

By: Hancock, Buckingham
Burton

S.B. No. 1426

A BILL TO BE ENTITLED

AN ACT

relating to the calculation and dissemination of certain ad valorem tax rates.

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

SECTION 1. Section 26.012, Tax Code, is amended by adding Subdivisions (1-a) and (1-b) to read as follows:

(1-a) "Adjusted effective tax rate" means the effective tax rate of a taxing unit as otherwise calculated under this chapter, except that new property value is not deducted from current total value in calculating the rate.

(1-b) "Adjusted rollback tax rate" means the rollback tax rate of a taxing unit as otherwise calculated under this chapter, except that new property value is not deducted from current total value in calculating the effective maintenance and operations rate.

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

(c-1) In addition to calculating the tax rates described by Subsection (c), the designated officer or employee shall calculate the adjusted effective tax rate and the adjusted rollback tax rate for the unit.

(e) By August 7 or as soon thereafter as practicable, the designated officer or employee shall submit the rates to the governing body. The designated officer or employee ~~[He]~~ shall

1 deliver by mail to each property owner in the unit or publish in a
2 newspaper in the form prescribed by the comptroller:

3 (1) the effective tax rate, the rollback tax rate, and
4 an explanation of how they were calculated;

5 (1-a) the adjusted effective tax rate, the adjusted
6 rollback tax rate, and an explanation of how they were calculated;

7 (2) the estimated amount of interest and sinking fund
8 balances and the estimated amount of maintenance and operation or
9 general fund balances remaining at the end of the current fiscal
10 year that are not encumbered with or by corresponding existing debt
11 obligation;

12 (3) a schedule of the unit's debt obligations showing:

13 (A) the amount of principal and interest that
14 will be paid to service the unit's debts in the next year from
15 property tax revenue, including payments of lawfully incurred
16 contractual obligations providing security for the payment of the
17 principal of and interest on bonds and other evidences of
18 indebtedness issued on behalf of the unit by another political
19 subdivision and, if the unit is created under Section 52, Article
20 III, or Section 59, Article XVI, Texas Constitution, payments on
21 debts that the unit anticipates to incur in the next calendar year;

22 (B) the amount by which taxes imposed for debt
23 are to be increased because of the unit's anticipated collection
24 rate; and

25 (C) the total of the amounts listed in Paragraphs
26 (A)-(B), less any amount collected in excess of the previous year's
27 anticipated collections certified as provided in Subsection (b);

1 (4) the amount of additional sales and use tax revenue
2 anticipated in calculations under Section 26.041;

3 (5) a statement that the adoption of a tax rate equal
4 to the effective tax rate would result in an increase or decrease,
5 as applicable, in the amount of taxes imposed by the unit as
6 compared to last year's levy, and the amount of the increase or
7 decrease;

8 (6) in the year that a taxing unit calculates an
9 adjustment under Subsection (i) or (j), a schedule that includes
10 the following elements:

11 (A) the name of the unit discontinuing the
12 department, function, or activity;

13 (B) the amount of property tax revenue spent by
14 the unit listed under Paragraph (A) to operate the discontinued
15 department, function, or activity in the 12 months preceding the
16 month in which the calculations required by this chapter are made;
17 and

18 (C) the name of the unit that operates a distinct
19 department, function, or activity in all or a majority of the
20 territory of a taxing unit that has discontinued operating the
21 distinct department, function, or activity; and

22 (7) in the year following the year in which a taxing
23 unit raised its rollback rate as required by Subsection (j), a
24 schedule that includes the following elements:

25 (A) the amount of property tax revenue spent by
26 the unit to operate the department, function, or activity for which
27 the taxing unit raised the rollback rate as required by Subsection

1 (j) for the 12 months preceding the month in which the calculations
2 required by this chapter are made; and

3 (B) the amount published by the unit in the
4 preceding tax year under Subdivision (6)(B).

5 SECTION 3. Sections 140.010(a), (d), and (e), Local
6 Government Code, are amended to read as follows:

7 (a) In this section, "effective tax rate," ~~and~~ "rollback
8 tax rate," "adjusted effective tax rate," and "adjusted rollback
9 tax rate" mean the effective tax rate, ~~and~~ rollback tax rate,
10 adjusted effective tax rate, and adjusted rollback tax rate of a
11 county or municipality, as applicable, as calculated under Chapter
12 26, Tax Code.

13 (d) A county or municipality that proposes a property tax
14 rate that does not exceed 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 by the
19 governing body of (insert name of county or municipality).

20	PROPOSED TAX RATE	\$_____ per \$100
21	PRECEDING YEAR'S TAX RATE	\$_____ per \$100
22	EFFECTIVE TAX RATE	\$_____ per \$100
23	<u>ADJUSTED EFFECTIVE TAX RATE</u>	<u>\$_____ per \$100</u>

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

1 year.

2 "The adjusted effective tax rate is the tax rate that would have
3 been calculated as the effective tax rate had property added to the
4 appraisal roll in the current year not been excluded in calculating
5 that rate.

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

8 property tax amount = (rate) x (taxable value of your property) /
9 100

10 "For assistance or detailed information about tax calculations,
11 please contact:

12 (insert name of county or municipal tax assessor-collector)
13 (insert name of county or municipality) tax
14 assessor-collector
15 (insert address)
16 (insert telephone number)
17 (insert e-mail address)
18 (insert Internet website address, if applicable)"

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

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

24 "A tax rate of \$_____ per \$100 valuation has been proposed for
25 adoption by the governing body of (insert name of county or
26 municipality). This rate exceeds the lower of the effective or
27 rollback tax rate, and state law requires that two public hearings

1 be held by the governing body before adopting the proposed tax rate.
2 The governing body of (insert name of county or municipality)
3 proposes to use revenue attributable to the tax rate increase for
4 the purpose of (description of purpose of increase).

5	PROPOSED TAX RATE	\$_____ per \$100
6	PRECEDING YEAR'S TAX RATE	\$_____ per \$100
7	EFFECTIVE TAX RATE	\$_____ per \$100
8	ROLLBACK TAX RATE	\$_____ per \$100
9	<u>ADJUSTED EFFECTIVE TAX RATE</u>	<u>\$_____ per \$100</u>
10	<u>ADJUSTED ROLLBACK TAX RATE</u>	<u>\$_____ per \$100</u>

11 "The effective tax rate is the total tax rate needed to raise the
12 same amount of property tax revenue for (insert name of county or
13 municipality) from the same properties in both the (insert
14 preceding tax year) tax year and the (insert current tax year) tax
15 year.

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

20 "The adjusted effective tax rate is the tax rate that would have
21 been calculated as the effective tax rate had property added to the
22 appraisal roll in the current year not been excluded in calculating
23 that rate.

24 "The adjusted rollback tax rate is the tax rate that would have been
25 calculated as the rollback tax rate had property added to the
26 appraisal roll in the current year not been excluded in calculating
27 the effective maintenance and operations rate, which is a component

1 of 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 SECTION 4. (a) The change in law made by this Act applies
22 to the ad valorem tax rate of a taxing unit beginning with the 2017
23 tax year, except as provided by Subsection (b) of this section.

24 (b) If the governing body of a taxing unit adopted an ad
25 valorem tax rate for the taxing unit for the 2017 tax year before
26 the effective date of this Act, the change in law made by this Act
27 applies to the ad valorem tax rate of that taxing unit beginning

1 with the 2018 tax year, and the law in effect when the tax rate was
2 adopted applies to the 2017 tax year with respect to that taxing
3 unit.

4 SECTION 5. This Act takes effect immediately if it receives
5 a vote of two-thirds of all the members elected to each house, as
6 provided by Section 39, Article III, Texas Constitution. If this
7 Act does not receive the vote necessary for immediate effect, this
8 Act takes effect September 1, 2017.