

By: Koop

H.B. No. 393

A BILL TO BE ENTITLED

AN ACT

relating to the calculation of the ad valorem rollback tax rate of a municipality.

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

SECTION 1. Chapter 26, Tax Code, is amended by adding Section 26.0442 to read as follows:

Sec. 26.0442. TAX RATE ADJUSTMENT FOR ADDITIONAL MUNICIPAL POLICE AND FIRE FIGHTER RETIREMENT SYSTEMS EXPENDITURES. (a) In this section, "additional municipal police and fire fighter retirement systems expenditures" for a tax year means the amount by which the amount of municipal contributions required by Section 4.02, Article 6243a-1, Revised Statutes, that were made by a municipality in the period beginning on July 1 of the year preceding the tax year for which the tax is adopted and ending on June 30 of the tax year for which the tax is adopted exceeds the amount of municipal contributions that would have been required by that section to have been made by that municipality in that period if that section had not been amended by H.B. 3158, Acts of the 85th Legislature, Regular Session, 2017.

(b) In the first tax year in which a municipality adopts a tax rate after January 1, 2018, and in which the municipality makes additional municipal police and fire fighter retirement systems expenditures, the effective maintenance and operations rate for the municipality is increased by the rate computed according to the

1 following formula:

2 Additional Municipal Police and Fire Fighter Retirement  
3 Systems Expenditures / (Current Total Value - New Property  
4 Value)

5 (c) In each subsequent tax year, if the municipality's  
6 additional municipal police and fire fighter retirement systems  
7 expenditures exceed the amount of those expenditures for the  
8 preceding year, the effective maintenance and operations rate for  
9 the municipality is increased by the rate computed according to the  
10 following formula:

11 (Current Tax Year's Additional Municipal Police and Fire  
12 Fighter Retirement Systems Expenditures - Preceding Tax  
13 Year's Additional Municipal Police and Fire Fighter  
14 Retirement Systems Expenditures) / (Current Total Value - New  
15 Property Value)

16 (d) The municipality shall include a notice of the increase  
17 in its effective maintenance and operations rate provided by this  
18 section, including a brief description and the amount of the  
19 additional municipal police and fire fighter retirement systems  
20 expenditures, in the information published under Section 26.04(e)  
21 and, if applicable, Section 26.06(b).

22 Section 2: Section 26.0442, Tax Code, as added by this Act,  
23 applies to the effective maintenance and operations rate of a  
24 municipality beginning with the 2018 tax year.

25 Section 3: CONTINGENCY. (a) This Act takes effect only if  
26 the 85th Legislature, 1st Called Session, 2017, enacts the  
27 following and the Act become law:

1           (1) S.B. 1 or another Act that lowers the rollback rate  
2 from eight percent to six percent and requires an automatic tax  
3 ratification election if the rollback rate is exceeded.

4           Section 4: EFFECTIVE DATE:       This Act takes effect  
5 immediately if it receives a vote of two-thirds of all the members  
6 elected to each house, as provided by Section 39, Article III, Texas  
7 Constitution. If this Act does not receive the vote necessary for  
8 immediate effect, this Act takes effect on the 91st day after the  
9 last day of the legislative session.