86R13519 CBH-F

By:  Hancock, Bettencourt S.B. No. 1430

A BILL TO BE ENTITLED

AN ACT

relating to clarifying certain terminology, including terminology applicable to tax rate calculations, in relation to the ad valorem tax system.

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

SECTION 1.  Section 42.2522(e), Education Code, is amended to read as follows:

(e)  The commissioner shall notify school districts as soon as practicable as to the availability of funds under this section. For purposes of computing a voter approval [~~rollback~~] tax rate under Section 26.08, Tax Code, a district shall adjust the district's tax rate limit to reflect assistance received under this section.

SECTION 2.  Sections 44.004(c) and (i), Education Code, are amended to read as follows:

(c)  The notice of public meeting to discuss and adopt the budget and the proposed tax rate may not be smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and the headline on the notice must be in 18-point or larger type.  Subject to Subsection (d), the notice must:

(1)  contain a statement in the following form:

"NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

"The (name of school district) will hold a public meeting at (time, date, year) in (name of room, building, physical location, city, state).  The purpose of this meeting is to discuss the school district's budget that will determine the tax rate that will be adopted.  Public participation in the discussion is invited."  The statement of the purpose of the meeting must be in bold type.  In reduced type, the notice must state:  "The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to discuss the revised notice.";

(2)  contain a section entitled "Comparison of Proposed Budget with Last Year's Budget," which must show the difference, expressed as a percent increase or decrease, as applicable, in the amounts budgeted for the preceding fiscal year and the amount budgeted for the fiscal year that begins in the current tax year for each of the following:

(A)  maintenance and operations;

(B)  debt service; and

(C)  total expenditures;

(3)  contain a section entitled "Total Appraised Value and Total Taxable Value," which must show the total appraised value and the total taxable value of all property and the total appraised value and the total taxable value of new property taxable by the district in the preceding tax year and the current tax year as calculated under Section 26.04, Tax Code;

(4)  contain a statement of the total amount of the outstanding and unpaid bonded indebtedness of the school district;

(5)  contain a section entitled "Comparison of Proposed Rates with Last Year's Rates," which must:

(A)  show in rows the tax rates described by Subparagraphs (i)-(iii), expressed as amounts per $100 valuation of property, for columns entitled "Maintenance & Operations," "Interest & Sinking Fund," and "Total," which is the sum of "Maintenance & Operations" and "Interest & Sinking Fund":

(i)  the school district's "Last Year's Rate";

(ii)  the "Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service," which:

(a)  in the case of "Maintenance & Operations," is the tax rate that, when applied to the current taxable value for the district, as certified by the chief appraiser under Section 26.01, Tax Code, and as adjusted to reflect changes made by the chief appraiser as of the time the notice is prepared, would impose taxes in an amount that, when added to state funds to be distributed to the district under Chapter 42, would provide the same amount of maintenance and operations taxes and state funds distributed under Chapter 42 per student in average daily attendance for the applicable school year that was available to the district in the preceding school year; and

(b)  in the case of "Interest & Sinking Fund," is the tax rate that, when applied to the current taxable value for the district, as certified by the chief appraiser under Section 26.01, Tax Code, and as adjusted to reflect changes made by the chief appraiser as of the time the notice is prepared, and when multiplied by the district's anticipated collection rate, would impose taxes in an amount that, when added to state funds to be distributed to the district under Chapter 46 and any excess taxes collected to service the district's debt during the preceding tax year but not used for that purpose during that year, would provide the amount required to service the district's debt; and

(iii)  the "Proposed Rate";

(B)  contain fourth and fifth columns aligned with the columns required by Paragraph (A) that show, for each row required by Paragraph (A):

(i)  the "Local Revenue per Student," which is computed by multiplying the district's total taxable value of property, as certified by the chief appraiser for the applicable school year under Section 26.01, Tax Code, and as adjusted to reflect changes made by the chief appraiser as of the time the notice is prepared, by the total tax rate, and dividing the product by the number of students in average daily attendance in the district for the applicable school year; and

(ii)  the "State Revenue per Student," which is computed by determining the amount of state aid received or to be received by the district under Chapters 42, 43, and 46 and dividing that amount by the number of students in average daily attendance in the district for the applicable school year; and

(C)  contain an asterisk after each calculation for "Interest & Sinking Fund" and a footnote to the section that, in reduced type, states "The Interest & Sinking Fund tax revenue is used to pay for bonded indebtedness on construction, equipment, or both.  The bonds, and the tax rate necessary to pay those bonds, were approved by the voters of this district.";

(6)  contain a section entitled "Comparison of Proposed Levy with Last Year's Levy on Average Residence," which must:

(A)  show in rows the information described by Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns entitled "Last Year" and "This Year":

(i)  "Average Market Value of Residences," determined using the same group of residences for each year;

(ii)  "Average Taxable Value of Residences," determined after taking into account the limitation on the appraised value of residences under Section 23.23, Tax Code, and after subtracting all homestead exemptions applicable in each year, other than exemptions available only to disabled persons or persons 65 years of age or older or their surviving spouses, and using the same group of residences for each year;

(iii)  "Last Year's Rate Versus Proposed Rate per $100 Value"; and

(iv)  "Taxes Due on Average Residence," determined using the same group of residences for each year; and

(B)  contain the following information: "Increase (Decrease) in Taxes" expressed in dollars and cents, which is computed by subtracting the "Taxes Due on Average Residence" for the preceding tax year from the "Taxes Due on Average Residence" for the current tax year;

(7)  contain the following statement in bold print:  "Under state law, the dollar amount of school taxes imposed on the residence of a person 65 years of age or older or of the surviving spouse of such a person, if the surviving spouse was 55 years of age or older when the person died, may not be increased above the amount paid in the first year after the person turned 65, regardless of changes in tax rate or property value.";

(8)  contain the following statement in bold print:  "Notice of Voter Approval Tax [~~Rollback~~] Rate:  The highest tax rate the district can adopt before requiring voter approval at an election is (the school district voter approval tax [~~rollback~~] rate determined under Section 26.08, Tax Code).  This election will be automatically held if the district adopts a rate in excess of the voter approval tax [~~rollback~~] rate of (the school district voter approval tax [~~rollback~~] rate)."; and

(9)  contain a section entitled "Fund Balances," which must include the estimated amount of interest and sinking fund balances and the estimated amount of maintenance and operation or general fund balances remaining at the end of the current fiscal year that are not encumbered with or by corresponding debt obligation, less estimated funds necessary for the operation of the district before the receipt of the first payment under Chapter 42 in the succeeding school year.

(i)  A school district that uses a certified estimate, as authorized by Subsection (h), may adopt a budget at the public meeting designated in the notice prepared using the estimate, but the district may not adopt a tax rate before the district receives the certified appraisal roll for the district required by Section 26.01(a), Tax Code. After receipt of the certified appraisal roll, the district must publish a revised notice and hold another public meeting before the district may adopt a tax rate that exceeds:

(1)  the rate proposed in the notice prepared using the estimate; or

(2)  the district's voter approval tax [~~rollback~~] rate determined under Section 26.08, Tax Code, using the certified appraisal roll.

SECTION 3.  Section 45.261(e), Education Code, is amended to read as follows:

(e)  Any part of a school district's tax rate attributable to producing revenue for purposes of Subsection (c)(1) is considered part of the district's:

(1)  current debt rate for purposes of computing a voter approval [~~rollback~~] tax rate under Section 26.08, Tax Code; and

(2)  interest and sinking fund tax rate.

SECTION 4.  Section 281.107(j), Health and Safety Code, is amended to read as follows:

(j)  The portion of the rate of ad valorem tax that is to be levied and assessed each year by or for the district that is allocated by the district to the payment of the principal of and the interest on bonds and other obligations or the maintenance of reserves therefor in accordance with this section shall be applied as a payment on current debt in calculating the current debt rate under the applicable voter approval tax rate [~~rollback~~] provisions of Chapter 26, Tax Code.

SECTION 5.  The heading to Section 281.124, Health and Safety Code, is amended to read as follows:

Sec. 281.124.  ELECTION TO APPROVE TAX RATE IN EXCESS OF VOTER APPROVAL [~~ROLLBACK~~] TAX RATE.

SECTION 6.  Sections 281.124(b), (c), (d), and (e), Health and Safety Code, are amended to read as follows:

(b)  The board may hold an election at which the registered voters of the district may approve a tax rate for the current tax year that exceeds the district's voter approval [~~rollback~~] tax rate for the year computed under Chapter 26, Tax Code, by a specific rate stated in dollars and cents per $100 of taxable value.

(c)  An election under this section must be held at least 180 days before the date on which the district's tax rate is adopted by the board.  At the election, the ballot shall be prepared to permit voting for or against the proposition:  "Approving the ad valorem tax rate of $ (insert total proposed tax rate) per $100 valuation in (insert district name) for the (insert current tax year) tax year, a rate that exceeds the district's voter approval [~~rollback~~] tax rate.  The proposed ad valorem tax rate exceeds the ad valorem tax rate most recently adopted by the district by $ (insert difference between proposed and preceding year's tax rates) per $100 valuation."

(d)  If a majority of the 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 a voter approval tax rate [~~rollback~~] election under Section 26.07, Tax Code.  The board shall adopt the tax rate as provided by Chapter 26, Tax Code.

(e)  If the proposition is not approved as provided by Subsection (d) [~~(c)~~], the board may not adopt a tax rate for the district for the specified tax year that exceeds the rate that was not approved, and Section 26.07, Tax Code, applies to the adopted rate if that rate exceeds the voter approval [~~rollback~~] tax rate.

SECTION 7.  Section 102.007(d), Local Government Code, is amended to read as follows:

(d)  An adopted budget must contain a cover page that includes:

(1)  one of the following statements in 18-point or larger type that accurately describes the adopted budget:

(A)  "This budget will raise more revenue from property taxes than last year's budget by an amount of (insert total dollar amount of increase), which is a (insert percentage increase) percent increase from last year's budget.  The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(B)  "This budget will raise less revenue from property taxes than last year's budget by an amount of (insert total dollar amount of decrease), which is a (insert percentage decrease) percent decrease from last year's budget.  The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll)."; or

(C)  "This budget will raise the same amount of revenue from property taxes as last year's budget.  The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(2)  the record vote of each member of the governing body by name voting on the adoption of the budget;

(3)  the municipal property tax rates for the preceding fiscal year, and each municipal property tax rate that has been adopted or calculated for the current fiscal year, including:

(A)  the property tax rate;

(B)  the effective tax rate;

(C)  the effective maintenance and operations tax rate;

(D)  the voter approval [~~rollback~~] tax rate; and

(E)  the debt rate; and

(4)  the total amount of municipal debt obligations.

SECTION 8.  Section 111.008(d), Local Government Code, is amended to read as follows:

(d)  An adopted budget must contain a cover page that includes:

(1)  one of the following statements in 18-point or larger type that accurately describes the adopted budget:

(A)  "This budget will raise more revenue from property taxes than last year's budget by an amount of (insert total dollar amount of increase), which is a (insert percentage increase) percent increase from last year's budget.  The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(B)  "This budget will raise less revenue from property taxes than last year's budget by an amount of (insert total dollar amount of decrease), which is a (insert percentage decrease) percent decrease from last year's budget.  The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll)."; or

(C)  "This budget will raise the same amount of revenue from property taxes as last year's budget.  The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(2)  the record vote of each member of the commissioners court by name voting on the adoption of the budget;

(3)  the county property tax rates for the preceding fiscal year, and each county property tax rate that has been adopted or calculated for the current fiscal year, including:

(A)  the property tax rate;

(B)  the effective tax rate;

(C)  the effective maintenance and operations tax rate;

(D)  the voter approval [~~rollback~~] tax rate; and

(E)  the debt rate; and

(4)  the total amount of county debt obligations.

SECTION 9.  Section 111.039(d), Local Government Code, is amended to read as follows:

(d)  An adopted budget must contain a cover page that includes:

(1)  one of the following statements in 18-point or larger type that accurately describes the adopted budget:

(A)  "This budget will raise more revenue from property taxes than last year's budget by an amount of (insert total dollar amount of increase), which is a (insert percentage increase) percent increase from last year's budget.  The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(B)  "This budget will raise less revenue from property taxes than last year's budget by an amount of (insert total dollar amount of decrease), which is a (insert percentage decrease) percent decrease from last year's budget.  The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll)."; or

(C)  "This budget will raise the same amount of revenue from property taxes as last year's budget.  The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(2)  the record vote of each member of the commissioners court by name voting on the adoption of the budget;

(3)  the county property tax rates for the preceding fiscal year, and each county property tax rate that has been adopted or calculated for the current fiscal year, including:

(A)  the property tax rate;

(B)  the effective tax rate;

(C)  the effective maintenance and operations tax rate;

(D)  the voter approval [~~rollback~~] tax rate; and

(E)  the debt rate; and

(4)  the total amount of county debt obligations.

SECTION 10.  Section 111.068(c), Local Government Code, is amended to read as follows:

(c)  An adopted budget must contain a cover page that includes:

(1)  one of the following statements in 18-point or larger type that accurately describes the adopted budget:

(A)  "This budget will raise more revenue from property taxes than last year's budget by an amount of (insert total dollar amount of increase), which is a (insert percentage increase) percent increase from last year's budget.  The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(B)  "This budget will raise less revenue from property taxes than last year's budget by an amount of (insert total dollar amount of decrease), which is a (insert percentage decrease) percent decrease from last year's budget.  The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll)."; or

(C)  "This budget will raise the same amount of revenue from property taxes as last year's budget.  The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(2)  the record vote of each member of the commissioners court by name voting on the adoption of the budget;

(3)  the county property tax rates for the preceding fiscal year, and each county property tax rate that has been adopted or calculated for the current fiscal year, including:

(A)  the property tax rate;

(B)  the effective tax rate;

(C)  the effective maintenance and operations tax rate;

(D)  the voter approval [~~rollback~~] tax rate; and

(E)  the debt rate; and

(4)  the total amount of county debt obligations.

SECTION 11.  Sections 140.010(a), (d), and (e), Local Government Code, are amended to read as follows:

(a)  In this section, "effective tax rate" and "voter approval [~~rollback~~] tax rate" mean the effective tax rate and voter approval [~~rollback~~] tax rate of a county or municipality, as applicable, as calculated under Chapter 26, Tax Code.

(d)  A county or municipality that proposes a property tax rate that does not exceed the lower of the effective tax rate or the voter approval [~~rollback~~] tax rate shall provide the following notice:

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

"A tax rate of $\_\_\_\_\_\_ per $100 valuation has been proposed by the governing body of (insert name of county or municipality).

PROPOSED TAX RATE           $\_\_\_\_\_\_ per $100

PRECEDING YEAR'S TAX RATE  $\_\_\_\_\_\_ per $100

EFFECTIVE TAX RATE          $\_\_\_\_\_\_ per $100

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

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

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

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

(insert name of county or municipal tax assessor-collector)

(insert name of county or municipality) tax assessor-collector

(insert address)

(insert telephone number)

(insert e-mail address)

(insert Internet website address, if applicable)"

(e)  A county or municipality that proposes a property tax rate that exceeds the lower of the effective tax rate or the voter approval [~~rollback~~] tax rate shall provide the following notice:

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

"A tax rate of $\_\_\_\_\_ per $100 valuation has been proposed for adoption by the governing body of (insert name of county or municipality).  This rate exceeds the lower of the effective or voter approval [~~rollback~~] tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate.  The governing body of (insert name of county or municipality) proposes to use revenue attributable to the tax rate increase for the purpose of (description of purpose of increase).

PROPOSED TAX RATE $\_\_\_\_\_\_ per $100

PRECEDING YEAR'S TAX RATE $\_\_\_\_\_\_ per $100

EFFECTIVE TAX RATE $\_\_\_\_\_\_ per $100

VOTER APPROVAL [~~ROLLBACK~~] TAX RATE $\_\_\_\_\_\_ per $100

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

"The voter approval [~~rollback~~] tax rate is the highest tax rate that (insert name of county or municipality) may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the voter approval tax [~~rollback~~] rate.

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

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

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

(insert name of county or municipal tax assessor-collector)

(insert name of county or municipality) tax assessor-collector

(insert address)

(insert telephone number)

(insert e-mail address)

(insert Internet website address, if applicable)

"You are urged to attend and express your views at the following public hearings on the proposed tax rate:

First Hearing:  (insert date and time) at (insert location of meeting).

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

SECTION 12.  Sections 1063.255(a) and (d), Special District Local Laws Code, are amended to read as follows:

(a)  Notwithstanding Section 26.07(b)(3), Tax Code, a petition to require an election under Section 26.07, Tax Code, on reducing the district's tax rate to the voter approval [~~rollback~~] tax rate shall be submitted to the Montgomery County elections administrator instead of to the board.

(d)  Notwithstanding Section 26.07(d), Tax Code, if the elections administrator certifies to the board that the petition is valid or fails to act within the time allowed, the board shall order that an election under Section 26.07, Tax Code, to determine whether to reduce the district's tax rate to the voter approval tax [~~rollback~~] rate be held in the district in the manner prescribed by Section 26.07(d) of that code.

SECTION 13.  Section 1122.2522, Special District Local Laws Code, is amended to read as follows:

Sec. 1122.2522.   VOTER APPROVAL [~~ROLLBACK~~] TAX RATE PROVISIONS APPLICABLE. (a)  If in any year the board adopts a tax rate that exceeds the voter approval [~~rollback~~] tax rate calculated as provided by Chapter 26, Tax Code, the qualified voters of the district by petition may 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 voter approval [~~rollback~~] tax rate.

(b)  To the extent a conflict exists between this section and a provision of the Tax Code, the provision of the Tax Code prevails.

SECTION 14.  Section 26.012(10), Tax Code, is amended to read as follows:

(10)  "Excess collections" means the amount, if any, by which debt taxes collected in the preceding year exceeded the amount anticipated in the preceding year's calculation of the voter approval tax [~~rollback~~] rate, as certified by the collector under Section 26.04(b) [~~of this code~~].

SECTION 15.  The heading to Section 26.04, Tax Code, is amended to read as follows:

Sec. 26.04.  SUBMISSION OF ROLL TO GOVERNING BODY; EFFECTIVE AND VOTER APPROVAL [~~ROLLBACK~~] TAX RATES.

SECTION 16.  Sections 26.04(c), (d), (e), (f), (i), and (j), Tax Code, are amended to read as follows:

(c)  An officer or employee designated by the governing body shall calculate the effective tax rate and the voter approval [~~rollback~~] tax rate for the taxing unit, where:

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

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

; and

(2)  "Voter approval [~~Rollback~~] tax rate" means a rate expressed in dollars per $100 of taxable value calculated according to the following formula:

VOTER APPROVAL [~~ROLLBACK~~] TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

(d)  The effective tax rate for a county is the sum of the effective tax rates calculated for each type of tax the county levies and the voter approval [~~rollback~~] tax rate for a county is the sum of the voter approval [~~rollback~~] tax rates calculated for each type of tax the county levies.

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

(1)  the effective tax rate, the voter approval [~~rollback~~] tax rate, and an explanation of how they were calculated;

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

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

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

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

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

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

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

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

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

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

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

(7)  in the year following the year in which a taxing unit raised its voter approval tax [~~rollback~~] rate as required by Subsection (j), a schedule that includes the following elements:

(A)  the amount of property tax revenue spent by the taxing unit to operate the department, function, or activity for which the taxing unit raised the voter approval tax [~~rollback~~] rate as required by Subsection (j) for the 12 months preceding the month in which the calculations required by this chapter are made; and

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

(f)  If as a result of consolidation of taxing units a taxing unit includes territory that was in two or more taxing units in the preceding year, the amount of taxes imposed in each in the preceding year is combined for purposes of calculating the effective and voter approval [~~rollback~~] tax rates under this section.

(i)  This subsection applies to a taxing unit that has agreed by written contract to transfer a distinct department, function, or activity to another taxing unit and discontinues operating that distinct department, function, or activity if the operation of that department, function, or activity in all or a majority of the territory of the taxing unit is continued by another existing taxing unit or by a new taxing unit. The voter approval [~~rollback~~] tax rate of a taxing unit to which this subsection applies in the first tax year in which a budget is adopted that does not allocate revenue to the discontinued department, function, or activity is calculated as otherwise provided by this section, except that last year's levy used to calculate the effective maintenance and operations rate of the taxing unit is reduced by the amount of maintenance and operations tax revenue spent by the taxing unit to operate the department, function, or activity for the 12 months preceding the month in which the calculations required by this chapter are made and in which the taxing unit operated the discontinued department, function, or activity. If the taxing unit did not operate that department, function, or activity for the full 12 months preceding the month in which the calculations required by this chapter are made, the taxing unit shall reduce last year's levy used for calculating the effective maintenance and operations rate of the taxing unit by the amount of the revenue spent in the last full fiscal year in which the taxing unit operated the discontinued department, function, or activity.

(j)  This subsection applies to a taxing unit that had agreed by written contract to accept the transfer of a distinct department, function, or activity from another taxing unit and operates a distinct department, function, or activity if the operation of a substantially similar department, function, or activity in all or a majority of the territory of the taxing unit has been discontinued by another taxing unit, including a dissolved taxing unit. The voter approval [~~rollback~~] tax rate of a taxing unit to which this subsection applies in the first tax year after the other taxing unit discontinued the substantially similar department, function, or activity in which a budget is adopted that allocates revenue to the department, function, or activity is calculated as otherwise provided by this section, except that last year's levy used to calculate the effective maintenance and operations rate of the taxing unit is increased by the amount of maintenance and operations tax revenue spent by the taxing unit that discontinued operating the substantially similar department, function, or activity to operate that department, function, or activity for the 12 months preceding the month in which the calculations required by this chapter are made and in which the taxing unit operated the discontinued department, function, or activity. If the taxing unit did not operate the discontinued department, function, or activity for the full 12 months preceding the month in which the calculations required by this chapter are made, the taxing unit may increase last year's levy used to calculate the effective maintenance and operations rate by an amount not to exceed the amount of property tax revenue spent by the discontinuing taxing unit to operate the discontinued department, function, or activity in the last full fiscal year in which the discontinuing taxing unit operated the department, function, or activity.

SECTION 17.  Sections 26.041(a), (b), (c), and (e), Tax Code, are amended to read as follows:

(a)  In the first year in which an additional sales and use tax is required to be collected, the effective tax rate and voter approval [~~rollback~~] tax rate for the taxing unit are calculated according to the following formulas:

EFFECTIVE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] - SALES TAX GAIN RATE

and

VOTER APPROVAL TAX [~~ROLLBACK~~] RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE - SALES TAX GAIN RATE

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

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

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

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

(c)  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 the effective tax rate and voter approval [~~rollback~~] tax rate for the taxing unit are calculated according to the following formulas:

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

and

VOTE APPROVAL [~~ROLLBACK~~] TAX RATE = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / ([~~TOTAL~~] CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT DEBT RATE

where "sales tax loss rate" means a number expressed in dollars per $100 of taxable value, calculated by dividing the amount of sales and use tax revenue generated in the last four quarters for which the information is available by the current total value and "last year's maintenance and operations expense" means the amount spent for maintenance and operations from property tax and additional sales and use tax revenues in the preceding year.

(e)  If a city that imposes an additional sales and use tax receives payments under the terms of a contract executed before January 1, 1986, in which the city agrees not to annex certain property or a certain area and the owners or lessees of the property or of property in the area agree to pay at least annually to the city an amount determined by reference to all or a percentage of the property tax rate of the city and all or a part of the value of the property subject to the agreement or included in the area subject to the agreement, the governing body, by order adopted by a majority vote of the governing body, may direct the designated officer or employee to add to the effective and voter approval [~~rollback~~] tax rates the amount that, when applied to the total taxable value submitted to the governing body, would produce an amount of taxes equal to the difference between the total amount of payments for the tax year under contracts described by this subsection under the voter approval [~~rollback~~] tax rate calculated under this section and the total amount of payments for the tax year that would have been obligated to the city if the city had not adopted an additional sales and use tax.

SECTION 18.  Sections 26.043(a) and (b), Tax Code, are amended to read as follows:

(a)  In the tax year in which a city has set an election on the question of whether to impose a local sales and use tax under Subchapter H, Chapter 453, Transportation Code, the officer or employee designated to make the calculations provided by Section 26.04 may not make those calculations until the outcome of the election is determined. If the election is determined in favor of the imposition of the tax, the designated officer or employee [~~representative~~] shall subtract from the city's voter approval [~~rollback~~] and effective tax rates the amount that, if applied to the city's current total value, would impose an amount equal to the amount of property taxes budgeted in the current tax year to pay for expenses related to mass transit services.

(b)  In a tax year to which this section applies, a reference in this chapter to the city's effective or voter approval [~~rollback~~] tax rate refers to that rate as adjusted under this section.

SECTION 19.  The heading to Section 26.045, Tax Code, is amended to read as follows:

Sec. 26.045.  VOTER APPROVAL TAX RATE [~~ROLLBACK~~] RELIEF FOR POLLUTION CONTROL REQUIREMENTS.

SECTION 20.  Sections 26.045(a), (c), and (i), Tax Code, are amended to read as follows:

(a)  The voter approval [~~rollback~~] tax rate for a political subdivision of this state is increased by the rate that, if applied to the total current value, would impose an amount of taxes equal to the amount the political subdivision will spend out of its maintenance and operation funds under Section 26.012(16) to pay for a facility, device, or method for the control of air, water, or land pollution that is necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality.

(c)  To receive an adjustment to the voter approval [~~rollback~~] tax rate under this section, a political subdivision shall present information to the executive director of the Texas Commission on Environmental Quality in a permit application or in a request for any exemption from a permit that would otherwise be required detailing:

(1)  the anticipated environmental benefits from the installation of the facility, device, or method for the control of air, water, or land pollution;

(2)  the estimated cost of the pollution control facility, device, or method; and

(3)  the purpose of the installation of the facility, device, or method, and the proportion of the installation that is pollution control property.

(i)  A political subdivision of the state seeking an adjustment in its voter approval [~~rollback~~] tax rate under this section shall provide to its tax assessor a copy of the letter issued by the executive director of the Texas Commission on Environmental Quality under Subsection (d).  The tax assessor shall accept the copy of the letter from the executive director as conclusive evidence that the facility, device, or method is used wholly or partly as pollution control property and shall adjust the voter approval [~~rollback~~] tax rate for the political subdivision as provided for by Subsection (a).

SECTION 21.  Sections 26.05(d) and (g), Tax Code, are 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 voter approval [~~rollback~~] tax rate or the effective tax rate calculated as provided by this chapter until the governing body 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 voter approval [~~rollback~~] tax rate or the effective tax rate and may not adopt a higher rate unless it first complies with Section 26.06.

(g)  Notwithstanding Subsection (a), the governing body of a school district that elects to adopt a tax rate before the adoption of a budget for the fiscal year that begins in the current tax year may adopt a tax rate for the current tax year before receipt of the certified appraisal roll for the school district if the chief appraiser of the appraisal district in which the school district participates has certified to the assessor for the school district an estimate of the taxable value of property in the school district as provided by Section 26.01(e).  If a school district adopts a tax rate under this subsection, the effective tax rate and the voter approval [~~rollback~~] tax rate of the district shall be calculated based on the certified estimate of taxable value.

SECTION 22.  Sections 26.06(b), (d), and (e), Tax Code, are amended to read as follows:

(b)  The notice of a public hearing may not be smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and the headline on the notice must be in 24-point or larger type.  The notice must  contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX INCREASE

"The (name of the taxing unit) will hold two public hearings on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by (percentage by which proposed tax rate exceeds lower of voter approval [~~rollback~~] tax rate or effective tax rate calculated under this chapter) percent.  Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.

"The first public hearing will be held on (date and time) at (meeting place).

"The second public hearing will be held on (date and time) at (meeting place).

"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating the absences.)

"The average taxable value of a residence homestead in (name of taxing unit) last year was $\_\_\_\_ (average taxable value of a residence homestead in the taxing unit for the preceding tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).  Based on last year's tax rate of $\_\_\_\_ (preceding year's adopted tax rate) per $100 of taxable value, the amount of taxes imposed last year on the average home was $\_\_\_\_ (tax on average taxable value of a residence homestead in the taxing unit for the preceding tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).

"The average taxable value of a residence homestead in (name of taxing unit) this year is $\_\_\_\_ (average taxable value of a residence homestead in the taxing unit for the current tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).  If the governing body adopts the effective tax rate for this year of $\_\_\_\_ (effective tax rate) per $100 of taxable value, the amount of taxes imposed this year on the average home would be $\_\_\_\_ (tax on average taxable value of a residence homestead in the taxing unit for the current tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).

"If the governing body adopts the proposed tax rate of $\_\_\_\_ (proposed tax rate) per $100 of taxable value, the amount of taxes imposed this year on the average home would be $\_\_\_\_ (tax on the average taxable value of a residence in the taxing unit for the current year disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).

"Members of the public are encouraged to attend the hearings and express their views."

(d)  At the public hearings the governing body shall announce the date, time, and place of the meeting at which it will vote on the proposed tax rate.  After each hearing the governing body shall give notice of the meeting at which it will vote on the proposed tax rate and the notice shall be in the same form as prescribed by Subsections (b) and (c), except that it must state the following:

"NOTICE OF TAX REVENUE INCREASE

"The (name of the taxing unit) conducted public hearings on (date of first hearing) and (date of second hearing) on a proposal to increase the total tax revenues of the (name of the taxing unit) from properties on the tax roll in the preceding year by (percentage by which proposed tax rate exceeds lower of voter approval [~~rollback~~] tax rate or effective tax rate calculated under this chapter) percent.

"The total tax revenue proposed to be raised last year at last year's tax rate of (insert tax rate for the preceding year) for each $100 of taxable value was (insert total amount of taxes imposed in the preceding year).

"The total tax revenue proposed to be raised this year at the proposed tax rate of (insert proposed tax rate) for each $100 of taxable value, excluding tax revenue to be raised from new property added to the tax roll this year, is (insert amount computed by multiplying proposed tax rate by the difference between current total value and new property value).

"The total tax revenue proposed to be raised this year at the proposed tax rate of (insert proposed tax rate) for each $100 of taxable value, including tax revenue to be raised from new property added to the tax roll this year, is (insert amount computed by multiplying proposed tax rate by current total value).

"The (governing body of the taxing unit) is scheduled to vote on the tax rate that will result in that tax increase at a public meeting to be held on (date of meeting) at (location of meeting, including mailing address) at (time of meeting).

"The (governing body of the taxing unit) proposes to use the increase in total tax revenue for the purpose of (description of purpose of increase)."

(e)  The meeting to vote on the tax increase may not be earlier than the third day or later than the 14th day after the date of the second public hearing.  The meeting must be held inside the boundaries of the taxing unit in a publicly owned building or, if a suitable publicly owned building is not available, in a suitable building to which the public normally has access.  If the governing body does not adopt a tax rate that exceeds the lower of the voter approval [~~rollback~~] tax rate or the effective tax rate by the 14th day, it must give a new notice under Subsection (d) before it may adopt a rate that exceeds the lower of the voter approval [~~rollback~~] tax rate or the effective tax rate.

SECTION 23.  Sections 26.07(a), (d), and (e), Tax Code, are amended to read as follows:

(a)  If the governing body of a taxing unit other than a school district adopts a tax rate that exceeds the voter approval [~~rollback~~] tax rate calculated as provided by this chapter, the qualified voters of the taxing unit by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the voter approval [~~rollback~~] tax rate calculated as provided by this chapter.

(d)  If the governing body finds that the petition is valid (or fails to act within the time allowed), it shall order that an election be held in the taxing unit 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. 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. At the election, the ballots shall be prepared to permit voting for or against the proposition: "Reducing the tax rate in (name of taxing unit) for the current year from (the rate adopted) to (the voter approval [~~rollback~~] tax rate calculated as provided by this chapter)."

(e)  If a majority of the qualified voters voting on the question in the election favor the proposition, the tax rate for the taxing unit for the current year is the voter approval [~~rollback~~] tax rate calculated as provided by this chapter; otherwise, the tax rate for the current year is the one adopted by the governing body.

SECTION 24.  Sections 26.08(a), (b), (d), (g), (n), (o), and (p), Tax Code, are amended to read as follows:

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

(b)  The governing body shall 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.  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.  At the election, the ballots shall be prepared to permit voting for or against the proposition:  "Approving the ad valorem tax rate of $\_\_\_\_\_ per $100 valuation in (name of school district) for the current year, a rate that is $\_\_\_\_\_ higher per $100 valuation than the school district voter approval [~~rollback~~] tax rate, for the purpose of (description of purpose of increase)."  The ballot proposition must include the adopted tax rate and the difference between that rate and the voter approval [~~rollback~~] tax rate in the appropriate places.

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

(g)  In a school district that received distributions from an equalization tax imposed under former Chapter 18, Education Code, the effective rate of that tax as of the date of the county unit system's abolition is added to the district's voter approval [~~rollback~~] tax rate.

(n)  For purposes of this section, the voter approval [~~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)  for the 2006 tax year, the sum of the rate that is equal to 88.67 percent of the maintenance and operations tax rate adopted by the district for the 2005 tax year, the rate of $0.04 per $100 of taxable value, and the district's current debt rate; and

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

(A)  the sum of the following:

(i)  the rate per $100 of taxable value that is equal to the product of the state compression percentage, as determined under Section 42.2516, Education Code, for the current year and $1.50;

(ii)  the rate of $0.04 per $100 of taxable value;

(iii)  the rate that is equal to the sum of the differences for the 2006 and each subsequent tax year between the adopted tax rate of the district for that year if the rate was approved at an election under this section and the voter approval [~~rollback~~] tax rate of the district for that year; and

(iv)  the district's current debt rate; or

(B)  the sum of the following:

(i)  the effective maintenance and operations tax rate of the district as computed under Subsection (i) or (k), as applicable;

(ii)  the rate per $100 of taxable value that is equal to the product of the state compression percentage, as determined under Section 42.2516, Education Code, for the current year and $0.06; and

(iii)  the district's current debt rate.

(o)  For purposes of this section, the voter approval [~~rollback~~] tax rate of a school district whose maintenance and operations tax rate for the 2005 tax year was greater than $1.50 per $100 of taxable value is computed in the manner provided by Subsection (n) except that the maintenance and operations tax rate per $100 of taxable value adopted by the district for the 2005 tax year is substituted for $1.50 in a computation under that subsection.

(p)  Notwithstanding Subsections (i), (n), and (o), if for the preceding tax year a school district adopted a maintenance and operations tax rate that was less than the district's effective maintenance and operations tax rate for that preceding tax year, the voter approval [~~rollback~~] tax rate of the district for the current tax year is calculated as if the district adopted a maintenance and operations tax rate for the preceding tax year that was equal to the district's effective maintenance and operations tax rate for that preceding tax year.

SECTION 25.  Sections 26.16(a) and (d), Tax Code, are amended to read as follows:

(a)  The county assessor-collector for each county that maintains an Internet website shall post on the website of the county the following 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:

(1)  the adopted tax rate;

(2)  the maintenance and operations rate;

(3)  the debt rate;

(4)  the effective tax rate;

(5)  the effective maintenance and operations rate; and

(6)  the voter approval [~~rollback~~] tax rate.

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

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

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

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

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

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

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

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

SECTION 26.  Sections 49.236(a) and (d), Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, are amended to read as follows:

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

(1)  contain a statement in substantially the following form:

"NOTICE OF PUBLIC HEARING ON TAX RATE

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

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

(2)  contain the following information:

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

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

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

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

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

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

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

"NOTICE OF TAXPAYERS' RIGHT TO VOTER APPROVAL TAX RATE [~~ROLLBACK~~] ELECTION

"If taxes on the average residence homestead increase by more than eight percent, the qualified voters of the district by petition may require that an election be held to determine whether to reduce the operation and maintenance tax rate to the voter approval [~~rollback~~] tax rate under Section 49.236(d), Water Code."

(d)  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 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 be held to determine whether or not to reduce the tax rate adopted for the current year to the voter approval [~~rollback~~] tax rate in accordance with the procedures provided by Sections 26.07(b)-(g) and 26.081, Tax Code. For purposes of Sections 26.07(b)-(g) and this subsection, the voter approval [~~rollback~~] tax rate is the current year's debt service and contract tax 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.

SECTION 27.  Section 49.2361, Water Code, is amended to read as follows:

Sec. 49.2361.  ADDITIONAL NOTICE FOR CERTAIN TAX INCREASES. If a district proposes to adopt a combined tax rate that would authorize the qualified voters of the district by petition to require a voter approval tax rate [~~rollback~~] election to be held in the district, the notice required by Section 49.236 must include a description of the purpose of the proposed tax increase.

SECTION 28.  A reference in law to a "rollback" tax rate means a "voter approval" tax rate.

SECTION 29.  This Act takes effect January 1, 2020.