

BILL ANALYSIS

Senate Research Center

C.S.S.B. 2
By: Bettencourt et al.
Finance
3/15/2017
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Property Tax Reform & Relief Act of 2017 is the result of work of the Senate Select Committee on Property Tax Relief and Reform. S.B. 2 has three main goals: (1) Lower the rollback rate from 8 percent to 4 percent; (2) Require an automatic tax ratification election if the rollback rate is exceeded; and (3) Create a Property Tax Advisory Board at the office of the Texas comptroller of public accounts of the state of Texas.

Under current law, the trigger point for a rollback election is set statewide at 8 percent. S.B. 2 lowers that to 4 percent and removes the petition requirement for an election, thus making an election automatic if a city, county, or special district exceeds the 4 percent rollback rate. Currently, as appraisal values rise and city, county, and special district tax rates stay constant or decrease slightly, home and business owners see their tax bills increase each year. As the Texas economy continues to grow rapidly since the end of the Great Recession, taxpayers' ability to keep up with these double-digit increases has become difficult. Taxpayers' personal incomes, by any measure, have not come close to rising at the same pace.

S.B. 2 requires an automatic tax ratification election if the taxing entity adopts a tax rate that exceeds the rollback rate. It removes the petition requirement in current statute and standardizes tax ratification elections across the state by requiring them to be held on general election dates.

Additionally, S.B. 2 enhances accountability by creating a Property Tax Administration Advisory Board in the comptroller's office to oversee the appraisal process. It statutorily sets the filing deadline for all property tax protests as May 15, thus eliminating confusion for owners caused by multiple deadlines previously set for different classifications of property. Finally, in counties with populations of 120,000 or more, S.B. 2 establishes specialized Appraisal Review Board panels to evaluate particular categories of complex taxpayer protests.

Finally, S.B. 2 increases the value of properties that have the option of going to binding arbitration from \$3 million to \$5 million; and raises the exemption from filing income producing business personal from \$500 in value to \$2,500 in order to cut compliance cost for taxpayers and appraisal districts. Lastly, it prohibits local governments from being able to challenge the value of an entire class of properties. (Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 2 amends current law relating to ad valorem taxation.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas comptroller of public accounts in SECTION 20 (Section 26.04, Tax Code) of this bill and SECTION 27 (Section 26.05, Tax Code) of this bill.

Rulemaking authority previously granted to the Texas comptroller of public accounts is modified in SECTION 4 (Section 5.102, Tax Code) and SECTION 50 (Section 403.302, Government Code) of this bill.

Rulemaking authority previously granted to an appraisal review board is modified in SECTION 44 (Section 41.71, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Authorizes this Act to be cited as the Texas Property Tax Reform and Relief Act of 2017.

SECTION 2. Amends Chapter 5, Tax Code, by adding Section 5.01, as follows:

Sec. 5.01. PROPERTY TAX ADMINISTRATION ADVISORY BOARD. (a) Requires the Texas comptroller of public accounts (comptroller) to appoint the property tax administration advisory board (advisory board) to advise the comptroller with respect to the division or divisions within the Office of the Comptroller of Public Accounts of the State of Texas (office) with primary responsibility for state administration of property taxation and state oversight of appraisal districts and local tax offices. Authorizes the advisory board to make recommendations to the comptroller regarding improving the effectiveness and efficiency of the property tax system, best practices, and complaint resolution procedures.

(b) Provides that the advisory board is composed of at least six members appointed by the comptroller. Provides that members of the board should include representatives of property tax payers, appraisal districts, and school districts; and a person who has knowledge or experience in conducting ratio studies.

(c) Provides that the members of the advisory board serve at the pleasure of the comptroller.

(d) Requires any advice to the comptroller relating to a matter described by Subsection (a) that is provided by a member of the advisory board to be provided at a meeting called by the comptroller.

(e) Provides that Chapter 2110 (State Agency Advisory Committees), Government Code, does not apply to the advisory board.

SECTION 3. Amends Section 5.05, Tax Code, by adding Subsection (c-1), to require an appraisal district to appraise property in accordance with any appraisal manuals prepared and issued by the comptroller under this section.

SECTION 4. Amends Sections 5.102(a) and (c), Tax Code, as follows:

(a) Requires the comptroller, at least once every two years, to review certain aspects of the operations of each appraisal district, to determine compliance with generally accepted standards, procedures, and methodology, including compliance with standards, procedures, and methodology prescribed by appraisal manuals prepared and issued by the comptroller. Authorizes the comptroller, by rule, after consultation with the property tax administration advisory board, rather than the advisory committee created under Section 403.302, Government Code, to establish procedures and standards for conducting and scoring the review.

(c) Requires the comptroller to deliver a report detailing the comptroller's findings and recommendations to certain people if the review finds that an appraisal district is not in compliance with certain generally accepted standards, including compliance with standards, procedures, and methodology prescribed by appraisal manuals prepared and issued by the comptroller.

SECTION 5. Amends Section 5.13(d), Tax Code, as follows:

(d) Requires the comptroller, in conducting a general audit, to consider and report on:

(1) the extent to which the appraisal district complies with applicable law or generally accepted standards of appraisal or other relevant practice, including

appraisal standards and practices prescribed by appraisal manuals prepared and issued by the comptroller;

(2) to (4) Makes no changes to these subdivisions; and

(5) except as otherwise provided by Subsection (b), rather than by Subsection (b) of this section, any other matter included in the audit request.

SECTION 6. Amends Section 6.03(a), Tax Code, as follows:

(a) Requires that, to be eligible to serve on the appraisal district's board of directors, certain individuals must:

(1) Creates this subdivision from existing text and makes no further changes to this subdivision;

(2) Creates this subdivision from existing text and requires the individual to have resided in the district for at least two years immediately preceding the date the individual takes office; and

(3) be an elected official of the county or a member of the governing body or other elected official of a political subdivision all or part of the territory of which is located in the county. Deletes existing text providing that an individual otherwise eligible to serve on the board of directors is not ineligible because of membership on the governing body of a taxing unit. Deletes existing text providing that an employee of a taxing unit that participates in the district is not eligible to serve on the board of directors unless the individual meets certain criteria.

SECTION 7. Amends Section 6.035(a-1), Tax Code, to provide that an individual is ineligible to serve on an appraisal district board of directors if the individual has engaged in certain business at any time during the preceding three years, rather than preceding five years.

SECTION 8. Amends Section 6.15, Tax Code, by adding Subsection (c-1), as follows:

(c-1) Provides that Subsections (a) (relating to a member of the board of directors committing an offense by directly or indirectly communicating with the chief appraiser on any matter relating to the appraisal, except for certain exceptions) and (b) (relating to a chief appraiser committing an offense by directly or indirectly communicating with a member of the board of directors on any matter relating to the appraisal, except for certain exceptions) do not prohibit a member of the board of directors of an appraisal district from transmitting to the chief appraiser without comment a complaint by a property owner or taxing unit about the appraisal of a specific property, provided that the transmission is in writing.

SECTION 9. Amends Section 6.41, Tax Code, by amending Subsections (b) and (d-9) and adding Subsections (b-1), (b-2), and (d-10), as follows:

(b) Provides that an appraisal review board (review board) consists of three members, except as provided by Subsection (b-1) or (b-2).

(b-1) Authorizes an appraisal district board of directors, by resolution of a majority of the board's members, to increase the size of the district's appraisal review board, rather than increase the size of the appraisal review board, to the number of members the board of directors considers appropriate.

(b-2) Requires an appraisal district board of directors for a district established in a county described by Subsection (d-1) (relating to procedures for choosing members of the board in a county with a population of 120,000 or more), by resolution of a majority of the board's members, to increase the size of the district's review board to the number of

members the board of directors considers appropriate to manage the duties of the review board, including the duties of each special panel established under Section 6.425.

(d-9) Requires the local administrative district judge, in selecting individuals who are to serve as members of the review board, to select an adequate number of qualified individuals to permit the chairman of the review board to fill the positions on each special panel established under Section 6.425.

(d-10) Redesignates existing Subsection (d-9) as Subsection (d-10). Makes no further changes to this subsection.

SECTION 10. Amends Section 6.414(d), Tax Code, as follows:

(d) Prohibits an auxiliary board member from hearing taxpayer protests before a special panel established under Section 6.425 unless the member is eligible to be appointed to the special panel. Provides that, if one or more auxiliary board members sit on a panel established under Section 6.425 or 41.45 (Hearing on Protest) to conduct a protest hearing, the number of regular review board members required to constitute the panel is reduced by the number of auxiliary board members sitting.

SECTION 11. Amends Section 6.42, Tax Code, by adding Subsection (d), to establish that the concurrence of a majority of the members of the review board or a panel of the board present at a meeting of the board or panel is sufficient for a recommendation, determination, decision, or other action by the board or panel, and the concurrence of more than a majority of the members of the board or panel may not be required.

SECTION 12. Amends Subchapter C, Chapter 6, Tax Code, by adding Section 6.425, as follows:

Sec. 6.425. SPECIAL APPRAISAL REVIEW BOARD PANELS IN CERTAIN DISTRICTS. (a) Provides that this section applies only to the review board for an appraisal district described by Section 6.41(b-2).

(b) Requires the review board to establish a separate special panel for certain enumerated classifications of property to conduct protest hearings under Chapter 41 (Local Review) relating to property included in that classification.

(c) Authorizes the chairman of the review board to establish additional special panels to conduct protest hearings relating to property included in a classification described by Subsection (b) if the chairman determines that additional panels are necessary.

(d) Provides that each special panel consists of three members of the review board appointed by the chairman of the board.

(e) Requires a member of the review board, to be eligible to be appointed to a special panel, to meet certain criteria.

(f) Authorizes the chairman of the review board, notwithstanding Subsection (e), to appoint to a special panel a member of the review board who does not meet the prescribed qualifications if:

(1) the number of persons appointed to the board by the local administrative district judge who meet those qualifications is not sufficient to fill the positions on each special panel; and

(2) the board member being appointed to the panel holds certain degrees or licenses.

SECTION 13. Amends Section 22.23, Tax Code, as follows:

Sec. 22.23. FILING DATE. (a) Requires that rendition statements and property reports be delivered to the chief appraiser after January 1 and not later than April 1, rather than not later than April 15, except as provided by Section 22.02 (Rendition of Property Losing Exemption During Tax Year or for Which Exemption Application is Denied).

(b) Requires the chief appraiser, on written request by the property owner, to extend a deadline for filing a rendition statement or property report to May 1, rather than May 15.

SECTION 14. Amends Section 23.01(b), Tax Code, to require that the market value of property be determined by the application of generally accepted appraisal methods and techniques including appraisal methods and techniques prescribed by appraisal manuals prepared and issued by the comptroller.

SECTION 15. Amends Section 25.19, Tax Code, by amending Subsections (a) and (g) and adding Subsection (b-3), as follows:

(a) Requires the chief appraiser, by April 15 or as soon thereafter as practicable, to deliver a clear and understandable written notice to a property owner of the appraised value of the property owner's property if the property meets certain criteria. Deletes existing text requiring the chief appraiser, by April 1 or as soon thereafter as practicable if the property is a single-family residence that qualifies for an exemption under Section 11.13, or by May 1 or as soon thereafter as practicable in connection with any other property, to deliver a clear and understandable written notice to a property owner of the appraised value of the property owner's property if the property meets certain criteria.

(b-3) Provides that this subsection applies only to an appraisal district described by Section 6.41(b-2). Requires the chief appraiser, in addition to the information required by Subsection (b) (relating to the requirement that the chief appraiser separate real from personal property and include certain data in the notice for each), to state in a notice of appraised value of property included in a classification described by Section 6.425(b) that the property owner has the right to have a protest relating to the property heard by a special panel of the review board.

(g) Requires the chief appraiser, by April 15 or as soon thereafter as practicable, to deliver a written notice with certain contents to the owner of each property not included in a notice required to be delivered under Subsection (a) that meets certain conditions. Deletes existing text requiring the chief appraiser, by April 1 or as soon thereafter as practicable if the property is a single-family residence that qualifies for an exemption under Section 11.13, or by May 1 or as soon thereafter as practicable in connection with any other property, to deliver a written notice with certain contents to the owner of each property not included in a notice required to be delivered under Subsection (a) that meets certain conditions.

SECTION 16. Amends Section 25.22(a), Tax Code, to require the chief appraiser, by May 1, rather than May 15, or as soon thereafter as practicable, to submit the completed appraisal records to the review board for review and determination of protests.

SECTION 17. Amends Sections 26.01(a) and (e), Tax Code, as follows:

(a) Requires the chief appraiser, by July 10, rather than July 25, to prepare and certify to the assessor for each taxing unit participating in the district that part of the appraisal roll for the district that lists the property taxable by the unit.

(e) Requires the chief appraiser, except as provided by Subsection (f) (relating to a county or municipality electing not to receive the chief appraiser's estimate or assistance), not later than May 15, rather than April 30, to prepare and certify to the assessor for each county, municipality, and school district participating in the appraisal district an estimate of the taxable value of property in that taxing unit.

SECTION 18. Redesignates Section 26.012(9), Tax Code, as Section 26.012(18), Tax Code, and amends it, to define "no-new-taxes maintenance and operations rate," rather than "effective maintenance and operations rate."

SECTION 19. Amends the heading to Section 26.04, Tax Code, to read as follows:

Sec. 26.04. SUBMISSION OF ROLL TO GOVERNING BODY; NO-NEW-TAXES AND ROLLBACK TAX RATES.

SECTION 20. Amends Section 26.04, Tax Code, by amending Subsections (b), (c), (d), (e), (e-1), (f), (i), and (j) and adding Subsections (c-1), (d-1), (d-2), (d-3), and (h-1), as follows:

(b) Requires the assessor to submit the appraisal roll for the unit showing certain amounts to the unit's governing body by July 15, rather than August 1, or as soon thereafter as practicable. Requires the taxing unit's collector to certify the anticipated collection rate for the current year to the governing body by July 15, rather than an estimate of the collection rate for the current year August 1, or as soon thereafter as practicable.

(c) Changes reference in the formula calculating the effective tax rate to the no-new-taxes tax rate. Redefines "rollback tax rate" to decrease from 1.08 to 1.05 the multiplier of the effective maintenance and operations rate in the formula producing the rollback tax rate.

(c-1) Authorizes the governing body, notwithstanding any other provision of this section, to direct the designated officer or employee to substitute "1.08" for "1.05" in the calculation of the rollback tax rate if any part of the taxing 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.

(d) Changes references to effective tax rate to no-new-taxes tax rate in the formula for calculating a county's tax rate.

(d-1) Requires the designated officer or employee to submit the worksheets used in calculating the no-new-taxes tax rate and the rollback tax rate to the chief appraiser of each appraisal district in which the taxing unit is located and the chief financial officer (CFO) or the auditor for the taxing unit.

(d-2) Prohibits the designated officer or employee from submitting the no-new-taxes tax rate and the rollback tax rate to the governing body of the taxing unit and the governing body of the unit from adopting a tax rate until the chief appraiser of each appraisal district in which the taxing unit is located submits to the governing body a written certification that the values used in the calculations are the same as the values shown in the unit's appraisal roll and the CFO or the auditor for the unit submits to the governing body a written certification that the rollback tax rate has been calculated correctly.

(d-3) Requires the comptroller to adopt rules governing the form of the certifications required by Subsection (d-2) and the manner in which they are required to be submitted.

(e) Requires the designated officer or employee, by July 22, rather than August 7, or as soon thereafter as practicable, to submit the rates to the governing body. Requires the designated officer or employee to, by July 27, deliver by mail to each property owner in the unit or publish in a newspaper in the form prescribed by the comptroller certain tax information. Makes conforming and nonsubstantive changes.

(e-1) Provides that the tax rate certification requirements imposed by Subsections (d-1) and (d-2) and the notice requirements imposed by Subsections (e)(1)-(6) do not apply to a school district.

(f) Makes a conforming change.

(h-1) Prohibits the assessor, notwithstanding Subsection (h) (relating to the calculation of a taxing unit's anticipated collection rate), from certifying an anticipated collection rate under Subsection (b) that is lower than the lowest actual collection rate in the preceding three years.

(i) and (j) Makes conforming changes.

SECTION 21. Amends Section 26.041, Tax Code, by amending Subsections (a), (b), (c), (e), (g), and (h) and adding Subsection (c-1), as follows:

(a) Changes references to effective tax rate to no-new-taxes tax rate. Decreases from 1.08 to 1.05 the multiplier of the formula of the rollback tax of the first year in which additional sales and use tax is required to be collected. Makes nonsubstantive and conforming changes.

(b) Decreases from 1.08 to 1.05 the multiplier of last year's maintenance and operations expense in the formula producing the rollback tax rate in a year in which a taxing unit imposes an additional sales and use tax. Makes nonsubstantive changes.

(c) Changes reference to effective tax rate to no-new-taxes tax rate. Decreases from 1.08 to 1.05 the multiplier of last year's maintenance and operations expense in the formula producing the rollback tax rate 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. Makes nonsubstantive changes.

(c-1) Authorizes the governing body to, notwithstanding any other provision of this section, direct the designated officer or employee to substitute "1.08" for "1.05" in the calculation of the rollback tax rate if any part of the taxing 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.

(e) Makes a conforming change.

(g) and (h) Makes nonsubstantive and conforming changes to these subsections.

SECTION 22. Amends the heading to Section 26.043, Tax Code, to read as follows:

Sec. 26.043. ROLLBACK AND NO-NEW-TAXES TAX RATES IN CITY IMPOSING MASS TRANSIT SALES AND USE TAX.

SECTION 23. Amends Sections 26.043(a) and (b), Tax Code, to change a reference to effective tax rate to no-new-taxes tax rate.

SECTION 24. Amends the heading to Section 26.044, Tax Code, to read as follows:

Sec. 26.044. NO-NEW-TAXES TAX RATE TO PAY FOR STATE CRIMINAL JUSTICE MANDATE.

SECTION 25. Amends Sections 26.044(a), (b), and (c), Tax Code, as follows:

(a) and (b) Changes references to effective maintenance and operation rate to no-new-taxes maintenance and operation rate.

(c) Makes conforming and nonsubstantive changes.

SECTION 26. Amends Sections 26.0441(a), (b), and (c), Tax Code, by changing references to effective maintenance and operations rate to no-new-taxes maintenance and operations rate.

SECTION 27. Amends Section 26.05, Tax Code, by amending Subsections (a), (b), (c), (d), and (g) and adding Subsection (e-1), as follows:

(a) Requires the governing body of each taxing unit to adopt a tax rate for the current tax year and to notify the assessor for the unit of the rate adopted, rather than requiring the governing body of each taxing unit, before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, to adopt a tax rate for the current tax year and notify the assessor for the unit of the rate adopted. Requires the governing body to adopt a tax rate before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, except that the governing body must adopt a tax rate that exceeds the rollback tax rate before August 15.

(b) Changes references to effective tax rate to no-new-taxes tax rate and changes references to effective maintenance and operations tax rate to no-new-taxes maintenance and operations tax rate.

(c) and (d) Makes conforming changes.

(e-1) Prohibits the governing body of a taxing unit that imposes an additional sales and use tax from adopting the component of the tax rate of the unit described by Subsection (a)(1) of this section until the CFO or the auditor for the unit submits to the governing body a written certification that the amount of additional sales and use tax revenue that will be used to pay debt service has been deducted from the total amount published under Section 26.04(e)(3)(C) as required by Subsection (a)(1) of this section. Requires the comptroller to adopt rules governing the form of the required certification and the manner in which it is required to be submitted.

(g) Makes conforming changes.

SECTION 28. Amends Section 26.052(e), Tax Code, as follows:

(e) Requires public notice provided under Subsection (c) (relating to certain methods for a taxing unit with low tax levies to provide public notice of its proposed tax rate) to specify:

(1) to (2) makes no changes to these subdivisions; and

(3) if the proposed tax rate for the taxing unit exceeds the unit's no-new-taxes, rather than effective, tax rate calculated as provided, a statement substantially identical to the following: "The proposed tax rate is a tax increase and would increase total taxes in (name of taxing unit) by (percentage by which the proposed tax rate exceeds the no-new-taxes, rather than effective, tax rate)."

SECTION 29. Amends Section 26.06, Tax Code, by amending Subsections (b), (d), and (e) and adding Subsections (b-1), (b-2), (b-3), and (b-4), as follows:

(b) Prohibits the notice of a public hearing from being smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and requires the headline on the notice to be in 24-point or larger type. Deletes existing text setting forth the contents of the notice.

(b-1) Requires the notice, if the proposed tax rate exceeds the no-new-taxes tax rate and the rollback tax rate of the taxing unit, to contain a certain statement. Sets forth the required language of that statement.

(b-2) Requires the notice, if the proposed tax rate exceeds the no-new-taxes tax rate but does not exceed the rollback tax rate of the taxing unit, to contain a certain statement. Sets forth the required language of that statement.

(b-3) Requires the notice, if the proposed tax rate does not exceed the no-new-taxes tax rate but exceeds the rollback tax rate of the taxing unit, to contain a certain statement. Sets forth the required language of that statement.

(b-4) Requires the notice, in addition to including the information described by Subsection (b-1), (b-2), or (b-3), as applicable, to include the information described by Section 26.062.

(d) Changes a reference to effective tax rate to no-new-taxes tax rate.

(e) Prohibits the meeting to vote on the tax increase from being held earlier than the third day or later than the seventh, rather than 14th, day after the date of the second public hearing. Requires the governing body of each taxing unit to give new notice if it does not adopt a no-new-taxes tax rate meeting certain criteria by the seventh, rather than the 14th, day. Makes a conforming change.

SECTION 30. Amends Chapter 26, Tax Code, by adding Sections 26.061 and 26.062, as follows:

Sec. 26.061. NOTICE OF MEETING TO VOTE ON PROPOSED TAX RATE THAT DOES NOT EXCEED LOWER OF NO-NEW-TAXES OR ROLLBACK TAX RATE.

(a) Provides that this section applies only to the governing body of a taxing unit other than a school district that proposes to adopt a tax rate that does not exceed the lower of the no-new-taxes tax rate or the rollback tax rate calculated as provided by this chapter.

(b) Requires the notice of the meeting at which the governing body of the taxing unit will vote on the proposed tax rate to contain a certain statement. Sets forth the required content of the statement.

(c) Requires the notice, in addition to including the information described by Subsection (b), to include the information described by Section 26.062.

Sec. 26.062. ADDITIONAL INFORMATION TO BE INCLUDED IN TAX RATE NOTICE. (a) Requires the notice, in addition to the information described by Section 26.06(b-1), (b-2), or (b-3) or 26.061, as applicable, to include at the end of the notice a certain statement, a table in the form required by this section following the statement, and a certain statement following the table. Sets forth the required content of the statements.

(b) Requires the table to contain five rows and four columns.

(c) Sets forth the required contents of the first row.

(d) Sets forth the required contents of the second row.

(e) Sets forth the required contents of the third row.

(f) Sets forth the required contents of the fourth row.

(g) Sets forth the required contents of the fifth row.

(h) Requires any residence homestead exemption available only to disabled persons, persons 65 years of age or older, or their surviving spouses to be disregarded in calculating the average taxable value of a residence homestead in the taxing unit for the preceding tax year and the current tax year for purposes of Subsections (e) and (f).

SECTION 31. Amends the heading to Section 26.08, Tax Code, to read as follows:

Sec. 26.08. ELECTION TO RATIFY TAX RATE.

SECTION 32. Amends Sections 26.08(a), (b), (d), (d-1), (d-2), (e), (g), (h), (n), and (p), Tax Code, as follows:

(a) Changes references to school district to taxing unit, district's to taxing unit's, and district to taxing unit.

(b) Requires the governing body to order that the election be held in the taxing unit on the uniform election date prescribed by Section 41.001 (Uniform Election Dates), Election Code, that occurs in November of the applicable tax year, rather than requiring the governing body to order that the election be held in the school district on a date not less than 30 or more than 90 days after the day on which it adopted the tax rate. Prohibits the order calling the election from being issued later than August 15. Deletes existing text providing that 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. Requires the ballots, at the election, to 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, rather than school district) for the current year, a rate that is \$___ higher per \$100 valuation than the rollback tax rate of (name of taxing unit), rather than school district rollback tax rate, for the purpose of (description of purpose of increase)."

(d) Makes conforming changes.

(d-1) Changes references to school district, school, and district to taxing unit. Makes conforming changes.

(d-2) Makes conforming and nonsubstantive changes.

(e) Makes a nonsubstantive change.

(g) Changes a reference to effective rate to no-new-taxes rate.

(h) Makes a nonsubstantive change.

(n) Provides that, for purposes of this section (Election to Ratify School Taxes), the rollback tax rate of a school district whose maintenance and operations tax rate for the 2005 tax year was \$1.50 or less per \$100 of taxable value is:

(1) Makes no change to this subdivision; and

(2) for the 2007 and subsequent tax years, the lesser of the following:

(A) Makes no change to this paragraph; and

(B) the sum of the following:

(i) the no-new-taxes, rather than effective, maintenance and operations tax rate of the district as computed under Subsection (i), rather than Subsection (i) or (k) as applicable;

(ii) and (iii) Makes no changes to these subparagraphs.

(p) Makes conforming changes.

SECTION 33. Amends Section 26.08(i), Tax Code, as effective September 1, 2017, by changing a reference to effective maintenance and operations tax rate to no-new-taxes maintenance and operations tax rate.

SECTION 34. Amends the heading to Section 26.16, Tax Code, to read as follows:

Sec. 26.16. POSTING OF TAX-RELATED INFORMATION ON COUNTY'S INTERNET WEBSITE.

SECTION 35. Amends Section 26.16, Tax Code, by amending Subsections (a) and (d) and adding Subsections (a-1), (d-1), and (d-2), as follows:

(a) Requires each county to maintain an Internet website. Requires the county assessor-collector for each county to post, on the Internet website maintained by the county, certain information for the most recent five tax years beginning with the 2012 tax year for each taxing unit all or part of the territory of which is located in the county. Makes conforming and nonsubstantive changes.

(a-1) Provides that, for purposes of Subsection (a), a reference to the no-new-taxes tax rate or the no-new-taxes maintenance and operations rate includes the equivalent effective tax rate or effective maintenance and operations rate for a preceding year. Provides that this subsection expires January 1, 2024.

(d) Deletes existing text authorizing the voters to, in the case of a taxing unit other than a school district, by petition, require that a rollback election be held if the unit adopts a tax rate in excess of the unit's rollback tax rate from the statement the county assessor-collector is required to post immediately below the table of certain rate information on each county's website. Makes conforming changes.

(d-1) Requires the county assessor-collector, in addition to posting the information described by Subsection (a), to post on the Internet website of the county, for each taxing unit all or part of the territory of which is located in the county, the worksheets used by the designated officer or employee of each taxing unit to calculate the no-new-taxes and rollback tax rates of the unit for the most recent five tax years and the name and official contact information for each member of the taxing unit's governing body.

(d-2) Requires the designated officer or employee to submit to the county assessor-collector the worksheets used to calculate the no-new-taxes and rollback tax rates for the current tax year by July 27. Requires the county assessor-collector to post the worksheets on the website not later than August 1.

SECTION 36. Amends Sections 31.12(a) and (b), Tax Code, as follows:

(a) Includes Section 26.08(d-2) (relating to a school district refunding certain property tax amounts under certain circumstances), rather than Section 26.07(g) (relating to a taxing unit refunding certain property tax amounts under certain circumstances), in the list of certain sections relating to tax refunds.

(b) Provides that liability for a refund arises if the refund is required by Section 26.08(d-2), rather than Section 26.07(g), on the date the results of the election to reduce the rates are certified.

SECTION 37. Amends Section 33.08(b), Tax Code, to include Section 26.08(d-1) (relating to the mailing of corrected tax bills after a proposition to approve the school district's adopted tax rate is not approved), rather than Section 26.07(f) (relating to the mailing of corrected tax bills if a unit's tax bills are reduced), in the list of certain items whose delinquency incurs an additional penalty.

SECTION 38. Amends Section 41.03(a), Tax Code, as follows:

(a) Provides that a taxing unit is entitled to challenge before the review board:

(1) Deletes existing Subdivision (1) relating to the level of appraisals of any category of property in the district or in any territory in the district, but not the appraised value of a single taxpayer's property. Redesignates existing Subdivision (2) as Subdivision (1) and makes no further changes to this subdivision.

(2) to (4) Redesignates existing Subdivisions (3), (4), and (5) as Subdivisions (2), (3), and (4). Makes no further changes to these subdivisions.

SECTION 39. Amends Section 41.11(a), Tax Code, to provide that an owner is entitled to protest under Section 41.44(a)(2), rather than Section 41.44(a)(3).

SECTION 40. Amends Section 41.12(a), Tax Code, by requiring the review board to complete certain actions by July 5, rather than July 20.

SECTION 41. Amends Sections 41.44(a), (b-1), (c), and (d), Tax Code, as follows:

(a) Requires the property owner initiating the protest, except as provided by certain subsections to be entitled to a hearing and determination of a protest, to file a written notice of the protest with the review board having authority to hear the matter protested:

(1) before May 15 or not later than the 30th day after the date that notice to the property owner was delivered to the property owner as provided by Section 25.19 (Notice of Appraised Value), whichever is later. Deletes existing text providing that before May 1 or not later than the 30th day after the date that notice to the property owner was delivered to the property owner was provided by Section 25.19, if the property is a single-family residence that qualifies for an exemption under Section 11.13, whichever is later;

(2) deletes existing Subsection (2) providing that before June 1 or not later than the 30th day after the date that notice was delivered to the property owner as provided by Section 25.19 in connection with any other property, whichever is later. Redesignates existing Subdivision (3) as Subdivision (2) and makes no further changes to this subsection;

(3) and (4) Redesignates existing Subdivisions (4) and (5) as Subdivisions (3) and (4) and makes no further changes to these subdivisions.

(b-1) Provides that, notwithstanding Subsection (a)(1), an owner of a single-family residence that qualifies for an exemption under Section 11.13 (Residence Homestead), rather than an owner of property described by that subsection, is entitled to a hearing and determination under certain circumstances.

(c) Provides that an owner of land who files notice of protest under Subsection (a)(3), rather than Subsection (a)(4), is entitled to a hearing and determination.

(d) Requires that the necessary protest form permit a property owner to request that the protest be heard by a special panel established under Section 6.425 if the protest will be determined by a review board to which that section applies and the property is included in a classification described by that section.

SECTION 42. Amends Section 41.45, Tax Code, by amending Subsection (d) and adding Subsections (d-1), (d-2), and (d-3), as follows:

(d) Provides that this subsection does not apply to a special panel established under Section 6.425. Deletes existing text requiring the determination of a protest heard by the panel to be made by the board. Deletes existing text requiring the board, before determining a protest or conducting a rehearing before a new panel or the board, to deliver notice of the hearing or meeting to determine the protest in accordance with the provisions of this subchapter.

(d-1) Requires a review board to which Section 6.425 applies to sit in special panels established under that section to conduct protest hearings. Authorizes a special panel to conduct a protest hearing relating to property only if the property is included in the classification for which the panel was established and the property owner has requested that the panel conduct the hearing. Authorizes the board to rehear a protest heard by a special panel if the board elects not to accept the panel's recommendation.

(d-2) Requires that the determination of a protest heard by a panel under Subsection (d) or (d-1) be made by the board.

(d-3) Requires the board to deliver notice of a hearing or meeting to determine a protest heard by a panel, or to rehear a protest, under Subsection (d) or (d-1) in accordance with the provisions of this subchapter (Taxpayer Protest).

SECTION 43. Amends Section 41.66, Tax Code, by amending Subsection (k) and adding Subsection (k-1), as follows:

(k) Provides that this subsection does not apply to a special panel established under Section 6.425.

(k-1) Requires a review board to which Section 6.425 applies to, on the request of a property owner, assign a protest relating to property included in a classification described by that section to the special panel to conduct protest hearings relating to property included in that classification. Requires that, if the board has established more than one special panel to conduct protest hearings relating to property included in a particular classification, protests relating to property included in that classification be randomly assigned to those special panels. Prohibits, if a protest is scheduled to be heard by a particular special panel, the protest from being reassigned to another special panel without the consent of the property owner or designated agent. Authorizes a property owner or designated agent, if the board has cause to reassign a protest to another special panel, to agree to reassignment of the protest or to request that the hearing on the protest be postponed. Requires the board to postpone the hearing on that request. Provides that a change of members of a special panel because of certain reasons does not constitute reassignment of a protest to another special panel.

SECTION 44. Amends Section 41.71, Tax Code, as follows:

Sec. 41.71. EVENING AND WEEKEND HEARINGS. (a) Creates this subsection from existing text. Requires a review board, by rule, to provide for hearings on protests on a Saturday or after 5 p.m. on a weekday. Deletes existing text requiring a review board to provide for hearings on protests in the evening or on a Saturday or Sunday.

(b) Prohibits the board from scheduling the first hearing on a protest held on a weekday evening to begin after 7 p.m. or scheduling a hearing on a protest on a Sunday.

SECTION 45. Amends Section 41A.01, Tax Code, to increase the appraised or market value, as applicable, of a property for which an owner is entitled to appeal through binding arbitration from \$3 million or less to \$5 million or less.

SECTION 46. Amends Section 41A.03(a), Tax Code, to include the requirement that a property owner, to appeal a review board order, is required to file an arbitration deposit made payable to the comptroller in the amount of \$1,250, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than \$3 million but not more than \$5 million, as determined by the order.

SECTION 47. Amends Section 41A.06(b), Tax Code, by changing a reference to salesperson to sales agent and including the requirement that a person, to initially qualify to serve as an arbitrator, agree to conduct an arbitration for a fee that is not more than \$1,200, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than \$3 million but not more than \$5 million, as determined by the order.

SECTION 48. Amends Section 45.105(e), Education Code, by changing a reference to effective tax rate to no-new-taxes tax rate.

SECTION 49. Amends Section 130.016(b), Education Code, as follows:

(b) Authorizes the junior college district to levy an ad valorem tax from and after the divestment, if the board of trustees of an independent school district that divests itself of the management, control, and operation of a junior college district under this section (Separate Board of Trustees in Certain Instances) or under Section 130.017 (Petition and Election to Divest School Board of Authority) was authorized by Section 45.105(e) (relating to dedicating a specific percentage of the local tax levy to the use of the junior college district) or under former Section 20.48(e), to dedicate a portion of its tax levy to the junior college district before the divestment. Prohibits the tax rate adopted by the governing body, in the first two years in which the junior college district levies an ad valorem tax, from exceeding the rate that, if applied to the total taxable value submitted to the governing body under Section 26.04 (Submission of Roll to Governing Body; Effective and Rollback Tax Rates), Tax Code, would impose an amount equal to the amount of taxes of the school district dedicated to the junior college under Section 45.105(e) or former Section 20.48(e), rather than Subsection (e) of Section 20.48 of this code, in the last dedication before the divestment. Provides that, in subsequent years, the tax rate of the junior college district is subject to Section 26.08 (Election to Ratify School Taxes), Tax Code, rather than Section 26.07 (Election to Repeal Increase), Tax Code. Deletes existing text authorizing the junior college district to levy an ad valorem tax from and after divestment, if the board of trustees of an independent school district that divests itself of the management, control, and operation of a junior college district under this section or under Section 130.017 of this code was authorized by Subsection (e) of Section 20.48 of this code to dedicate a portion of its tax levy to the junior college district before the divestment.

SECTION 50. Amends Section 403.302(o), Government Code, to require the comptroller to adopt rules governing the conduct of the study to determine the total taxable value of all property in each school district after consultation with the comptroller's property tax administration advisory board, rather than the Comptroller's Property Value Study Advisory Committee.

SECTION 51. Amends Sections 281.124(d) and (e), Health and Safety Code, as follows:

(d) Provides that if a majority of votes cast in the election favor the proposition, the tax rate for the specified tax year is the rate approved by the voters, and that rate is not subject to Section 26.08, Tax Code, rather than is not subject to a rollback election under Section 26.07, Tax Code.

(e) Prohibits the board of hospital managers of a certain hospital district, if the proposition is not approved, from adopting a tax rate for the district that exceeds the rate that was not approved, and provides that Section 26.08, Tax Code, rather than Section 26.07, Tax Code, applies to the adopted rate if that rate exceeds the district's rollback tax rate.

SECTION 52. Amends Section 102.007(d), Local Government Code, by changing a reference to effective tax rate to no-new-taxes tax rate and changing a reference to effective maintenance and operations tax rate to no-new-taxes maintenance and operations tax rate.

SECTION 53. Amends Section 111.008(d), Local Government Code, by changing a reference to effective tax rate to no-new-taxes tax rate and changing a reference to effective maintenance and operations tax rate to no-new-taxes maintenance and operations tax rate.

SECTION 54. Amends Section 111.039(d), Local Government Code, by changing a reference to effective tax rate to no-new-taxes tax rate and changing a reference to effective maintenance and operations tax rate to no-new-taxes maintenance and operations tax rate.

SECTION 55. Amends Section 111.068(c), Local Government Code, by changing a reference to effective tax rate to no-new-taxes tax rate and changing a reference to effective maintenance and operations tax rate to no-new-taxes maintenance and operations tax rate.

SECTION 56. Amends Section 1101.254(f), Special District Local Laws Code, as follows:

(f) Provides that this section does not affect the applicability of Section 26.08, Tax Code, to the Sutton County Hospital District's tax rate, except that if district voters approve a tax rate increase under this section, Section 26.08, Tax Code, does not apply to the tax rate for that year. Deletes existing text providing that this section does not affect any rights Sutton County Hospital District voters may have to petition for an election under Section 26.07, Tax Code, except that if district voters approve a tax rate increase under this section, the voters may not petition for an election under Section 26.07, Tax Code, as to the tax rate for that year.

SECTION 57. Amends Sections 1122.2522, 3828.157, and 8876.152, Special District Local Laws Code, as follows:

Sec. 1122.2522. ROLLBACK TAX RATE PROVISIONS APPLICABLE. Deletes designation of Subsection (a). Requires, if in any year the board of directors of the Hidalgo County Healthcare District adopts a tax rate that exceeds the rollback tax rate calculated as provided by Chapter 26 (Assessment), Tax Code, an election under Section 26.08 of that code to be held to determine whether or not to approve the tax rate adopted for that year. Deletes existing text authorizing the qualified voters of the district, if in any year the board of directors of the Hidalgo County Healthcare District adopts a tax rate that exceeds the rollback tax calculated as provided by Chapter 26, Tax Code, to, by petition, require that an election be held to determine whether or not to reduce the tax rate adopted by the board for that year to the rollback tax rate. Deletes existing Subsection (b).

Sec. 3828.157. INAPPLICABILITY OF CERTAIN TAX CODE PROVISIONS. Includes Section 26.08, Tax Code, rather than Section 26.07, Tax Code, in the list of certain provisions excluded from a tax imposed under certain sections.

Sec. 8876.152. APPLICABILITY OF CERTAIN TAX PROVISIONS. (a) Includes Sections 26.061 and 26.08, Tax Code, in, and deletes existing Section 26.07, Tax Code, from, the list of certain provisions excluded from a tax imposed by the Reeves County Groundwater Conservation District.

(b) Provides that Sections 49.236(a)(1) and (2) (relating to the contents of a notice given by the board or directors of the Reeves County Groundwater Conservation District for each meeting of the board at which the adoption of an ad valorem tax rate will be considered) and (b) (relating to the distribution of the notice for meetings by the board), Water Code, apply. Deletes existing text providing that Section 49.236, Water Code, as added by Chapter 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session, 2003, applies.

SECTION 58. Amends Section 49.107(g), Water Code, to include Sections 26.061 and 26.08, Tax Code, in, and delete existing Section 26.07, Tax Code, from, a list of certain sections that do not apply to certain taxes levied and collected under this section (Operation and Maintenance Tax).

SECTION 59. Amends Section 49.108(f), Water Code, to include Sections 26.061 and 26.08, Tax Code, in, and delete existing Section 26.07, Tax Code, from, a list of certain sections that do not apply to certain taxes levied and collected under this section.

SECTION 60. Amends Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, by amending Subsections (a) and (d) and adding Subsections (e), (f), (g), (h), (i), (j), and (k), as follows:

(a) Sets forth the contents of the notice required of a governing body of an applicable district, before the governing body adopts an ad valorem tax rate for a district for debt service, operation and maintenance purposes, or contract purposes.

(d) Provides that this subsection applies to a district only if there are not any new improvements included in the appraisal roll for the district for the current tax year. Requires an election to be held to determine whether to ratify the tax rate adopted for the current year in accordance with the procedures provided by Sections 26.08(b)-(d-2), Tax Code, if the board of a district adopts a combined debt service, operation and maintenance, and contract tax rate that would impose more than 1.05 times the amount of a certain tax imposed by the district in the preceding year the rollback tax rate. Deletes existing text authorizing the qualified voters of a district, if the governing body of 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, by petition, to require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate in accordance with the procedures provided by Sections 26.07(b)-(g) and 26.081, Tax Code. Makes conforming and nonsubstantive changes.

(e) Provides that this subsection and Subsections (f) - (i) apply to a district only if there are any new improvements included in the appraisal roll for the district for the current tax year. Authorizes the qualified voters of a district, by petition, if the board of the district adopts a combined debt service, operation and maintenance, and contract tax rate that would impose more than 1.05 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, to require that an election be held to determine whether to ratify 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 (Petition Signatures), Tax Code.

(f) Provides that a petition is valid only if certain criteria are met.

(g) Requires the board, not later than the 20th day after the day a petition is submitted, to determine whether or not the petition is valid and pass a resolution stating its finding. Provides that if the board fails to act within the time allowed, the petition is treated as if it had been found valid.

(h) Requires the board, if the board finds that the petition is valid (or fails to act within the time allowed), to 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. Provides that 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 section (Notice of Tax Hearing). Requires the ballots, at the election, to be prepared to permit voting for or against a certain proposition. Sets forth the required language for the proposition. Requires the ballot proposition to include the adopted tax rate and the difference between that rate and the rollback tax rate in the appropriate places.

(i) Provides that 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) Provides that, for purposes of an election under Subsection (d) or (e), as applicable, rather than Sections 26.07(b) - (g) and this subsection, the rollback tax rate of a district is the sum of certain tax rates. Makes conforming changes.

(k) Authorizes the board, notwithstanding any other provision of this section, to substitute "eight percent" for "four percent" in Subsection (a) and "1.08" for "1.05" in Subsection (d) or (e), as applicable, and Subsection (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.

SECTION 61. Repealers: Sections 403.302(m-1) (relating to the composition of the comptroller's Property Value Study Advisory Committee) and (n) (relating to an exception of certain details of the comptroller's Property Value Study Advisory Committee), Government Code;

Repealer: Section 140.010 (Proposed Property Tax Rate Notice for Counties and Municipalities), Local Government Code;

Repealer: Section 1063.255 (Petition and Order for Election to Reduce Tax Rate), Special District Local Laws Code;

Repealer: Section 26.07 (Election to Repeal Increase), Tax Code;

Repealer: Section 49.236 (Notice of Tax Hearing), Water Code, as added by Chapter 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session, 2003; and

Repealer: Section 49.2361 (Additional Notice for Certain Tax Increases), Water Code.

SECTION 62. Provides that 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.

SECTION 63. Makes application of Sections 5.05, 5.102, 5.13, and 23.01, Tax Code, as amended by this Act, prospective to January 1, 2018.

SECTION 64. Provides that Section 6.03(a), Tax Code, as amended by this Act, does not affect the right of a person serving on the board of directors of an appraisal district on January 1, 2018, to complete the person's term on the board.

SECTION 65. Makes application of Sections 6.41(d-9), Tax Code, as amended by this Act, and 6.41(d-10), Tax Code, as added by this Act, prospective to January 1, 2019.

SECTION 66. Makes application of Section 6.42(d), Tax Code, as added by this Act, prospective to January 1, 2018.

SECTION 67. Makes application of Section 25.19(b-3), Tax Code, as added by this Act, prospective to January 1, 2019.

SECTION 68. Provides that not later than October 1, 2017:

(1) the designated officer or employee of each taxing unit is required to submit to the county assessor-collector for each county in which all or part of the territory of the taxing unit is located the worksheets used by the designated officer or employee to calculate the effective and rollback tax rates of the unit for the 2013-2017 tax years; and

(2) the county assessor-collector for each county is required to post the worksheets submitted to the county assessor-collector under Subdivision (1) of this section on the Internet website of the county.

SECTION 69. Makes application of Section 41.03(a), Tax Code, as amended by this Act, prospective to January 1, 2018.

SECTION 70. Makes application of Sections 41.45 and 41.66, Tax Code, as amended by this Act, prospective to January 1, 2019.

SECTION 71. Makes application of Section 41.71, Tax Code, as amended by this Act, prospective to January 1, 2018.

SECTION 72. Makes application of Sections 41A.01, 41A.03, and 41A.06, Tax Code, as amended by this Act, prospective to January 1, 2018.

SECTION 73. (a) Effective date, except as provided by Subsections (b) and (c) of this section: January 1, 2018.

(b) Effective date, Section 68 of this Act: September 1, 2017.

(c) Effective date, Sections 6.41(b) and (d-9), 6.414(d), 41.44(d), 41.45(d), and 41.66(k), Tax Code, as amended by this Act: September 1, 2018.

Effective date, Sections 6.41(b-1), (b-2), and (d-10), 6.425, 25.19(b-3), 41.45(d-1), (d-2), and (d-3), and 41.66(k-1), Tax Code, as added by this Act: September 1, 2018.