

By: Faircloth

H.B. No. 2432

A BILL TO BE ENTITLED

AN ACT

relating to the procedure for the adoption of an ad valorem tax rate by certain special districts.

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

SECTION 1. Section 26.05(a), Tax Code, is amended to read as follows:

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

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

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

SECTION 2. Section 49.107(g), Water Code, is amended to read as follows:

1 (g) Except as provided by Section 49.236 of this code,  
2 Sections 26.04(c)-(j), 26.05(b), (c), (d), and (e) [26.04, 26.05],  
3 and 26.07, Tax Code, do not apply to a tax levied and collected  
4 under this section or an ad valorem tax levied and collected for the  
5 payment of the interest on and principal of bonds issued by a  
6 district.

7 SECTION 3. Section 49.108(f), Water Code, is amended to  
8 read as follows:

9 (f) Except as provided by Section 49.236 of this code,  
10 Sections 26.04(c)-(j), 26.05(b), (c), (d), and (e) [26.04, 26.05],  
11 and 26.07, Tax Code, do not apply to a tax levied and collected for  
12 payments made under a contract approved in accordance with this  
13 section.

14 SECTION 4. Sections 49.236(a) and (d), Water Code, as added  
15 by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular  
16 Session, 2003, are amended to read as follows:

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

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  
21 the 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 operation and maintenance taxes on the average residence  
19 homestead increase by more than eight percent, the qualified voters  
20 of the district by petition may require that an election be held to  
21 determine whether to reduce the combined debt service, operation  
22 and maintenance, and contract tax rate to the rollback tax rate  
23 under Section [49.236\(d\)](#), Water Code."

24 (d) If the governing body of a district adopts a combined  
25 debt service, operation and maintenance, and contract tax rate that  
26 exceeds the rollback tax rate [~~would impose more than 1.08 times the~~  
27 ~~amount of tax imposed by the district in the preceding year on a~~

1 ~~residence homestead appraised at the average appraised value of a~~  
2 ~~residence homestead in the district in that year, disregarding any~~  
3 ~~homestead exemption available only to disabled persons or persons~~  
4 ~~65 years of age or older],~~ the qualified voters of the district by  
5 petition may require that an election be held to determine whether  
6 or not to reduce the tax rate adopted for the current year to the  
7 rollback tax rate in accordance with the procedures provided by  
8 Sections 26.07(b)-(g) and 26.081, Tax Code. For purposes of  
9 Sections 26.07(b)-(g) and this subsection, the rollback tax rate is  
10 the sum of the following tax rates:

- 11           (1) the current year's debt service tax rate;  
12           (2) the current year's [and] contract tax rate; and  
13           (3) [rates plus] the operation and maintenance tax  
14 rate that would impose 1.08 times the amount of the operation and  
15 maintenance tax imposed by the district in the preceding year on a  
16 residence homestead appraised at the average appraised value of a  
17 residence homestead in the district in that year, disregarding any  
18 homestead exemption available only to disabled persons or persons  
19 65 years of age or older.

20           SECTION 5. Section 8876.152(b), Special District Local Laws  
21 Code, is amended to read as follows:

22           (b) Sections 49.236(a)(1) and (2) and (b) [Section 49.236],  
23 Water Code, apply [~~as added by Chapter 248 (H.B. 1541), Acts of the~~  
24 ~~78th Legislature, Regular Session, 2003, applies]~~ to the district.

25           SECTION 6. Section 49.236, Water Code, as added by Chapter  
26 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session,  
27 2003, is repealed.

1           SECTION 7. (a) The change in law made by this Act applies to  
2 the ad valorem tax rate of a district as defined by Section 49.001,  
3 Water Code, beginning with the 2015 tax year, except as provided by  
4 Subsection (b) of this section.

5           (b) If the governing body of a district adopted an ad  
6 valorem tax rate for the district for the 2015 tax year before the  
7 effective date of this Act, the change in law made by this Act  
8 applies to the ad valorem tax rate of that district beginning with  
9 the 2016 tax year, and the law in effect when the tax rate was  
10 adopted applies to the 2015 tax year with respect to that district.

11          SECTION 8. This Act takes effect immediately if it receives  
12 a vote of two-thirds of all the members elected to each house, as  
13 provided by Section 39, Article III, Texas Constitution. If this  
14 Act does not receive the vote necessary for immediate effect, this  
15 Act takes effect September 1, 2015.