

By: Bettencourt, et al.
(Bonnen of Brazoria)

S.B. No. 1

Substitute the following for S.B. No. 1:

By: Bohac

C.S.S.B. No. 1

A BILL TO BE ENTITLED

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

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

6 SECTION 1. Section 26.012, Tax Code, is amended by adding
7 Subdivision (18) to read as follows:

8 (18) "Small taxing unit" means:

9 (A) a taxing unit, other than a school district,
10 for which the maintenance and operations tax rate proposed for the
11 current tax year:

12 (i) is two cents or less per \$100 of taxable
13 value; or

14 (ii) would impose taxes of \$25 million or
15 less when applied to the current total value for the taxing unit; or

16 (B) a junior college district.

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

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

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

1 EFFECTIVE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY
2 LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)
3 ; and

4 (2) "Rollback tax rate" means a rate expressed in
5 dollars per \$100 of taxable value calculated according to the
6 following applicable formula:

7 (A) for a small taxing unit:

8 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND
9 OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

10 ; or

11 (B) for a taxing unit other than a small taxing
12 unit:

13 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND
14 OPERATIONS RATE x 1.06) + CURRENT DEBT RATE

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

25 (1) the first tax year in which the total taxable value
26 of property taxable by the taxing unit as shown on the appraisal
27 roll for the taxing unit submitted by the assessor for the taxing

1 unit to the governing body exceeds the total taxable value of
2 property taxable by the taxing unit on January 1 of the tax year in
3 which the disaster occurred; or

4 (2) the third tax year after the tax year in which the
5 disaster occurred.

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

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

13 EFFECTIVE TAX RATE = $\frac{[(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY}$
14 $\text{LEVY}) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})]}{\text{SALES TAX GAIN RATE}}$

17 ~~and~~

19 ROLLBACK TAX RATE FOR SMALL TAXING UNIT = (EFFECTIVE
20 MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT
21 RATE - SALES TAX GAIN RATE

23 and

25 ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL
26 TAXING UNIT = (EFFECTIVE MAINTENANCE AND OPERATIONS
27 RATE x 1.06) + CURRENT DEBT RATE - SALES TAX GAIN RATE

1 where "sales tax gain rate" means a number expressed in dollars per
 2 \$100 of taxable value, calculated by dividing the revenue that will
 3 be generated by the additional sales and use tax in the following
 4 year as calculated under Subsection (d) [~~of this section~~] by the
 5 current total value.

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

$$11 \quad \text{ROLLBACK TAX RATE FOR SMALL TAXING UNIT} = [(\text{LAST YEAR'S} \\ 12 \quad \text{MAINTENANCE AND OPERATIONS EXPENSE} \times 1.08) / ([\text{TOTAL}] \\ 13 \quad \text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})] + (\text{CURRENT} \\ 14 \quad \text{DEBT RATE} - \text{SALES TAX REVENUE RATE})$$

15
 16 or

$$17 \\ 18 \quad \text{ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL} \\ 19 \quad \text{TAXING UNIT} = [(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS} \\ 20 \quad \text{EXPENSE} \times 1.06) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY} \\ 21 \quad \text{VALUE})] + (\text{CURRENT DEBT RATE} - \text{SALES TAX REVENUE RATE})$$

22 where "last year's maintenance and operations expense" means the
 23 amount spent for maintenance and operations from property tax and
 24 additional sales and use tax revenues in the preceding year, and
 25 "sales tax revenue rate" means a number expressed in dollars per
 26 \$100 of taxable value, calculated by dividing the revenue that will
 27 be generated by the additional sales and use tax in the current year

1 as calculated under Subsection (d) [~~of this section~~] by the current
2 total value.

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

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

10

11 [~~and~~]

12

13 ROLLBACK TAX RATE FOR SMALL TAXING UNIT = [(LAST YEAR'S
14 MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / (~~[TOTAL]~~
15 CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT
16 DEBT RATE

17

18 and

19

20 ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL
21 TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS
22 EXPENSE x 1.06) / (CURRENT TOTAL VALUE - NEW PROPERTY
23 VALUE)] + CURRENT DEBT RATE

24 where "sales tax loss rate" means a number expressed in dollars per
25 \$100 of taxable value, calculated by dividing the amount of sales
26 and use tax revenue generated in the last four quarters for which
27 the information is available by the current total value and "last

1 year's maintenance and operations expense" means the amount spent
2 for maintenance and operations from property tax and additional
3 sales and use tax revenues in the preceding year.

4 (c-1) Notwithstanding any other provision of this section,
5 the governing body of a taxing unit other than a small taxing unit
6 may direct the designated officer or employee to calculate the
7 rollback tax rate of the unit according to the formula applicable to
8 a small taxing unit if any part of the unit is located in an area
9 declared a disaster area during the current tax year by the governor
10 or by the president of the United States. The designated officer or
11 employee at the direction of the governing body may continue
12 calculating the rollback tax rate in the manner provided by this
13 subsection until the earlier of:

14 (1) the first tax year in which the total taxable value
15 of property taxable by the taxing unit as shown on the appraisal
16 roll for the taxing unit submitted by the assessor for the taxing
17 unit to the governing body exceeds the total taxable value of
18 property taxable by the taxing unit on January 1 of the tax year in
19 which the disaster occurred; or

20 (2) the third tax year after the tax year in which the
21 disaster occurred.

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

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

26 SECTION 5. The heading to Section 26.07, Tax Code, is
27 amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (h) For purposes of this section, increases in taxable

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

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

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

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

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

22 "The adopted tax rate is the tax rate adopted by the governing
23 body of a taxing unit.

24 "The maintenance and operations rate is the component of the
25 adopted tax rate of a taxing unit that will impose the amount of
26 taxes needed to fund maintenance and operation expenditures of the
27 unit for the following year.

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

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

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

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

24 SECTION 10. Sections 31.12(a) and (b), Tax Code, as amended
25 by S.B. 2242, Acts of the 85th Legislature, Regular Session, 2017,
26 are amended to read as follows:

27 (a) If a refund of a tax provided by Section 11.431(b),

1 26.07(g), 26.08(d-2), 26.15(f), 31.11, 31.111, or 31.112 is paid on
2 or before the 60th day after the date the liability for the refund
3 arises, no interest is due on the amount refunded. If not paid on or
4 before that 60th day, the amount of the tax to be refunded accrues
5 interest at a rate of one percent for each month or part of a month
6 that the refund is unpaid, beginning with the date on which the
7 liability for the refund arises.

8 (b) For purposes of this section, liability for a refund
9 arises:

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

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

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

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

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

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

26 (5) [~~4~~] if the refund is required by Section 31.11,
27 on the date the auditor for the taxing unit determines that the

1 payment was erroneous or excessive or, if the amount of the refund
2 exceeds the applicable amount specified by Section 31.11(a), on the
3 date the governing body of the unit approves the refund;

4 (6) [~~(5)~~] if the refund is required by Section 31.111,
5 on the date the collector for the taxing unit determines that the
6 payment was erroneous; or

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

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

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

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

22 (b) If the board of trustees of an independent school
23 district that divests itself of the management, control, and
24 operation of a junior college district under this section or under
25 Section 130.017 [~~of this code~~] was authorized by [~~Subsection (e)~~
26 ~~of~~] Section 45.105(e) or under former Section 20.48(e) [~~20.48 of~~
27 ~~this code~~] to dedicate a portion of its tax levy to the junior

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

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

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

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

27 SECTION 14. Section 140.010, Local Government Code, is

1 amended by amending Subsections (a), (e), (f), and (g) and adding
2 Subsection (e-1) to read as follows:

3 (a) In this section:

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

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

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

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

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

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

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

6 "The rollback tax rate is the highest tax rate that (insert name of
7 county or municipality) may adopt before the voters are entitled to
8 petition for an election to limit the rate that may be approved to
9 the rollback tax rate.

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

$$12 \text{ property tax amount} = (\text{rate}) \times (\text{taxable value of your property}) /$$
$$13 \text{ 100}$$

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

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

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

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

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

1 of meeting)."

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

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

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

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

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

25 "The rollback tax rate is the highest tax rate that (insert name of
26 county or municipality) may adopt before the (insert "county" or
27 "city") is required to hold an election to limit the rate that may

1 be approved to the rollback tax rate.

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

3 FOLLOWS:

4 property tax amount = (rate) x (taxable value of your property) /
5 100

6 "For assistance or detailed information about tax calculations,
7 please contact:

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

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

11 (insert address)

12 (insert telephone number)

13 (insert e-mail address)

14 (insert Internet website address, if applicable)

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

17 First Hearing: (insert date and time) at (insert location of
18 meeting).

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

21 (f) A county or municipality shall:

22 (1) provide the notice required by Subsection (d),
23 ~~(e)~~ (e), or (e-1), as applicable, not later than the later of
24 September 1 or the 30th day after the first date that the taxing
25 unit has received each applicable certified appraisal roll by:

26 (A) publishing the notice in a newspaper having
27 general circulation in:

1 (i) the county, in the case of notice
2 published by a county; or

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

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

7 (i) the county, in the case of notice
8 provided by a county; or

9 (ii) the municipality, in the case of
10 notice provided by a municipality; and

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

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

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

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

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

25 (a) If in any year the board adopts a tax rate that exceeds
26 the rollback tax rate calculated as provided by Chapter [26](#), Tax
27 Code, and the district is a small taxing unit as defined by Section

1 26.012 of that code, the qualified voters of the district by
2 petition may require that an election be held to determine whether
3 or not to reduce the tax rate adopted by the board for that year to
4 the rollback tax rate.

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

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

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

17 Sec. 8876.152. APPLICABILITY OF CERTAIN TAX PROVISIONS.

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

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

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

25 (g) Sections 26.04, 26.05, ~~and~~ 26.07, and 26.08, Tax Code,
26 do not apply to a tax levied and collected under this section or an
27 ad valorem tax levied and collected for the payment of the interest

1 on and principal of bonds issued by a district.

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

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

7 SECTION 19. Section 49.236, Water Code, as added by Chapter
8 335 (S.B. 392), Acts of the 78th Legislature, Regular Session,
9 2003, is amended by amending Subsections (a) and (d) and adding
10 Subsections (e), (f), (g), (h), (i), (j), (k), (l), and (m) to read
11 as follows:

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

17 (1) contain a statement in substantially the following
18 form:

19 "NOTICE OF PUBLIC HEARING ON TAX RATE

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

26 "(Names of all board members and, if a vote was taken, an
27 indication of how each voted on the proposed tax rate and an

1 indication of any absences.)";

2 (2) contain the following information:

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

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

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

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

25 (E) the amount of tax that would be imposed by the
26 district in the current year on a residence homestead appraised at
27 the average appraised value of a residence homestead in that year,

1 disregarding any homestead exemption available only to disabled
2 persons or persons 65 years of age or older, if the proposed tax
3 rate is adopted; ~~and~~

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

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

14 (3) contain a statement in substantially the following
15 form, as applicable:

16 (A) if the district is a small taxing unit:

17 "NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION

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

23 (B) if the district is a taxing unit other than a
24 small taxing unit:

25 "NOTICE OF VOTE ON TAX RATE

26 "If taxes on the average residence homestead increase by more
27 than six percent, an election must be held to determine whether to

1 approve the tax rate under Section 49.236(i), Water Code."

2 (d) This subsection and Subsections (e)-(h) apply to a
3 district only if the district is a small taxing unit. If the board
4 ~~[governing body]~~ of the ~~[a]~~ district adopts a combined debt
5 service, operation and maintenance, and contract tax rate that
6 would impose more than 1.08 times the amount of tax imposed by the
7 district in the preceding year on a residence homestead appraised
8 at the average appraised value of a residence homestead in the
9 district in that year, disregarding any homestead exemption
10 available only to disabled persons or persons 65 years of age or
11 older, the qualified voters of the district by petition may require
12 that an election be held to determine whether ~~[or not]~~ to approve
13 ~~[reduce]~~ the tax rate adopted for the current year ~~[to the rollback~~
14 ~~tax rate]~~ in accordance with the procedures provided by Subsections
15 (e)-(h) of this section and Section ~~[Sections 26.07(b)-(g) and]~~
16 26.081, Tax Code.

17 (e) A petition under Subsection (d) is valid only if:

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

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

23 (A) seven percent of the number of registered
24 voters 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 at
27 least \$5 million; or

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

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

9 (f) Not later than the 20th day after the day a petition is
10 submitted, the board shall determine whether or not the petition is
11 valid and pass a resolution stating its finding. If the board fails
12 to act within the time allowed, the petition is treated as if it had
13 been found valid.

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

1 in the appropriate places.

2 (h) Sections 26.08(c), (d), (d-1), and (d-2), Tax Code,
3 apply to an election under Subsection (d) of this section in the
4 same manner as those subsections apply to an election under Section
5 26.08, Tax Code.

6 (i) This subsection applies to a district only if the
7 district is a taxing unit other than a small taxing unit. If the
8 board of the district adopts a combined debt service, operation and
9 maintenance, and contract tax rate that would impose more than 1.06
10 times the amount of tax imposed by the district in the preceding
11 year on a residence homestead appraised at the average appraised
12 value of a residence homestead in the district in that year,
13 disregarding any homestead exemption available only to disabled
14 persons or persons 65 years of age or older, an election must be
15 held to determine whether to approve the tax rate adopted for the
16 current year in accordance with the procedures provided by Sections
17 26.08(b), (c), (d), (d-1), and (d-2), Tax Code.

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

- 21 (1) the current year's debt service tax rate;
22 (2) the current year's [~~and~~] contract tax rate; and
23 (3) [~~rates plus~~] the operation and maintenance tax
24 rate that would impose 1.08 times the amount of the operation and
25 maintenance tax imposed by the district in the preceding year on a
26 residence homestead appraised at the average appraised value of a
27 residence homestead in the district in that year, disregarding any

1 homestead exemption available only to disabled persons or persons
2 65 years of age or older.

3 (k) For purposes of Subsection (i), the rollback tax rate of
4 a district is the sum of the following tax rates:

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

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

7 (3) the operation and maintenance tax rate that would
8 impose 1.06 times the amount of the operation and maintenance tax
9 imposed by the district in the preceding year on a residence
10 homestead appraised at the average appraised value of a residence
11 homestead in the district in that year, disregarding any homestead
12 exemption available only to disabled persons or persons 65 years of
13 age or older.

14 (1) Notwithstanding any other provision of this section,
15 the board of a district that is a taxing unit other than a small
16 taxing unit may substitute "eight percent" for "six percent" in
17 Subsection (a)(3)(B) and "1.08" for "1.06" in Subsections (i) and
18 (k) if any part of the district is located in an area declared a
19 disaster area during the current tax year by the governor or by the
20 president of the United States. The board may continue doing so
21 until the earlier of:

22 (1) the first tax year in which the total taxable value
23 of property taxable by the district as shown on the appraisal roll
24 for the district submitted by the assessor for the district to the
25 board exceeds the total taxable value of property taxable by the
26 district on January 1 of the tax year in which the disaster
27 occurred; or

1 (2) the third tax year after the tax year in which the
2 disaster occurred.

3 (m) In this section:

4 (1) "Small taxing unit" has the meaning assigned by
5 Section 26.012, Tax Code.

6 (2) "Taxing unit" has the meaning assigned by Section
7 1.04, 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.