

By: Gutierrez

H.B. No. 3831

A BILL TO BE ENTITLED

AN ACT

relating to the procedure for adopting an ad valorem tax rate that exceeds a certain rate.

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

SECTION 1. Section 26.05(d), Tax Code, is amended to read as follows:

(d) The governing body of a taxing unit other than a school district may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate calculated as provided by this chapter until the governing body has provided the notice required by Section 26.053 and has held two public hearings on the proposed tax rate and [~~has~~] otherwise complied with Section 26.06 and Section 26.065. The governing body of a taxing unit shall reduce a tax rate set by law or by vote of the electorate to the lower of the rollback tax rate or the effective tax rate and may not adopt a higher rate unless it first complies with Section 26.06.

SECTION 2. Section 26.052(d), Tax Code, is amended to read as follows:

(d) A taxing unit that provides public notice of a proposed tax rate under Subsection (c) is exempt from Sections 26.05(d), 26.053, and 26.06 and is not subject to an injunction under Section 26.05(e) for failure to comply with Section 26.05(d). A taxing unit that provides public notice of a proposed tax rate under Subsection (c) may not adopt a tax rate that exceeds the rate set out in the

1 notice unless the taxing unit provides additional public notice
2 under Subsection (c) of the higher rate or complies with Sections
3 26.05(d), 26.053, and 26.06, as applicable, in adopting the higher
4 rate.

5 SECTION 3. Chapter 26, Tax Code, is amended by adding
6 Section 26.053 to read as follows:

7 Sec. 26.053. NOTICE OF PROPOSED TAX REVENUE INCREASE. (a)
8 Before conducting the first public hearing required by Section
9 26.06, the governing body of a taxing unit that proposes to adopt a
10 tax rate that exceeds the lower of the effective tax rate or the
11 rollback tax rate calculated as provided by this chapter must:

12 (1) adopt a resolution indicating each member of the
13 governing body who is in favor of the proposed tax rate and each
14 member of the governing body who is opposed to the proposed tax
15 rate; and

16 (2) provide written notice to each property owner in
17 the taxing unit of:

18 (A) the total amount of tax revenue raised by the
19 taxing unit in the preceding tax year;

20 (B) the total amount of tax revenue proposed to
21 be raised by the taxing unit in the current tax year at the proposed
22 tax rate;

23 (C) the percentage change in the total amount of
24 tax revenue proposed to be raised by the taxing unit from the
25 preceding tax year to the current tax year; and

26 (D) the name of each member of the governing body
27 of the taxing unit who is in favor of the proposed tax rate and each

1 member of the governing body who is opposed to the proposed tax
2 rate.

3 (b) Each taxing unit that is subject to this section is
4 responsible for mailing the notice required by Subsection (a)(2) to
5 the owners of property in the taxing unit.

6 (c) Notwithstanding Subsection (b), at the request of a
7 taxing unit that is subject to this section, an appraisal district
8 in which the taxing unit participates shall mail the notice
9 required by Subsection (a)(2) to the owners of property located in
10 the part of the taxing unit that is located in the appraisal
11 district. If more than one taxing unit that participates in the
12 appraisal district requests that the appraisal district provide the
13 notice, the appraisal district may include the owners of property
14 in more than one taxing unit in the notice.

15 (d) The comptroller shall adopt rules prescribing the form
16 and timing of the mailing of the notice.

17 SECTION 4. Section 140.010(c), Local Government Code, is
18 amended to read as follows:

19 (c) A county or municipality that provides notice of the
20 county's or municipality's proposed property tax rate in the manner
21 provided by this section is exempt from the notice and publication
22 requirements of Sections 26.04(e), 26.052, 26.053, and 26.06, Tax
23 Code, as applicable, and is not subject to an injunction for failure
24 to comply with those requirements.

25 SECTION 5. Section 8876.152(a), Special District Local Laws
26 Code, is amended to read as follows:

27 (a) Sections 26.04, 26.05, 26.053, 26.06, and 26.07, Tax

1 Code, do not apply to a tax imposed by the district.

2 SECTION 6. This Act applies to the ad valorem tax rate of a
3 taxing unit for a tax year beginning on or after the effective date
4 of this Act.

5 SECTION 7. This Act takes effect January 1, 2018.