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| BILL ANALYSIS |

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| C.S.H.B. 4 |
| By: Bonnen, Dennis |
| Ways & Means |
| Committee Report (Substituted) |

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| **BACKGROUND AND PURPOSE**  Concerns have been raised regarding the pace at which local property taxes are increasing. C.S.H.B. 4 attempts to address these concerns by revising the formula by which the rollback tax rate is calculated for certain taxing units and expanding the applicability of statutory provisions requiring an election be held to ratify certain tax rate increases. |
| **CRIMINAL JUSTICE IMPACT**  It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **RULEMAKING AUTHORITY**  It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution. |
| **ANALYSIS**  C.S.H.B. 4 amends the Tax Code to reduce from 1.08 to 1.06 the multiplier used to calculate the rollback tax rate for a taxing unit other than a small taxing unit and to make the statutory calculation of the rollback tax rate using the 1.08 multiplier applicable only to a small taxing unit. The bill defines "small taxing unity," for purposes of property tax assessment provisions, as a junior college or a taxing unit, other than a school district, for which the maintenance and operations tax rate proposed for the current tax year is two cents or less per $100 of taxable value or would impose taxes of $25 million or less when applied to the current total value for the taxing unit. The bill authorizes the governing body of a taxing unit other than a small taxing unit to direct the designated officer or employee to calculate the unit's rollback tax rate according to the formula for a small taxing unit if any part of the unit is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States. The bill authorizes the designated officer or employee at the direction of the governing body to continue calculating the rollback tax rate in that manner until a prescribed date.  C.S.H.B. 4 subjects all taxing units other than small taxing units to statutory provisions providing for an automatic election to ratify a tax rate that exceeds the district's rollback tax rate. Those provisions expressly do not apply to a tax imposed by a taxing unit if a provision of an uncodified local or special law enacted by the 85th Legislature, Regular Session, 2017, or by an earlier legislature provides that provisions authorizing the qualified voters of a taxing unit to petition to require an election to be held to ratify an adopted tax rate that exceeds the district's rollback tax rate do not apply to a tax imposed by the taxing unit.  C.S.H.B. 4 amends the Water Code to include in the required notice of a public hearing on a water district's tax rate, if the proposed combined debt service, operation and maintenance, and contract tax rate exceeds the rollback tax rate, a description of the purpose of the proposed tax increase. The bill sets out provisions, applicable to a water district that is a small taxing unit, relating to petitioning for and holding an election to determine whether to approve a combined debt service, operation and maintenance, and contract tax rate adopted by the board of a water district that would impose more than 1.08 times the amount of tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older.  C.S.H.B. 4 amends the Education Code, Health and Safety Code, Local Government Code, and Special District Local Laws Code, Tax Code, and Water Code, as applicable, to make conforming changes and to update certain references to and the applicability of provisions that relate to the payment of property tax refunds and interest and that relate to an additional penalty for collection costs for property taxes due on or after June 1.  C.S.H.B. 4 repeals the following provisions of the Water Code:   * Section 49.236, as added by Chapter 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session, 2003 * Section 49.2361 |
| **EFFECTIVE DATE**  January 1, 2018. |
| **COMPARISON OF ORIGINAL AND SUBSTITUTE**  While C.S.H.B. 4 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill. |
| | INTRODUCED | HOUSE COMMITTEE SUBSTITUTE | | --- | --- | | SECTION 1. Section 26.012, Tax Code, is amended by adding Subdivision (18) to read as follows:  (18) "Small taxing unit" means a taxing unit, other than a school district, for which the maintenance and operations tax rate proposed for the current tax year:  (A) is two cents or less per $100 of taxable value; or  (B) would impose taxes of $25 million or less when applied to the current total value for the taxing unit. | SECTION 1. Section 26.012, Tax Code, is amended by adding Subdivision (18) to read as follows:  (18) "Small taxing unit" means:  (A) a taxing unit, other than a school district, for which the maintenance and operations tax rate proposed for the current tax year:  (i) is two cents or less per $100 of taxable value; or  (ii) would impose taxes of $25 million or less when applied to the current total value for the taxing unit; or  (B) a junior college district. | | SECTION 2. Section 26.04, Tax Code, is amended by amending Subsection (c) and adding Subsection (c-1) to read as follows:  (c) An officer or employee designated by the governing body shall calculate the effective tax rate and the rollback tax rate for the unit, where:  (1) "Effective tax rate" means a rate expressed in dollars per $100 of taxable value calculated according to the following formula:  EFFECTIVE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)  ; and  (2) "Rollback tax rate" means a rate expressed in dollars per $100 of taxable value calculated according to the following applicable formula:  (A) for a small taxing unit:  ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE  ; or  (B) for a taxing unit other than a small taxing unit:  ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.05) + CURRENT DEBT RATE  (c-1) Notwithstanding any other provision of this section, the governing body of a taxing unit other than a small taxing unit may direct the designated officer or employee to calculate the rollback tax rate of the unit according to the formula applicable to a small taxing unit if any part of the unit is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States. | SECTION 2. Section 26.04, Tax Code, is amended by amending Subsection (c) and adding Subsection (c-1) to read as follows:  (c) An officer or employee designated by the governing body shall calculate the effective tax rate and the rollback tax rate for the unit, where:  (1) "Effective tax rate" means a rate expressed in dollars per $100 of taxable value calculated according to the following formula:  EFFECTIVE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)  ; and  (2) "Rollback tax rate" means a rate expressed in dollars per $100 of taxable value calculated according to the following applicable formula:  (A) for a small taxing unit:  ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE  ; or  (B) for a taxing unit other than a small taxing unit:  ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.06) + CURRENT DEBT RATE  (c-1) Notwithstanding any other provision of this section, the governing body of a taxing unit other than a small taxing unit may direct the designated officer or employee to calculate the rollback tax rate of the unit according to the formula applicable to a small taxing unit if any part of the unit is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States. The designated officer or employee at the direction of the governing body may continue calculating the rollback tax rate in the manner provided by this subsection until the earlier of:  (1) the first tax year in which the total taxable value of property taxable by the taxing unit as shown on the appraisal roll for the taxing unit submitted by the assessor for the taxing unit to the governing body exceeds the total taxable value of property taxable by the taxing unit on January 1 of the tax year in which the disaster occurred; or  (2) the third tax year after the tax year in which the disaster occurred. | | SECTION 3. Section 26.041, Tax Code, is amended by amending Subsections (a), (b), and (c) and adding Subsection (c-1) to read as follows:  (a) In the first year in which an additional sales and use tax is required to be collected, the effective tax rate and rollback tax rate for the unit are calculated according to the following formulas:  EFFECTIVE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] - SALES TAX GAIN RATE  [~~and~~]  ROLLBACK TAX RATE FOR SMALL TAXING UNIT = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE - SALES TAX GAIN RATE  and  ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL TAXING UNIT = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.05) + CURRENT DEBT RATE - SALES TAX GAIN RATE  where "sales tax gain rate" means a number expressed in dollars per $100 of taxable value, calculated by dividing the revenue that will be generated by the additional sales and use tax in the following year as calculated under Subsection (d) [~~of this section~~] by the current total value.  (b) Except as provided by Subsections (a) and (c) [~~of this section~~], in a year in which a taxing unit imposes an additional sales and use tax, the rollback tax rate for the unit is calculated according to the following applicable formula, regardless of whether the unit levied a property tax in the preceding year:  ROLLBACK TAX RATE FOR SMALL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / ([~~TOTAL~~] CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE - SALES TAX REVENUE RATE)  or  ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.05) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE - SALES TAX REVENUE RATE)  where "last year's maintenance and operations expense" means the amount spent for maintenance and operations from property tax and additional sales and use tax revenues in the preceding year, and "sales tax revenue rate" means a number expressed in dollars per $100 of taxable value, calculated by dividing the revenue that will be generated by the additional sales and use tax in the current year as calculated under Subsection (d) [~~of this section~~] by the current total value.  (c) In a year in which a taxing unit that has been imposing an additional sales and use tax ceases to impose an additional sales and use tax, the effective tax rate and rollback tax rate for the unit are calculated according to the following formulas:  EFFECTIVE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + SALES TAX LOSS RATE  [~~and~~]  ROLLBACK TAX RATE FOR SMALL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / ([~~TOTAL~~] CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT DEBT RATE  and  ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.05) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT DEBT RATE  where "sales tax loss rate" means a number expressed in dollars per $100 of taxable value, calculated by dividing the amount of sales and use tax revenue generated in the last four quarters for which the information is available by the current total value and "last year's maintenance and operations expense" means the amount spent for maintenance and operations from property tax and additional sales and use tax revenues in the preceding year.  (c-1) Notwithstanding any other provision of this section, the governing body of a taxing unit other than a small taxing unit may direct the designated officer or employee to calculate the rollback tax rate of the unit according to the formula applicable to a small taxing unit if any part of the unit is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States. | SECTION 3. Section 26.041, Tax Code, is amended by amending Subsections (a), (b), and (c) and adding Subsection (c-1) to read as follows:  (a) In the first year in which an additional sales and use tax is required to be collected, the effective tax rate and rollback tax rate for the unit are calculated according to the following formulas:  EFFECTIVE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] - SALES TAX GAIN RATE  [~~and~~]  ROLLBACK TAX RATE FOR SMALL TAXING UNIT = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE - SALES TAX GAIN RATE  and  ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL TAXING UNIT = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.06) + CURRENT DEBT RATE - SALES TAX GAIN RATE  where "sales tax gain rate" means a number expressed in dollars per $100 of taxable value, calculated by dividing the revenue that will be generated by the additional sales and use tax in the following year as calculated under Subsection (d) [~~of this section~~] by the current total value.  (b) Except as provided by Subsections (a) and (c) [~~of this section~~], in a year in which a taxing unit imposes an additional sales and use tax, the rollback tax rate for the unit is calculated according to the following applicable formula, regardless of whether the unit levied a property tax in the preceding year:  ROLLBACK TAX RATE FOR SMALL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / ([~~TOTAL~~] CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE - SALES TAX REVENUE RATE)  or  ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.06) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE - SALES TAX REVENUE RATE)  where "last year's maintenance and operations expense" means the amount spent for maintenance and operations from property tax and additional sales and use tax revenues in the preceding year, and "sales tax revenue rate" means a number expressed in dollars per $100 of taxable value, calculated by dividing the revenue that will be generated by the additional sales and use tax in the current year as calculated under Subsection (d) [~~of this section~~] by the current total value.  (c) In a year in which a taxing unit that has been imposing an additional sales and use tax ceases to impose an additional sales and use tax, the effective tax rate and rollback tax rate for the unit are calculated according to the following formulas:  EFFECTIVE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + SALES TAX LOSS RATE  [~~and~~]  ROLLBACK TAX RATE FOR SMALL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / ([~~TOTAL~~] CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT DEBT RATE  and  ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.06) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT DEBT RATE  where "sales tax loss rate" means a number expressed in dollars per $100 of taxable value, calculated by dividing the amount of sales and use tax revenue generated in the last four quarters for which the information is available by the current total value and "last year's maintenance and operations expense" means the amount spent for maintenance and operations from property tax and additional sales and use tax revenues in the preceding year.  (c-1) Notwithstanding any other provision of this section, the governing body of a taxing unit other than a small taxing unit may direct the designated officer or employee to calculate the rollback tax rate of the unit according to the formula applicable to a small taxing unit if any part of the unit is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States. The designated officer or employee at the direction of the governing body may continue calculating the rollback tax rate in the manner provided by this subsection until the earlier of:  (1) the first tax year in which the total taxable value of property taxable by the taxing unit as shown on the appraisal roll for the taxing unit submitted by the assessor for the taxing unit to the governing body exceeds the total taxable value of property taxable by the taxing unit on January 1 of the tax year in which the disaster occurred; or  (2) the third tax year after the tax year in which the disaster occurred. | | SECTION 4. The heading to Section 26.043, Tax Code, is amended. | SECTION 4. Same as introduced version. | | SECTION 5. The heading to Section 26.07, Tax Code, is amended. | SECTION 5. Same as introduced version. | | SECTION 6. Section 26.07(a), Tax Code, is amended. | SECTION 6. Same as introduced version. | | SECTION 7. The heading to Section 26.08, Tax Code, is amended. | SECTION 7. Same as introduced version. | | SECTION 8. Section 26.08, Tax Code, is amended by amending Subsections (a), (b), (d), (d-1), (d-2), (e), and (h) and adding Subsection (r) to read as follows:  (a) If the governing body of a taxing unit other than a small taxing unit [~~school district~~] adopts a tax rate that exceeds the taxing unit's [~~district's~~] rollback tax rate, the registered voters of the taxing unit [~~district~~] at an election held for that purpose must determine whether to approve the adopted tax rate. When increased expenditure of money by a taxing unit [~~school district~~] is necessary to respond to a disaster, including a tornado, hurricane, flood, or other calamity, but not including a drought, that has impacted the taxing unit [~~a school district~~] and the governor has requested federal disaster assistance for the area in which the taxing unit [~~school district~~] is located, an election is not required under this section to approve the tax rate adopted by the governing body for the year following the year in which the disaster occurs.  (b) The governing body shall order that the election be held in the taxing unit [~~school district~~] on a date not less than 30 or more than 90 days after the day on which it adopted the tax rate. Section 41.001, Election Code, does not apply to the election unless a date specified by that section falls within the time permitted by this section. At the election, the ballots shall be prepared to permit voting for or against the proposition: "Approving the ad valorem tax rate of $\_\_\_\_\_ per $100 valuation in (name of taxing unit [~~school district~~]) for the current year, a rate that is $\_\_\_\_\_ higher per $100 valuation than the [~~school district~~] rollback tax rate of (name of taxing unit), for the purpose of (description of purpose of increase)." The ballot proposition must include the adopted tax rate and the difference between that rate and the rollback tax rate in the appropriate places.  (d) If the proposition is not approved as provided by Subsection (c), the governing body may not adopt a tax rate for the taxing unit [~~school district~~] for the current year that exceeds the taxing unit's [~~school district's~~] rollback tax rate.  (d-1) If, after tax bills for the taxing unit [~~school district~~] have been mailed, a proposition to approve the taxing unit's [~~school district's~~] adopted tax rate is not approved by the voters of the taxing unit [~~district~~] at an election held under this section, on subsequent adoption of a new tax rate by the governing body of the taxing unit [~~district~~], the assessor for the taxing unit [~~school~~] shall prepare and mail corrected tax bills. The assessor shall include with each bill a brief explanation of the reason for and effect of the corrected bill. The date on which the taxes become delinquent for the year is extended by a number of days equal to the number of days between the date the first tax bills were sent and the date the corrected tax bills were sent.  (d-2) If a property owner pays taxes calculated using the originally adopted tax rate of the taxing unit [~~school district~~] and the proposition to approve the adopted tax rate is not approved by the voters, the taxing unit [~~school district~~] shall refund the difference between the amount of taxes paid and the amount due under the subsequently adopted rate if the difference between the amount of taxes paid and the amount due under the subsequent rate is $1 or more. If the difference between the amount of taxes paid and the amount due under the subsequent rate is less than $1, the taxing unit [~~school district~~] shall refund the difference on request of the taxpayer. An application for a refund of less than $1 must be made within 90 days after the date the refund becomes due or the taxpayer forfeits the right to the refund.  (e) For purposes of this section, local tax funds dedicated to a junior college district under Section 45.105(e), Education Code, shall be eliminated from the calculation of the tax rate adopted by the governing body of a [~~the~~] school district. However, the funds dedicated to the junior college district are subject to Section 26.085.  (h) For purposes of this section, increases in taxable values and tax levies occurring within a reinvestment zone under Chapter 311 (Tax Increment Financing Act), in which a school [~~the~~] district is a participant, shall be eliminated from the calculation of the tax rate adopted by the governing body of the school district.  (r) Except as otherwise expressly provided by law, this section does not apply to a tax imposed by a taxing unit if a provision of an uncodified local or special law enacted by the 85th Legislature, Regular Session, 2017, or by an earlier legislature provides that Section 26.07 does not apply to a tax imposed by the taxing unit. | SECTION 8. Section 26.08, Tax Code, is amended by amending Subsections (a), (b), (d), (d-1), (d-2), (e), and (h) and adding Subsection (r) to read as follows:  (a) If the governing body of a taxing unit other than a small taxing unit [~~school district~~] adopts a tax rate that exceeds the taxing unit's [~~district's~~] rollback tax rate, the registered voters of the taxing unit [~~district~~] at an election held for that purpose must determine whether to approve the adopted tax rate. When increased expenditure of money by a school district is necessary to respond to a disaster, including a tornado, hurricane, flood, or other calamity, but not including a drought, that has impacted the [~~a~~] school district and the governor has requested federal disaster assistance for the area in which the school district is located, an election is not required under this section to approve the tax rate adopted by the governing body for the year following the year in which the disaster occurs.  (b) The governing body shall order that the election be held in the taxing unit [~~school district~~] on a date not less than 30 or more than 90 days after the day on which it adopted the tax rate. Section 41.001, Election Code, does not apply to the election unless a date specified by that section falls within the time permitted by this section. At the election, the ballots shall be prepared to permit voting for or against the proposition: "Approving the ad valorem tax rate of $\_\_\_\_\_ per $100 valuation in (name of taxing unit [~~school district~~]) for the current year, a rate that is $\_\_\_\_\_ higher per $100 valuation than the [~~school district~~] rollback tax rate of (name of taxing unit), for the purpose of (description of purpose of increase)." The ballot proposition must include the adopted tax rate and the difference between that rate and the rollback tax rate in the appropriate places.  (d) If the proposition is not approved as provided by Subsection (c), the governing body may not adopt a tax rate for the taxing unit [~~school district~~] for the current year that exceeds the taxing unit's [~~school district's~~] rollback tax rate.  (d-1) If, after tax bills for the taxing unit [~~school district~~] have been mailed, a proposition to approve the taxing unit's [~~school district's~~] adopted tax rate is not approved by the voters of the taxing unit [~~district~~] at an election held under this section, on subsequent adoption of a new tax rate by the governing body of the taxing unit [~~district~~], the assessor for the taxing unit [~~school~~] shall prepare and mail corrected tax bills. The assessor shall include with each bill a brief explanation of the reason for and effect of the corrected bill. The date on which the taxes become delinquent for the year is extended by a number of days equal to the number of days between the date the first tax bills were sent and the date the corrected tax bills were sent.  (d-2) If a property owner pays taxes calculated using the originally adopted tax rate of the taxing unit [~~school district~~] and the proposition to approve the adopted tax rate is not approved by the voters, the taxing unit [~~school district~~] shall refund the difference between the amount of taxes paid and the amount due under the subsequently adopted rate if the difference between the amount of taxes paid and the amount due under the subsequent rate is $1 or more. If the difference between the amount of taxes paid and the amount due under the subsequent rate is less than $1, the taxing unit [~~school district~~] shall refund the difference on request of the taxpayer. An application for a refund of less than $1 must be made within 90 days after the date the refund becomes due or the taxpayer forfeits the right to the refund.  (e) For purposes of this section, local tax funds dedicated to a junior college district under Section 45.105(e), Education Code, shall be eliminated from the calculation of the tax rate adopted by the governing body of a [~~the~~] school district. However, the funds dedicated to the junior college district are subject to Section 26.085.  (h) For purposes of this section, increases in taxable values and tax levies occurring within a reinvestment zone under Chapter 311 (Tax Increment Financing Act), in which a school [~~the~~] district is a participant, shall be eliminated from the calculation of the tax rate adopted by the governing body of the school district.  (r) Except as otherwise expressly provided by law, this section does not apply to a tax imposed by a taxing unit if a provision of an uncodified local or special law enacted by the 85th Legislature, Regular Session, 2017, or by an earlier legislature provides that Section 26.07 does not apply to a tax imposed by the taxing unit. | | SECTION 9. Section 26.16(d), Tax Code, is amended. | SECTION 9. Same as introduced version. | | SECTION 10. Sections 31.12(a) and (b), Tax Code, as amended by S.B. 2242, Acts of the 85th Legislature, Regular Session, 2017, are amended. | SECTION 10. Same as introduced version. | | SECTION 11. Section 33.08(b), Tax Code, is amended. | SECTION 11. Same as introduced version. | | SECTION 12. Section 130.016(b), Education Code, is amended. | SECTION 12. Same as introduced version. | | SECTION 13. Sections 281.124(d) and (e), Health and Safety Code, are amended. | SECTION 13. Same as introduced version. | | SECTION 14. Section 140.010, Local Government Code, is amended. | SECTION 14. Same as introduced version. | | SECTION 15. Section 1122.2522, Special District Local Laws Code, is amended. | SECTION 15. Same as introduced version. | | SECTION 16. Sections 3828.157 and 8876.152, Special District Local Laws Code, are amended. | SECTION 16. Same as introduced version. | | SECTION 17. Section 49.107(g), Water Code, is amended. | SECTION 17. Same as introduced version. | | SECTION 18. Section 49.108(f), Water Code, is amended. | SECTION 18. Same as introduced version. | | SECTION 19. Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, is amended by amending Subsections (a) and (d) and adding Subsections (e), (f), (g), (h), (i), (j), (k), (l), and (m) to read as follows:  (a) Before the board adopts an ad valorem tax rate for the district for debt service, operation and maintenance purposes, or contract purposes, the board shall give notice of each meeting of the board at which the adoption of a tax rate will be considered. The notice must:  (1) contain a statement in substantially the following form:  "NOTICE OF PUBLIC HEARING ON TAX RATE  "The (name of the district) will hold a public hearing on a proposed tax rate for the tax year (year of tax levy) on (date and time) at (meeting place). Your individual taxes may increase or decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.  "(Names of all board members and, if a vote was taken, an indication of how each voted on the proposed tax rate and an indication of any absences.)";  (2) contain the following information:  (A) the district's total adopted tax rate for the preceding year and the proposed tax rate, expressed as an amount per $100;  (B) the difference, expressed as an amount per $100 and as a percent increase or decrease, as applicable, in the proposed tax rate compared to the adopted tax rate for the preceding year;  (C) the average appraised value of a residence homestead in the district in the preceding year and in the current year; the district's total homestead exemption, other than an exemption available only to disabled persons or persons 65 years of age or older, applicable to that appraised value in each of those years; and the average taxable value of a residence homestead in the district in each of those years, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older;  (D) the amount of tax that would have been imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older;  (E) the amount of tax that would be imposed by the district in the current year on a residence homestead appraised at the average appraised value of a residence homestead in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older, if the proposed tax rate is adopted; [~~and~~]  (F) the difference between the amounts of tax calculated under Paragraphs (D) and (E), expressed in dollars and cents and described as the annual percentage increase or decrease, as applicable, in the tax to be imposed by the district on the average residence homestead in the district in the current year if the proposed tax rate is adopted; and  (G) if the proposed combined debt service, operation and maintenance, and contract tax rate requires or authorizes an election in the district to approve the tax rate, a description of the purpose of the proposed tax increase; and  (3) contain a statement in substantially the following form, as applicable:  (A) if the district is not a small taxing unit:  "NOTICE OF VOTE ON TAX RATE [~~TAXPAYERS' RIGHT TO ROLLBACK ELECTION~~]  "If taxes on the average residence homestead increase by more than five [~~eight~~] percent, [~~the qualified voters of the district by petition may require that~~] an election must be held to determine whether to approve [~~reduce~~] the [~~operation and maintenance~~] tax rate [~~to the rollback tax rate~~] under Section 49.236(d), Water Code."; or  (B) if the district is a small taxing unit:  "NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION  "If taxes on the average residence homestead increase by more than eight percent, the qualified voters of the district by petition may require that an election be held to determine whether to approve the tax rate under Section 49.236(e), Water Code."  (d) This subsection applies to a district only if the district is not a small taxing unit. If the board [~~governing body~~] of the [~~a~~] district adopts a combined debt service, operation and maintenance, and contract tax rate that would impose more than 1.05 [~~1.08~~] times the amount of tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older, [~~the qualified voters of the district by petition may require that~~] an election must be held to determine whether [~~or not~~] to approve [~~reduce~~] the tax rate adopted for the current year [~~to the rollback tax rate~~] in accordance with the procedures provided by Sections 26.08(b), (c), (d), (d-1), and (d-2) [~~26.07(b)-(g) and 26.081~~], Tax Code.  (e) This subsection and Subsections (f)-(i) apply to a district only if the district is a small taxing unit. If the board of the district adopts a combined debt service, operation and maintenance, and contract tax rate that would impose more than 1.08 times the amount of tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older, the qualified voters of the district by petition may require that an election be held to determine whether to approve the tax rate adopted for the current year in accordance with the procedures provided by Subsections (f)-(i) of this section and Section 26.081, Tax Code.  (f) A petition is valid only if:  (1) it states that it is intended to require an election in the district on the question of approving the tax rate adopted for the current year;  (2) it is signed by a number of registered voters of the district equal to at least:  (A) seven percent of the number of registered voters of the district according to the most recent official list of registered voters if the tax rate adopted for the current tax year would impose taxes for operation and maintenance in an amount of at least $5 million; or  (B) 10 percent of the number of registered voters of the district according to the most recent official list of registered voters if the tax rate adopted for the current tax year would impose taxes for operation and maintenance in an amount of less than $5 million; and  (3) it is submitted to the board on or before the 90th day after the date on which the board adopted the tax rate for the current year.  (g) Not later than the 20th day after the day a petition is submitted, the board shall determine whether or not the petition is valid and pass a resolution stating its finding. If the board fails to act within the time allowed, the petition is treated as if it had been found valid.  (h) If the board finds that the petition is valid (or fails to act within the time allowed), it shall order that an election be held in the district on a date not less than 30 or more than 90 days after the last day on which it could have acted to approve or disapprove the petition. A state law requiring local elections to be held on a specified date does not apply to the election unless a specified date falls within the time permitted by this subsection. At the election, the ballots shall be prepared to permit voting for or against the proposition: "Approving the ad valorem tax rate of $\_\_\_\_ per $100 valuation in (name of district) for the current year, a rate that is $\_\_\_\_ higher per $100 valuation than the district's rollback tax rate, for the purpose of (description of purpose of increase)." The ballot proposition must include the adopted tax rate and the difference between that rate and the rollback tax rate in the appropriate places.  (i) Sections 26.08(c), (d), (d-1), and (d-2), Tax Code, apply to an election under Subsection (e) of this section in the same manner as those subsections apply to an election under Section 26.08, Tax Code.  (j) For purposes of Subsection (d) [~~Sections 26.07(b)-(g) and this subsection~~], the rollback tax rate of a district is the sum of the following tax rates:  (1) the current year's debt service tax rate;  (2) the current year's [~~and~~] contract tax rate; and  (3) [~~rates plus~~] the operation and maintenance tax rate that would impose 1.05 [~~1.08~~] times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older.  (k) For purposes of Subsection (e), the rollback tax rate of a district is the sum of the following tax rates:  (1) the current year's debt service tax rate;  (2) the current year's contract tax rate; and  (3) the operation and maintenance tax rate that would impose 1.08 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older.  (l) Notwithstanding any other provision of this section, the board may substitute "eight percent" for "five percent" in Subsection (a)(3)(A) and "1.08" for "1.05" in Subsections (d) and (j) if any part of the district is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States.  (m) In this section, "small taxing unit" has the meaning assigned by Section 26.012, Tax Code. | SECTION 19. Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, is amended by amending Subsections (a) and (d) and adding Subsections (e), (f), (g), (h), (i), (j), (k), (l), and (m) to read as follows:  (a) Before the board adopts an ad valorem tax rate for the district for debt service, operation and maintenance purposes, or contract purposes, the board shall give notice of each meeting of the board at which the adoption of a tax rate will be considered. The notice must:  (1) contain a statement in substantially the following form:  "NOTICE OF PUBLIC HEARING ON TAX RATE  "The (name of the district) will hold a public hearing on a proposed tax rate for the tax year (year of tax levy) on (date and time) at (meeting place). Your individual taxes may increase or decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.  "(Names of all board members and, if a vote was taken, an indication of how each voted on the proposed tax rate and an indication of any absences.)";  (2) contain the following information:  (A) the district's total adopted tax rate for the preceding year and the proposed tax rate, expressed as an amount per $100;  (B) the difference, expressed as an amount per $100 and as a percent increase or decrease, as applicable, in the proposed tax rate compared to the adopted tax rate for the preceding year;  (C) the average appraised value of a residence homestead in the district in the preceding year and in the current year; the district's total homestead exemption, other than an exemption available only to disabled persons or persons 65 years of age or older, applicable to that appraised value in each of those years; and the average taxable value of a residence homestead in the district in each of those years, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older;  (D) the amount of tax that would have been imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older;  (E) the amount of tax that would be imposed by the district in the current year on a residence homestead appraised at the average appraised value of a residence homestead in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older, if the proposed tax rate is adopted; [~~and~~]  (F) the difference between the amounts of tax calculated under Paragraphs (D) and (E), expressed in dollars and cents and described as the annual percentage increase or decrease, as applicable, in the tax to be imposed by the district on the average residence homestead in the district in the current year if the proposed tax rate is adopted; and  (G) if the proposed combined debt service, operation and maintenance, and contract tax rate authorizes or requires an election in the district to approve the tax rate, a description of the purpose of the proposed tax increase; and  (3) contain a statement in substantially the following form, as applicable:  (B) if the district is a taxing unit other than a small taxing unit:  "NOTICE OF VOTE ON TAX RATE  "If taxes on the average residence homestead increase by more than six percent, an election must be held to determine whether to approve the tax rate under Section 49.236(i), Water Code."  (A) if the district is a small taxing unit:  "NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION  "If taxes on the average residence homestead increase by more than eight percent, the qualified voters of the district by petition may require that an election be held to determine whether to approve [~~reduce~~] the [~~operation and maintenance~~] tax rate [~~to the rollback tax rate~~] under Section 49.236(d), Water Code."; or  (i) This subsection applies to a district only if the district is a taxing unit other than a small taxing unit. If the board of the district adopts a combined debt service, operation and maintenance, and contract tax rate that would impose more than 1.06 times the amount of tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older, an election must be held to determine whether to approve the tax rate adopted for the current year in accordance with the procedures provided by Sections 26.08(b), (c), (d), (d-1), and (d-2), Tax Code.  (d) This subsection and Subsections (e)-(h) apply to a district only if the district is a small taxing unit. If the board [~~governing body~~] of the [~~a~~] district adopts a combined debt service, operation and maintenance, and contract tax rate that would impose more than 1.08 times the amount of tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older, the qualified voters of the district by petition may require that an election be held to determine whether [~~or not~~] to approve [~~reduce~~] the tax rate adopted for the current year [~~to the rollback tax rate~~] in accordance with the procedures provided by Subsections (e)-(h) of this section and Section [~~Sections 26.07(b)-(g) and~~] 26.081, Tax Code.  (e) A petition under Subsection (d) is valid only if:  (1) it states that it is intended to require an election in the district on the question of approving the tax rate adopted for the current year;  (2) it is signed by a number of registered voters of the district equal to at least:  (A) seven percent of the number of registered voters of the district according to the most recent official list of registered voters if the tax rate adopted for the current tax year would impose taxes for operation and maintenance in an amount of at least $5 million; or  (B) 10 percent of the number of registered voters of the district according to the most recent official list of registered voters if the tax rate adopted for the current tax year would impose taxes for operation and maintenance in an amount of less than $5 million; and  (3) it is submitted to the board on or before the 90th day after the date on which the board adopted the tax rate for the current year.  (f) Not later than the 20th day after the day a petition is submitted, the board shall determine whether or not the petition is valid and pass a resolution stating its finding. If the board fails to act within the time allowed, the petition is treated as if it had been found valid.  (g) If the board finds that the petition is valid (or fails to act within the time allowed), it shall order that an election be held in the district on a date not less than 30 or more than 90 days after the last day on which it could have acted to approve or disapprove the petition. A state law requiring local elections to be held on a specified date does not apply to the election unless a specified date falls within the time permitted by this subsection. At the election, the ballots shall be prepared to permit voting for or against the proposition: "Approving the ad valorem tax rate of $\_\_\_\_ per $100 valuation in (name of district) for the current year, a rate that is $\_\_\_\_ higher per $100 valuation than the district's rollback tax rate, for the purpose of (description of purpose of increase)." The ballot proposition must include the adopted tax rate and the difference between that rate and the rollback tax rate in the appropriate places.  (h) Sections 26.08(c), (d), (d-1), and (d-2), Tax Code, apply to an election under Subsection (d) of this section in the same manner as those subsections apply to an election under Section 26.08, Tax Code.  (j) For purposes of Subsection (d) [~~Sections 26.07(b)-(g) and this subsection~~], the rollback tax rate of a district is the sum of the following tax rates:  (1) the current year's debt service tax rate;  (2) the current year's [~~and~~] contract tax rate; and  (3) [~~rates plus~~] the operation and maintenance tax rate that would impose 1.08 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older.  (k) For purposes of Subsection (i), the rollback tax rate of a district is the sum of the following tax rates:  (1) the current year's debt service tax rate;  (2) the current year's contract tax rate; and  (3) the operation and maintenance tax rate that would impose 1.06 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older.  (l) Notwithstanding any other provision of this section, the board of a district that is a taxing unit other than a small taxing unit may substitute "eight percent" for "six percent" in Subsection (a)(3)(B) and "1.08" for "1.06" in Subsections (i) and (k) if any part of the district is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States. The board may continue doing so until the earlier of:  (1) the first tax year in which the total taxable value of property taxable by the district as shown on the appraisal roll for the district submitted by the assessor for the district to the board exceeds the total taxable value of property taxable by the district on January 1 of the tax year in which the disaster occurred; or  (2) the third tax year after the tax year in which the disaster occurred.  (m) In this section:  (1) "Small taxing unit" has the meaning assigned by Section 26.012, Tax Code.  (2) "Taxing unit" has the meaning assigned by Section 1.04, Tax Code. | | SECTION 20. The following provisions are repealed:  (1) Section 49.236, Water Code, as added by Chapter 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session, 2003; and  (2) Section 49.2361, Water Code. | SECTION 20. Same as introduced version. | | SECTION 21. The changes in law made by this Act relating to the ad valorem tax rate of a taxing unit apply beginning with the 2018 tax year. | No equivalent provision. | | SECTION 22. This Act takes effect January 1, 2018. | SECTION 21. Same as introduced version. | |