

By: Shaheen

H.B. No. 220

A BILL TO BE ENTITLED

AN ACT

relating to the calculation of the ad valorem rollback tax rate of a taxing unit and voter approval of a proposed tax rate that exceeds the rollback tax rate.

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

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 would impose taxes of \$10 million or less when applied to the current total value for the taxing unit.

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

1 dollars per \$100 of taxable value calculated according to the
2 following applicable formula:

3 (A) for a small taxing unit:

4 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND
5 OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

6 ; or

7 (B) for a taxing unit other than a small taxing
8 unit:

9 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND
10 OPERATIONS RATE x 1.05) + CURRENT DEBT RATE

11 (c-1) Notwithstanding any other provision of this section,
12 the governing body of a taxing unit other than a small taxing unit
13 may direct the designated officer or employee to calculate the
14 rollback tax rate of the unit according to the formula applicable to
15 a small taxing unit if any part of the unit is located in an area
16 declared a disaster area during the current tax year by the governor
17 or by the president of the United States.

18 SECTION 3. Section 26.041, Tax Code, is amended by amending
19 Subsections (a), (b), and (c) and adding Subsection (c-1) to read as
20 follows:

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

25 EFFECTIVE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY
26 LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] -
27 SALES TAX GAIN RATE

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[~~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)

1 or

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3 ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL
 4 TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS
 5 EXPENSE x 1.05) / (CURRENT TOTAL VALUE - NEW PROPERTY
 6 VALUE)] + (CURRENT DEBT RATE - SALES TAX REVENUE RATE)

7 where "last year's maintenance and operations expense" means the
 8 amount spent for maintenance and operations from property tax and
 9 additional sales and use tax revenues in the preceding year, and
 10 "sales tax revenue rate" means a number expressed in dollars per
 11 \$100 of taxable value, calculated by dividing the revenue that will
 12 be generated by the additional sales and use tax in the current year
 13 as calculated under Subsection (d) [~~of this section~~] by the current
 14 total value.

15 (c) In a year in which a taxing unit that has been imposing
 16 an additional sales and use tax ceases to impose an additional sales
 17 and use tax, the effective tax rate and rollback tax rate for the
 18 unit are calculated according to the following formulas:

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

22

23 [~~and~~]

24

25 ROLLBACK TAX RATE FOR SMALL TAXING UNIT = [(LAST YEAR'S
 26 MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / (~~[TOTAL]~~
 27 CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT

1 DEBT RATE

2
3 and

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5 ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL
6 TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS
7 EXPENSE x 1.05) / (CURRENT TOTAL VALUE - NEW PROPERTY
8 VALUE)] + CURRENT DEBT RATE

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

16 (c-1) Notwithstanding any other provision of this section,
17 the governing body of a taxing unit other than a small taxing unit
18 may direct the designated officer or employee to calculate the
19 rollback tax rate of the unit according to the formula applicable to
20 a small taxing unit if any part of the unit is located in an area
21 declared a disaster area during the current tax year by the governor
22 or by the president of the United States.

23 SECTION 4. The heading to Section 26.043, Tax Code, is
24 amended to read as follows:

25 Sec. 26.043. ROLLBACK AND EFFECTIVE TAX RATES [~~RATE~~] IN
26 CITY IMPOSING MASS TRANSIT SALES AND USE TAX.

27 SECTION 5. The heading to Section 26.07, Tax Code, is

1 amended to read as follows:

2 Sec. 26.07. ELECTION TO REDUCE TAX RATE OF SMALL TAXING UNIT
3 ~~[REPEAL INCREASE]~~.

4 SECTION 6. Section 26.07(a), Tax Code, is amended to read as
5 follows:

6 (a) If the governing body of a small taxing unit ~~[other than~~
7 ~~a school district]~~ adopts a tax rate that exceeds the taxing unit's
8 rollback tax rate calculated as provided by this chapter, the
9 qualified voters of the taxing unit by petition may require that an
10 election be held to determine whether or not to reduce the tax rate
11 adopted for the current year to the rollback tax rate calculated as
12 provided by this chapter.

13 SECTION 7. The heading to Section 26.08, Tax Code, is
14 amended to read as follows:

15 Sec. 26.08. ELECTION TO APPROVE TAX RATE OF TAXING UNIT
16 OTHER THAN SMALL TAXING UNIT ~~[RATIFY SCHOOL TAXES]~~.

17 SECTION 8. Section 26.08, Tax Code, is amended by amending
18 Subsections (a), (b), (d), (d-1), (d-2), (e), and (h) and adding
19 Subsection (r) to read as follows:

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

1 that has impacted the taxing unit [~~a school district~~] and the
2 governor has requested federal disaster assistance for the area in
3 which the taxing unit [~~school district~~] is located, an election is
4 not required under this section to approve the tax rate adopted by
5 the governing body for the year following the year in which the
6 disaster occurs.

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

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

25 (d-1) If, after tax bills for the taxing unit [~~school~~
26 ~~district~~] have been mailed, a proposition to approve the taxing
27 unit's [~~school district's~~] adopted tax rate is not approved by the

1 voters of the taxing unit [~~district~~] at an election held under this
2 section, on subsequent adoption of a new tax rate by the governing
3 body of the taxing unit [~~district~~], the assessor for the taxing unit
4 [~~school~~] shall prepare and mail corrected tax bills. The assessor
5 shall include with each bill a brief explanation of the reason for
6 and effect of the corrected bill. The date on which the taxes
7 become delinquent for the year is extended by a number of days equal
8 to the number of days between the date the first tax bills were sent
9 and the date the corrected tax bills were sent.

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

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

1 Section 26.085.

2 (h) For purposes of this section, increases in taxable
3 values and tax levies occurring within a reinvestment zone under
4 Chapter 311 (Tax Increment Financing Act), in which a school [~~the~~
5 district is a participant, shall be eliminated from the calculation
6 of the tax rate adopted by the governing body of the school
7 district.

8 (r) Except as otherwise expressly provided by law, this
9 section does not apply to a tax imposed by a taxing unit if a
10 provision of an uncodified local or special law enacted by the 85th
11 Legislature, Regular Session, 2017, or by an earlier legislature
12 provides that Section 26.07 does not apply to a tax imposed by the
13 taxing unit.

14 SECTION 9. Section 26.16(d), Tax Code, is amended to read as
15 follows:

16 (d) The county assessor-collector shall post immediately
17 below the table prescribed by Subsection (c) the following
18 statement:

19 "The county is providing this table of property tax rate
20 information as a service to the residents of the county. Each
21 individual taxing unit is responsible for calculating the property
22 tax rates listed in this table pertaining to that taxing unit and
23 providing that information to the county.

24 "The adopted tax rate is the tax rate adopted by the governing
25 body of a taxing unit.

26 "The maintenance and operations rate is the component of the
27 adopted tax rate of a taxing unit that will impose the amount of

1 taxes needed to fund maintenance and operation expenditures of the
2 unit for the following year.

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

6 "The effective tax rate is the tax rate that would generate
7 the same amount of revenue in the current tax year as was generated
8 by a taxing unit's adopted tax rate in the preceding tax year from
9 property that is taxable in both the current tax year and the
10 preceding tax year.

11 "The effective maintenance and operations rate is the tax
12 rate that would generate the same amount of revenue for maintenance
13 and operations in the current tax year as was generated by a taxing
14 unit's maintenance and operations rate in the preceding tax year
15 from property that is taxable in both the current tax year and the
16 preceding tax year.

17 "The rollback tax rate is the highest tax rate a taxing unit
18 may adopt before requiring voter approval at an election. In the
19 case of a small taxing unit [~~other than a school district~~], the
20 voters by petition may require that a rollback election be held if
21 the unit adopts a tax rate in excess of the unit's rollback tax
22 rate. In the case of a taxing unit other than a small taxing unit
23 [~~school district~~], an election will automatically be held if the
24 unit [~~district~~] wishes to adopt a tax rate in excess of the unit's
25 [~~district's~~] rollback tax rate."

26 SECTION 10. Sections 31.12(a) and (b), Tax Code, as amended
27 by S.B. 2242, Acts of the 85th Legislature, Regular Session, 2017,

1 are amended to read as follows:

2 (a) If a refund of a tax provided by Section 11.431(b),
3 26.07(g), 26.08(d-2), 26.15(f), 31.11, 31.111, or 31.112 is paid on
4 or before the 60th day after the date the liability for the refund
5 arises, no interest is due on the amount refunded. If not paid on or
6 before that 60th day, the amount of the tax to be refunded accrues
7 interest at a rate of one percent for each month or part of a month
8 that the refund is unpaid, beginning with the date on which the
9 liability for the refund arises.

10 (b) For purposes of this section, liability for a refund
11 arises:

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

15 (2) if the refund is required by Section 26.07(g), on
16 the date the results of the election to reduce the tax rate are
17 certified;

18 (3) if the refund is required by Section 26.08(d-2),
19 on the date the subsequent tax rate is adopted;

20 (4) if the refund is required by Section 26.15(f):

21 (A) for a correction to the tax roll made under
22 Section 26.15(b), on the date the change in the tax roll is
23 certified to the assessor for the taxing unit under Section 25.25;
24 or

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

1 (5) [~~(4)~~] if the refund is required by Section 31.11,
2 on the date the auditor for the taxing unit determines that the
3 payment was erroneous or excessive or, if the amount of the refund
4 exceeds the applicable amount specified by Section 31.11(a), on the
5 date the governing body of the unit approves the refund;

6 (6) [~~(5)~~] if the refund is required by Section 31.111,
7 on the date the collector for the taxing unit determines that the
8 payment was erroneous; or

9 (7) [~~(6)~~] if the refund is required by Section 31.112,
10 on the date required by Section 31.112(d) or (e), as applicable.

11 SECTION 11. Section 33.08(b), Tax Code, is amended to read
12 as follows:

13 (b) The governing body of the taxing unit or appraisal
14 district, in the manner required by law for official action, may
15 provide that taxes that become delinquent on or after June 1 under
16 Section 26.07(f), 26.08(d-1), 26.15(e), 31.03, 31.031, 31.032,
17 31.04, or 42.42 incur an additional penalty to defray costs of
18 collection. The amount of the penalty may not exceed the amount of
19 the compensation specified in the applicable contract with an
20 attorney under Section 6.30 to be paid in connection with the
21 collection of the delinquent taxes.

22 SECTION 12. Section 130.016(b), Education Code, is amended
23 to read as follows:

24 (b) If the board of trustees of an independent school
25 district that divests itself of the management, control, and
26 operation of a junior college district under this section or under
27 Section 130.017 [~~of this code~~] was authorized by [~~Subsection (e)~~]

1 ~~of~~] Section 45.105(e) or under former Section 20.48(e) [~~20.48 of~~
2 ~~this code~~] to dedicate a portion of its tax levy to the junior
3 college district before the divestment, the junior college district
4 may levy an ad valorem tax from and after the divestment. In the
5 first two years in which the junior college district levies an ad
6 valorem tax, the tax rate adopted by the governing body may not
7 exceed the rate that, if applied to the total taxable value
8 submitted to the governing body under Section 26.04, Tax Code,
9 would impose an amount equal to the amount of taxes of the school
10 district dedicated to the junior college under [~~Subsection (e) of~~
11 Section 45.105(e) or former Section 20.48(e) [~~20.48 of this code~~]
12 in the last dedication before the divestment. In subsequent years,
13 the tax rate of the junior college district is subject to Section
14 26.07 or 26.08, Tax Code, as applicable.

15 SECTION 13. Sections 281.124(d) and (e), Health and Safety
16 Code, are amended to read as follows:

17 (d) If a majority of the votes cast in the election favor the
18 proposition, the tax rate for the specified tax year is the rate
19 approved by the voters, and that rate is not subject to a rollback
20 election under Section 26.07 or 26.08, Tax Code. The board shall
21 adopt the tax rate as provided by Chapter 26, Tax Code, as
22 applicable.

23 (e) If the proposition is not approved as provided by
24 Subsection (c), the board may not adopt a tax rate for the district
25 for the specified tax year that exceeds the rate that was not
26 approved, and Section 26.07 or 26.08, Tax Code, as applicable,
27 applies to the adopted rate if that rate exceeds the district's

1 rollback tax rate.

2 SECTION 14. Section 140.010, Local Government Code, is
3 amended by amending Subsections (a), (e), (f), and (g) and adding
4 Subsection (e-1) to read as follows:

5 (a) In this section:

6 (1) "Effective[~~, "effective~~] tax rate" and "rollback
7 tax rate" mean the effective tax rate and rollback tax rate of a
8 county or municipality, as applicable, as calculated under Chapter
9 26, Tax Code.

10 (2) "Small taxing unit" has the meaning assigned by
11 Section 26.012, Tax Code.

12 (e) A county or municipality that is a small taxing unit and
13 that proposes a property tax rate that exceeds the lower of the
14 effective tax rate or the rollback tax rate shall provide the
15 following notice:

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

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

26 PROPOSED TAX RATE \$_____ per \$100

27 PRECEDING YEAR'S TAX RATE \$_____ per \$100

1 meeting).

2 Second Hearing: (insert date and time) at (insert location
3 of meeting)."

4 (e-1) A county or municipality that is not a small taxing
5 unit and that proposes a property tax rate that exceeds the lower of
6 the effective tax rate or the rollback tax rate shall provide the
7 following notice:

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

10 "A tax rate of \$_____ per \$100 valuation has been proposed for
11 adoption by the governing body of (insert name of county or
12 municipality). This rate exceeds the lower of the effective or
13 rollback tax rate, and state law requires that two public hearings
14 be held by the governing body before adopting the proposed tax rate.
15 The governing body of (insert name of county or municipality)
16 proposes to use revenue attributable to the tax rate increase for
17 the purpose of (description of purpose of increase).

18	<u>PROPOSED TAX RATE</u>	<u>\$_____ per \$100</u>
19	<u>PRECEDING YEAR'S TAX RATE</u>	<u>\$_____ per \$100</u>
20	<u>EFFECTIVE TAX RATE</u>	<u>\$_____ per \$100</u>
21	<u>ROLLBACK TAX RATE</u>	<u>\$_____ per \$100</u>

22 "The effective tax rate is the total tax rate needed to raise the
23 same amount of property tax revenue for (insert name of county or
24 municipality) from the same properties in both the (insert
25 preceding tax year) tax year and the (insert current tax year) tax
26 year.

27 "The rollback tax rate is the highest tax rate that (insert name of

1 county or municipality) may adopt before the (insert "county" or
2 "city") is required to hold an election to limit the rate that may
3 be approved to the rollback tax rate.

4 "YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS

5 FOLLOWS:

6 property tax amount = (rate) x (taxable value of your property) /
7 100

8 "For assistance or detailed information about tax calculations,
9 please contact:

10 (insert name of county or municipal tax assessor-collector)

11 (insert name of county or municipality) tax
12 assessor-collector

13 (insert address)

14 (insert telephone number)

15 (insert e-mail address)

16 (insert Internet website address, if applicable)

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

19 First Hearing: (insert date and time) at (insert location of
20 meeting).

21 Second Hearing: (insert date and time) at (insert location
22 of meeting)."

23 (f) A county or municipality shall:

24 (1) provide the notice required by Subsection (d),

25 ~~or~~ (e), or (e-1), as applicable, not later than the later of

26 September 1 or the 30th day after the first date that the taxing

27 unit has received each applicable certified appraisal roll by:

1 (A) publishing the notice in a newspaper having
2 general circulation in:

3 (i) the county, in the case of notice
4 published by a county; or

5 (ii) the county in which the municipality
6 is located or primarily located, in the case of notice published by
7 a municipality; or

8 (B) mailing the notice to each property owner in:

9 (i) the county, in the case of notice
10 provided by a county; or

11 (ii) the municipality, in the case of
12 notice provided by a municipality; and

13 (2) post the notice on the Internet website of the
14 county or municipality, if applicable, beginning not later than the
15 later of September 1 or the 30th day after the first date that the
16 taxing unit has received each applicable certified appraisal roll
17 and continuing until the county or municipality adopts a tax rate.

18 (g) If the notice required by Subsection (d), ~~(e)~~ (e), or
19 (e-1) is published in a newspaper:

20 (1) the notice may not be smaller than one-quarter
21 page of a standard-size or a tabloid-size newspaper; and

22 (2) the headline on the notice must be in 24-point or
23 larger type.

24 SECTION 15. Section [1122.2522](#), Special District Local Laws
25 Code, is amended by amending Subsection (a) and adding Subsection
26 (a-1) to read as follows:

27 (a) If in any year the board adopts a tax rate that exceeds

1 the rollback tax rate calculated as provided by Chapter 26, Tax
2 Code, and the district is a small taxing unit as defined by Section
3 26.012 of that code, the qualified voters of the district by
4 petition may require that an election be held to determine whether
5 or not to reduce the tax rate adopted by the board for that year to
6 the rollback tax rate.

7 (a-1) If in any year the board adopts a tax rate that exceeds
8 the rollback tax rate calculated as provided by Chapter 26, Tax
9 Code, and the district is not a small taxing unit as defined by
10 Section 26.012 of that code, an election must be held to determine
11 whether or not to approve the tax rate adopted by the board for that
12 year.

13 SECTION 16. Sections 3828.157 and 8876.152, Special
14 District Local Laws Code, are amended to read as follows:

15 Sec. 3828.157. INAPPLICABILITY OF CERTAIN TAX CODE
16 PROVISIONS. Sections 26.04, 26.05, ~~and~~ 26.07, and 26.08, Tax
17 Code, do not apply to a tax imposed under Section 3828.153 or
18 3828.156.

19 Sec. 8876.152. APPLICABILITY OF CERTAIN TAX PROVISIONS.
20 (a) Sections 26.04, 26.05, 26.06, ~~and~~ 26.07, and 26.08, Tax Code,
21 do not apply to a tax imposed by the district.

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

27 (g) Sections 26.04, 26.05, 26.06, ~~and~~ 26.07, and 26.08,

1 Tax Code, do not apply to a tax levied and collected under this
2 section or an ad valorem tax levied and collected for the payment of
3 the interest on and principal of bonds issued by a district.

4 SECTION 18. Section 49.108(f), Water Code, is amended to
5 read as follows:

6 (f) Sections 26.04, 26.05, 26.06, [~~and~~] 26.07, and 26.08,
7 Tax Code, do not apply to a tax levied and collected for payments
8 made under a contract approved in accordance with this section.

9 SECTION 19. Section 49.236, Water Code, as added by Chapter
10 335 (S.B. 392), Acts of the 78th Legislature, Regular Session,
11 2003, is amended by amending Subsections (a) and (d) and adding
12 Subsections (e), (f), (g), (h), (i), (j), (k), (l), and (m) to read
13 as follows:

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

19 (1) contain a statement in substantially the following
20 form:

21 "NOTICE OF PUBLIC HEARING ON TAX RATE

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

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

4 (2) contain the following information:

5 (A) the district's total adopted tax rate for the
6 preceding year and the proposed tax rate, expressed as an amount per
7 \$100;

8 (B) the difference, expressed as an amount per
9 \$100 and as a percent increase or decrease, as applicable, in the
10 proposed tax rate compared to the adopted tax rate for the preceding
11 year;

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

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

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

1 district in the current year on a residence homestead appraised at
2 the average appraised value of a residence homestead in that year,
3 disregarding any homestead exemption available only to disabled
4 persons or persons 65 years of age or older, if the proposed tax
5 rate is adopted; ~~and~~

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

12 (G) if the proposed combined debt service,
13 operation and maintenance, and contract tax rate requires or
14 authorizes an election in the district to approve the tax rate, a
15 description of the purpose of the proposed tax increase; and

16 (3) contain a statement in substantially the following
17 form, as applicable:

18 (A) if the district is not a small taxing unit and
19 there are not any new improvements in the district in the current
20 tax year:

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

22 "If taxes on the average residence homestead increase by more
23 than five [~~eight~~] percent, [~~the qualified voters of the district by~~
24 ~~petition may require that~~] an election must be held to determine
25 whether to approve [~~reduce~~] the [~~operation and maintenance~~] tax
26 rate [~~to the rollback tax rate~~] under Section 49.236(d), Water
27 Code."; or

1 (B) if the district is a small taxing unit or
2 there are any new improvements in the district in the current tax
3 year:

4 "NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION

5 "If taxes on the average residence homestead increase by more
6 than eight percent, the qualified voters of the district by
7 petition may require that an election be held to determine whether
8 to approve the tax rate under Section 49.236(e), Water Code."

9 (d) This subsection applies to a district only if the
10 district is not a small taxing unit and there are not any new
11 improvements in the district in the current tax year. If the board
12 [governing body] of the [a] district adopts a combined debt
13 service, operation and maintenance, and contract tax rate that
14 would impose more than 1.05 [1.08] times the amount of tax imposed
15 by the district in the preceding year on a residence homestead
16 appraised at the average appraised value of a residence homestead
17 in the district in that year, disregarding any homestead exemption
18 available only to disabled persons or persons 65 years of age or
19 older, [the qualified voters of the district by petition may
20 require that] an election must be held to determine whether [or not]
21 to approve [reduce] the tax rate adopted for the current year [to
22 the rollback tax rate] in accordance with the procedures provided
23 by Sections 26.08(b), (c), (d), (d-1), and (d-2) [26.07(b)-(g) and
24 26.081], Tax Code.

25 (e) This subsection and Subsections (f)-(i) apply to a
26 district only if the district is a small taxing unit or there are
27 any new improvements in the district in the current tax year. If

1 the board of the district adopts a combined debt service, operation
2 and maintenance, and contract tax rate that would impose more than
3 1.08 times the amount of tax imposed by the district in the
4 preceding year on a residence homestead appraised at the average
5 appraised value of a residence homestead in the district in that
6 year, disregarding any homestead exemption available only to
7 disabled persons or persons 65 years of age or older, the qualified
8 voters of the district by petition may require that an election be
9 held to determine whether to approve the tax rate adopted for the
10 current year in accordance with the procedures provided by
11 Subsections (f)-(i) of this section and Section 26.081, Tax Code.

12 (f) A petition under Subsection (e) is valid only if:

13 (1) it states that it is intended to require an
14 election in the district on the question of approving the tax rate
15 adopted for the current year;

16 (2) it is signed by a number of registered voters of
17 the district equal to at least:

18 (A) seven percent of the number of registered
19 voters of the district according to the most recent official list of
20 registered voters if the tax rate adopted for the current tax year
21 would impose taxes for operation and maintenance in an amount of at
22 least \$5 million; or

23 (B) 10 percent of the number of registered voters
24 of the district according to the most recent official list of
25 registered voters if the tax rate adopted for the current tax year
26 would impose taxes for operation and maintenance in an amount of
27 less than \$5 million; and

1 (3) it is submitted to the board on or before the 90th
2 day after the date on which the board adopted the tax rate for the
3 current year.

4 (g) Not later than the 20th day after the day a petition is
5 submitted, the board shall determine whether or not the petition is
6 valid and pass a resolution stating its finding. If the board fails
7 to act within the time allowed, the petition is treated as if it had
8 been found valid.

9 (h) If the board finds that the petition is valid (or fails
10 to act within the time allowed), it shall order that an election be
11 held in the district on a date not less than 30 or more than 90 days
12 after the last day on which it could have acted to approve or
13 disapprove the petition. A state law requiring local elections to
14 be held on a specified date does not apply to the election unless a
15 specified date falls within the time permitted by this subsection.
16 At the election, the ballots shall be prepared to permit voting for
17 or against the proposition: "Approving the ad valorem tax rate of
18 \$____ per \$100 valuation in (name of district) for the current year,
19 a rate that is \$____ higher per \$100 valuation than the district's
20 rollback tax rate, for the purpose of (description of purpose of
21 increase)." The ballot proposition must include the adopted tax
22 rate and the difference between that rate and the rollback tax rate
23 in the appropriate places.

24 (i) Sections 26.08(c), (d), (d-1), and (d-2), Tax Code,
25 apply to an election under Subsection (e) of this section in the
26 same manner as those subsections apply to an election under Section
27 26.08, Tax Code.

1 (j) For purposes of Subsection (d) [Sections ~~26.07(b)-(g)~~
2 ~~and this subsection]~~, the rollback tax rate of a district is the sum
3 of the following tax rates:

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

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

6 (3) ~~[rates plus]~~ the operation and maintenance tax
7 rate that would impose 1.05 ~~[1.08]~~ times the amount of the operation
8 and maintenance tax imposed by the district in the preceding year on
9 a residence homestead appraised at the average appraised value of a
10 residence homestead in the district in that year, disregarding any
11 homestead exemption available only to disabled persons or persons
12 65 years of age or older.

13 (k) For purposes of Subsection (e), the rollback tax rate of
14 a district is the sum of the following tax rates:

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

16 (2) the current year's contract tax rate; and

17 (3) the operation and maintenance tax rate that would
18 impose 1.08 times the amount of the operation and maintenance tax
19 imposed by the district in the preceding year on a residence
20 homestead appraised at the average appraised value of a residence
21 homestead in the district in that year, disregarding any homestead
22 exemption available only to disabled persons or persons 65 years of
23 age or older.

24 (l) Notwithstanding any other provision of this section,
25 the board may substitute "eight percent" for "five percent" in
26 Subsection (a)(3)(A) and "1.08" for "1.05" in Subsections (d) and
27 (j) if any part of the district is located in an area declared a

1 disaster area during the current tax year by the governor or by the
2 president of the United States.

3 (m) In this section:

4 (1) "Improvement" has the meaning assigned by Section
5 1.04(3)(A), (B), or (C), Tax Code.

6 (2) "Small taxing unit" has the meaning assigned by
7 Section 26.012, Tax Code.

8 SECTION 20. The following provisions are repealed:

9 (1) Section 49.236, Water Code, as added by Chapter
10 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session,
11 2003; and

12 (2) Section 49.2361, Water Code.

13 SECTION 21. This Act takes effect January 1, 2018.