemption available only to disabled persons or persons
13 65 years of age or older, multiplied by the sum of one and the
14 inflation rate.

15 (e) In this section, "inflation rate" means the rate
16 determined by the comptroller and published in the Texas Register
17 as provided by Section 26.04(b-1), Tax Code.

18 SECTION 17. The following provisions are repealed:

19 (1) Section 1063.255, Special District Local Laws
20 Code;

21 (2) Section 26.07, Tax Code; and

22 (3) Section 49.236, Water Code, as added by Chapter
23 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session,
24 2003.

25 SECTION 18. The change in law made by this Act applies to
26 the ad valorem tax rate of a taxing unit beginning with the 2016 tax
27 year.

1 SECTION 19. This Act takes effect January 1, 2016.