

By: Paul

H.B. No. 1165

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 26.04, Tax Code, is amended by amending
7 Subsection (c) and adding Subsection (c-1) to read as follows:

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

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

14 EFFECTIVE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY
15 LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

16 ; and

17 (2) "Rollback tax rate" means a rate expressed in
18 dollars per \$100 of taxable value calculated according to the
19 following formula:

20 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND
21 OPERATIONS RATE x 1.06 [~~1.08~~]) + CURRENT DEBT RATE

22 (c-1) Notwithstanding any other provision of this section,
23 the governing body may direct the designated officer or employee to
24 substitute "1.08" for "1.06" in the calculation of the rollback tax

1 rate if any part of the taxing unit is located in an area declared a
2 disaster area during the current tax year by the governor or by the
3 president of the United States.

4 SECTION 2. Section 26.041, Tax Code, is amended by amending
5 Subsections (a), (b), and (c) and adding Subsection (c-1) to read as
6 follows:

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

11 EFFECTIVE TAX RATE = $\frac{[(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY}$
12 $\text{LEVY}) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})]}{\text{SALES TAX GAIN RATE}}$

14 and

15 ROLLBACK TAX RATE = $(\text{EFFECTIVE MAINTENANCE AND}$
16 $\text{OPERATIONS RATE} \times \underline{1.06} [\underline{1.08}]) + \text{CURRENT DEBT RATE} -$
17 $\text{SALES TAX GAIN RATE}$

18 where "sales tax gain rate" means a number expressed in dollars per
19 \$100 of taxable value, calculated by dividing the revenue that will
20 be generated by the additional sales and use tax in the following
21 year as calculated under Subsection (d) [~~of this section~~] by the
22 current total value.

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

1 ROLLBACK TAX RATE = [(LAST YEAR'S MAINTENANCE AND
 2 OPERATIONS EXPENSE x 1.06 [~~1.08~~]) / (~~[TOTAL]~~ CURRENT
 3 TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE
 4 - SALES TAX REVENUE RATE)

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

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

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

20 and

21 ROLLBACK TAX RATE = [(LAST YEAR'S MAINTENANCE AND
 22 OPERATIONS EXPENSE x 1.06 [~~1.08~~]) / (~~[TOTAL]~~ CURRENT
 23 TOTAL VALUE - NEW PROPERTY 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 may direct the designated officer or employee to
6 substitute "1.08" for "1.06" in the calculation of the rollback tax
7 rate if any part of the taxing unit is located in an area declared a
8 disaster area during the current tax year by the governor or by the
9 president of the United States.

10 SECTION 3. The heading to Section 26.08, Tax Code, is
11 amended to read as follows:

12 Sec. 26.08. ELECTION TO RATIFY TAX RATE [~~SCHOOL TAXES~~].

13 SECTION 4. Sections 26.08(a), (b), (d), (d-1), (d-2), (e),
14 and (h), Tax Code, are amended to read as follows:

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

1 occurs.

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

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

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

1 shall include with each bill a brief explanation of the reason for
2 and effect of the corrected bill. The date on which the taxes
3 become delinquent for the year is extended by a number of days equal
4 to the number of days between the date the first tax bills were sent
5 and the date the corrected tax bills were sent.

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

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

25 (h) For purposes of this section, increases in taxable
26 values and tax levies occurring within a reinvestment zone under
27 Chapter 311 (Tax Increment Financing Act), in which a school [~~the~~]

1 district is a participant, shall be eliminated from the calculation
2 of the tax rate adopted by the governing body of the school
3 district.

4 SECTION 5. Section 26.16(d), Tax Code, is amended to read as
5 follows:

6 (d) The county assessor-collector shall post immediately
7 below the table prescribed by Subsection (c) the following
8 statement:

9 "The county is providing this table of property tax rate
10 information as a service to the residents of the county. Each
11 individual taxing unit is responsible for calculating the property
12 tax rates listed in this table pertaining to that taxing unit and
13 providing that information to the county.

14 "The adopted tax rate is the tax rate adopted by the governing
15 body of a taxing unit.

16 "The maintenance and operations rate is the component of the
17 adopted tax rate of a taxing unit that will impose the amount of
18 taxes needed to fund maintenance and operation expenditures of the
19 unit for the following year.

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

23 "The effective tax rate is the tax rate that would generate
24 the same amount of revenue in the current tax year as was generated
25 by a taxing unit's adopted tax rate in the preceding tax year from
26 property that is taxable in both the current tax year and the
27 preceding tax year.

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

7 "The rollback tax rate is the highest tax rate a taxing unit
8 may adopt before requiring voter approval at an election. An [~~In~~
9 ~~the case of a taxing unit other than a school district, the voters~~
10 ~~by petition may require that a rollback election be held if the unit~~
11 ~~adopts a tax rate in excess of the unit's rollback tax rate. In the~~
12 ~~case of a school district, an~~] election will automatically be held
13 if a taxing unit [~~the district~~] wishes to adopt a tax rate in excess
14 of the unit's [~~district's~~] rollback tax rate."

15 SECTION 6. Sections 31.12(a) and (b), Tax Code, are amended
16 to read as follows:

17 (a) If a refund of a tax provided by Section 11.431(b),
18 26.08(d-2) [~~26.07(g)~~], 26.15(f), 31.11, or 31.111 is paid on or
19 before the 60th day after the date the liability for the refund
20 arises, no interest is due on the amount refunded. If not paid on or
21 before that 60th day, the amount of the tax to be refunded accrues
22 interest at a rate of one percent for each month or part of a month
23 that the refund is unpaid, beginning with the date on which the
24 liability for the refund arises.

25 (b) For purposes of this section, liability for a refund
26 arises:

27 (1) if the refund is required by Section 11.431(b), on

1 the date the chief appraiser notifies the collector for the unit of
2 the approval of the late homestead exemption;

3 (2) if the refund is required by Section 26.08(d-2)
4 [~~26.07(g)~~], on the date the results of the election to reduce the
5 tax rate are certified;

6 (3) if the refund is required by Section 26.15(f):

7 (A) for a correction to the tax roll made under
8 Section 26.15(b), on the date the change in the tax roll is
9 certified to the assessor for the taxing unit under Section 25.25;
10 or

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

14 (4) if the refund is required by Section 31.11, on the
15 date the auditor for the taxing unit determines that the payment was
16 erroneous or excessive or, if the amount of the refund exceeds the
17 applicable amount specified by Section 31.11(a), on the date the
18 governing body of the unit approves the refund; or

19 (5) if the refund is required by Section 31.111, on the
20 date the collector for the taxing unit determines that the payment
21 was erroneous.

22 SECTION 7. Section 33.08(b), Tax Code, is amended to read as
23 follows:

24 (b) The governing body of the taxing unit or appraisal
25 district, in the manner required by law for official action, may
26 provide that taxes that become delinquent on or after June 1 under
27 Section 26.08(d-1) [~~26.07(f)~~], 26.15(e), 31.03, 31.031, 31.032,

1 31.04, or 42.42 incur an additional penalty to defray costs of
2 collection. The amount of the penalty may not exceed the amount of
3 the compensation specified in the applicable contract with an
4 attorney under Section 6.30 to be paid in connection with the
5 collection of the delinquent taxes.

6 SECTION 8. Section 130.016(b), Education Code, is amended
7 to read as follows:

8 (b) If the board of trustees of an independent school
9 district that divests itself of the management, control, and
10 operation of a junior college district under this section or under
11 Section 130.017 [~~of this code~~] was authorized by [~~Subsection (e)~~
12 ~~of~~] Section 45.105(e) or under former Section 20.48(e) [~~20.48 of~~
13 ~~this code~~] to dedicate a portion of its tax levy to the junior
14 college district before the divestment, the junior college district
15 may levy an ad valorem tax from and after the divestment. In the
16 first two years in which the junior college district levies an ad
17 valorem tax, the tax rate adopted by the governing body may not
18 exceed the rate that, if applied to the total taxable value
19 submitted to the governing body under Section 26.04, Tax Code,
20 would impose an amount equal to the amount of taxes of the school
21 district dedicated to the junior college under [~~Subsection (e) of~~
22 Section 45.105(e) or former Section 20.48(e) [~~20.48 of this code~~]
23 in the last dedication before the divestment. In subsequent years,
24 the tax rate of the junior college district is subject to Section
25 26.08 [~~26.07~~], Tax Code.

26 SECTION 9. Sections 281.124(d) and (e), Health and Safety
27 Code, are amended to read as follows:

1 (d) If a majority of the votes cast in the election favor the
2 proposition, the tax rate for the specified tax year is the rate
3 approved by the voters, and that rate is not subject to [~~a rollback~~
4 ~~election under~~] Section 26.08 [~~26.07~~], Tax Code. The board shall
5 adopt the tax rate as provided by Chapter 26, Tax Code.

6 (e) If the proposition is not approved as provided by
7 Subsection (c), the board may not adopt a tax rate for the district
8 for the specified tax year that exceeds the rate that was not
9 approved, and Section 26.08 [~~26.07~~], Tax Code, applies to the
10 adopted rate if that rate exceeds the district's rollback tax rate.

11 SECTION 10. Section 140.010(e), Local Government Code, is
12 amended to read as follows:

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

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

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

26 PROPOSED TAX RATE \$_____ per \$100

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

1 meeting).

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

4 SECTION 11. Section 1101.254(f), Special District Local
5 Laws Code, is amended to read as follows:

6 (f) This section does not affect the applicability of [~~any~~
7 ~~rights district voters may have to petition for an election under~~]
8 Section 26.08 [~~26.07~~], Tax Code, to the district's tax rate, except
9 that if district voters approve a tax rate increase under this
10 section, [~~the voters may not petition for an election under~~]
11 Section 26.08 [~~26.07~~], Tax Code, does not apply [~~as~~] to the tax rate
12 for that year.

13 SECTION 12. Sections 1122.2522, 3828.157, and 8876.152,
14 Special District Local Laws Code, are amended to read as follows:

15 Sec. 1122.2522. ROLLBACK TAX RATE PROVISIONS APPLICABLE.
16 [~~(a)~~] If in any year the board adopts a tax rate that exceeds the
17 rollback tax rate calculated as provided by Chapter 26, Tax Code,
18 [~~the qualified voters of the district by petition may require that~~]
19 an election under Section 26.08 of that code must be held to
20 determine whether or not to approve [~~reduce~~] the tax rate adopted by
21 the board for that year [~~to the rollback tax rate~~].

22 [~~(b) To the extent a conflict exists between this section~~
23 ~~and a provision of the Tax Code, the provision of the Tax Code~~
24 ~~prevails.~~]

25 Sec. 3828.157. INAPPLICABILITY OF CERTAIN TAX CODE
26 PROVISIONS. Sections 26.04, 26.05, and 26.08 [~~26.07~~], Tax Code, do
27 not apply to a tax imposed under Section 3828.153 or 3828.156.

1 Sec. 8876.152. APPLICABILITY OF CERTAIN TAX PROVISIONS.

2 (a) Sections [26.04](#), [26.05](#), [26.06](#), and [26.08](#) [~~26.07~~], Tax Code, do
3 not apply to a tax imposed by the district.

4 (b) Sections [49.236](#)(a)(1) and (2) and (b) [~~Section [49.236](#)]~~,
5 Water Code, apply [~~as added by Chapter 248 (H.B. 1541), Acts of the~~
6 ~~78th Legislature, Regular Session, 2003, applies~~] to the district.

7 SECTION 13. Section [49.107](#)(g), Water Code, is amended to
8 read as follows:

9 (g) Sections [26.04](#), [26.05](#), and [26.08](#) [~~26.07~~], Tax Code, do
10 not apply to a tax levied and collected under this section or an ad
11 valorem tax levied and collected for the payment of the interest on
12 and principal of bonds issued by a district.

13 SECTION 14. Section [49.108](#)(f), Water Code, is amended to
14 read as follows:

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

18 SECTION 15. Section [49.236](#), Water Code, as added by Chapter
19 335 (S.B. 392), Acts of the 78th Legislature, Regular Session,
20 2003, is amended by amending Subsections (a) and (d) and adding
21 Subsection (e) to read as follows:

22 (a) Before the board adopts an ad valorem tax rate for the
23 district for debt service, operation and maintenance purposes, or
24 contract purposes, the board shall give notice of each meeting of
25 the board at which the adoption of a tax rate will be considered.
26 The notice must:

27 (1) contain a statement in substantially the following

1 form:

2 "NOTICE OF PUBLIC HEARING ON TAX RATE

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

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

12 (2) contain the following information:

13 (A) the district's total adopted tax rate for the
14 preceding year and the proposed tax rate, expressed as an amount per
15 \$100;

16 (B) the difference, expressed as an amount per
17 \$100 and as a percent increase or decrease, as applicable, in the
18 proposed tax rate compared to the adopted tax rate for the preceding
19 year;

20 (C) the average appraised value of a residence
21 homestead in the district in the preceding year and in the current
22 year; the district's total homestead exemption, other than an
23 exemption available only to disabled persons or persons 65 years of
24 age or older, applicable to that appraised value in each of those
25 years; and the average taxable value of a residence homestead in the
26 district in each of those years, disregarding any homestead
27 exemption available only to disabled persons or persons 65 years of

1 age or older;

2 (D) the amount of tax that would have been
3 imposed by the district in the preceding year on a residence
4 homestead appraised at the average appraised value of a residence
5 homestead in that year, disregarding any homestead exemption
6 available only to disabled persons or persons 65 years of age or
7 older;

8 (E) the amount of tax that would be imposed by the
9 district in the current year on a residence homestead appraised at
10 the average appraised value of a residence homestead in that year,
11 disregarding any homestead exemption available only to disabled
12 persons or persons 65 years of age or older, if the proposed tax
13 rate is adopted; ~~and~~

14 (F) the difference between the amounts of tax
15 calculated under Paragraphs (D) and (E), expressed in dollars and
16 cents and described as the annual percentage increase or decrease,
17 as applicable, in the tax to be imposed by the district on the
18 average residence homestead in the district in the current year if
19 the proposed tax rate is adopted; and

20 (G) if the proposed combined debt service,
21 operation and maintenance, and contract tax rate exceeds the
22 rollback tax rate, a description of the purpose of the proposed tax
23 increase; and

24 (3) contain a statement in substantially the following
25 form:

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

27 "If operation and maintenance taxes on the average residence

1 homestead increase by more than six ~~[eight]~~ percent, ~~[the qualified~~
 2 ~~voters of the district by petition may require that]~~ an election
 3 must be held to determine whether to ratify ~~[reduce]~~ the operation
 4 and maintenance tax rate ~~[to the rollback tax rate]~~ under Section
 5 49.236(d), Water Code."

6 (d) If the governing body of a district adopts a combined
 7 debt service, operation and maintenance, and contract tax rate that
 8 exceeds the rollback tax rate, ~~[would impose more than 1.08 times~~
 9 ~~the amount of tax imposed by the district in the preceding year on a~~
 10 ~~residence homestead appraised at the average appraised value of a~~
 11 ~~residence homestead in the district in that year, disregarding any~~
 12 ~~homestead exemption available only to disabled persons or persons~~
 13 ~~65 years of age or older, the qualified voters of the district by~~
 14 ~~petition may require that]~~ an election must be held to determine
 15 whether ~~[or not]~~ to ratify ~~[reduce]~~ the tax rate adopted for the
 16 current year ~~[to the rollback tax rate]~~ in accordance with the
 17 procedures provided by Sections 26.08(b)-(d) ~~[26.07(b)-(g) and~~
 18 26.081], Tax Code. For purposes of Sections 26.08(b)-(d)
 19 ~~[26.07(b)-(g)]~~ and this section ~~[subsection]~~, the rollback tax rate
 20 is the sum 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 1.06 ~~[1.08]~~ times the amount of the operation
 25 and maintenance tax imposed by the district in the preceding year on
 26 a 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 (e) Notwithstanding any other provision of this section,
4 the board may substitute "eight percent" for "six percent" in
5 Subsection (a) and "1.08" for "1.06" in Subsection (d) if any part
6 of the district is located in an area declared a disaster area
7 during the current tax year by the governor or by the president of
8 the United States.

9 SECTION 16. The following provisions are repealed:

10 (1) Section 1063.255, Special District Local Laws
11 Code;

12 (2) Section 26.07, Tax Code;

13 (3) Section 49.236, Water Code, as added by Chapter
14 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session,
15 2003; and

16 (4) Section 49.2361, Water Code.

17 SECTION 17. (a) The change in law made by this Act applies
18 to the ad valorem tax rate of a taxing unit beginning with the 2017
19 tax year, except as provided by Subsection (b) of this section.

20 (b) If the governing body of a taxing unit adopted an ad
21 valorem tax rate for the taxing unit for the 2017 tax year before
22 the effective date of this Act, the change in law made by this Act
23 applies to the ad valorem tax rate of that taxing unit beginning
24 with the 2018 tax year, and the law in effect when the tax rate was
25 adopted applies to the 2017 tax year with respect to that taxing
26 unit.

27 SECTION 18. This Act takes effect immediately if it

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1 receives a vote of two-thirds of all the members elected to each
2 house, as provided by Section 39, Article III, Texas Constitution.
3 If this Act does not receive the vote necessary for immediate
4 effect, this Act takes effect on the 91st day after the last day of
5 the legislative session.