Amend **CSSB 2** (house committee report) as follows:

(1) On page 111, line 2, strike "Sections 26.04, 26.05, 26.061, and 26.07, Tax Code," and substitute "Sections 26.04 through [, 26.05, and] 26.07, Tax Code.".

(2) On page 111, line 8, strike "Sections 26.04, 26.05, 26.061, and 26.07, Tax Code," and substitute "Sections 26.04 through [, 26.05, and] 26.07, Tax Code.".

(3) Strike page 111, lines 11-14, and substitute the following:

SECTION 70. Section 49.236, Water Code, as added by Chapter 335 (**SB 392**), Acts of the 78th Legislature, Regular Session, 2003, is amended by amending Subsections (a) and (d) and adding Subsections (e), (f), (g), (h), (i), and (j) to read as follows:

(4) On page 112, line 10, strike "total" and substitute "[total]".

(5) On page 113, line 10, strike "[and]" and substitute "and".

(6) Strike page 113, lines 17-20.

(7) Strike page 113, line 23, through page 116, line 3, and substitute the following:

(A) if the district is a special taxing unit or a developed district, and the district's proposed combined debt service, operation and maintenance, and contract tax rate exceeds the district's rollback tax rate:

"NOTICE OF PROPOSED TAX RATE IN EXCESS OF ROLLBACK TAX RATE"

"The proposed tax rate for the district exceeds the district's rollback tax rate. The revenue attributable to the proposed tax rate will be used for (state purpose)."; and

(B) if the district is a special taxing unit or a developed district, and the district's proposed combined debt service, operation and maintenance, and contract tax rate exceeds the district's tax approval election rate:

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

"If the district adopts a combined debt service, operation and maintenance, and contract tax rate that exceeds the district's tax approval election rate [taxes on the average residence homestead increase by more than eight percent, the qualified voters

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of the district by petition may require that] an election must be held to determine whether to approve [reduce] the operation and maintenance tax rate [to the rollback tax rate] under Section 49.236(d), Water Code."

(d) This subsection applies only to a district described by Subsection (a)(3)(B). If the governing body of the [a] district adopts a combined debt service, operation and maintenance, and contract tax rate that exceeds the district's tax approval election rate, [would impose more than 1.08 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, the qualified voters of the district by petition may require that] an election must be held to determine whether [or not] to approve [reduce] the tax rate adopted for the current year [to the rollback tax rate] in accordance with the procedures provided by Sections 26.07(c)-(g) [26.07(b)-(g) and 26.081], Tax Code.

(e) The tax approval election rate for a district that is a special taxing unit described by Subsection (a)(3)(B) is the greater of:

(1) the sum of the debt service tax rate, the contract tax rate, the operation and maintenance tax rate, and the district's unused increment rate that would impose more than 1.08 times the amount of tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that tax year, disregarding any homestead exemption granted to disabled persons and persons 65 years of age or older; or

(2) the rollback tax rate.

(f) The tax approval election rate for a district described by Subsection (a)(3)(B) other than a special taxing unit is the greatest of:

(1) the sum of the de minimis rate and the contract tax rate;

(2) the sum of the debt service tax rate, the contract tax rate, the operation and maintenance tax rate, and the

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district's unused increment rate that would impose more than 1.035 times the amount of tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that tax year, disregarding any homestead exemption granted to disabled persons and persons 65 years of age or older; or

        (3)   the rollback tax rate.

    (g) For purposes of Sections 26.07(c)-(g), Tax Code, [26.07(b)-(g)] and this section [subsection], the rollback tax rate is the sum of the following tax rates:

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

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

        (3)   the following applicable rate:

        (A) for a district that is a taxing unit other than a special taxing unit, the rate equal to the product of 1.035 and the district's operations and maintenance tax rate for the preceding tax year; or

        (B) for a district that is a special taxing unit, the rate equal to the product of 1.08 and the district's operations and maintenance tax rate for the preceding tax year; and

        (4)   the district's unused increment rate [rates plus the operation and maintenance tax rate that would impose 1.08 times the amount of the operation and maintenance 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].

    (8) On page 116, line 4, strike "(f)" and substitute "(h)".

    (9) Strike page 116, lines 20-26, and substitute the following:

    (i) In this section:

        (1)   "De minimis rate" and "special taxing unit" have the meanings assigned by Section 26.012, Tax Code.

        (2)   "Developed district" means a district that has financed, completed, and issued bonds to pay for all land, works, improvements, facilities, plants, equipment, and appliances

necessary to serve at least 95 percent of the projected build-out of the district in accordance with the purposes for its creation or the purposes authorized by the constitution, this code, or any other law.

   (3) "Taxing unit" has the meaning assigned by Section 1.04, Tax Code.

   (4) "Unused increment rate" has the meaning assigned by Section 26.013, Tax Code.

  (j) The following provisions of the Tax Code do not apply to a district:

   (1) Sections 26.16(a)(4), (5), and (6) and (d-1)(1); and

   (2) Sections 26.17(b)(5),(8), and (10).