

By: Paul

H.B. No. 470

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 26.012, Tax Code, is amended by adding  
7 Subdivision (18) to read as follows:

8 (18) "Small taxing unit" means a taxing unit, other  
9 than a school district, with a population of less than 40,000.

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

12 (c) An officer or employee designated by the governing body  
13 shall calculate the effective tax rate and the rollback tax rate for  
14 the taxing unit, where:

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

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

20 ; and

21 (2) "Rollback tax rate" means a rate expressed in  
22 dollars per \$100 of taxable value calculated according to the  
23 following applicable formula:

24 (A) for a small taxing unit:

1 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND  
2 OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

3 ; or

4 (B) for a taxing unit other than a small taxing  
5 unit:

6 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND  
7 OPERATIONS RATE x 1.04) + CURRENT DEBT RATE

8 (c-1) Notwithstanding any other provision of this section,  
9 the governing body of a taxing unit other than a small taxing unit  
10 may direct the designated officer or employee to calculate the  
11 rollback tax rate of the taxing unit according to the formula  
12 applicable to a small taxing unit if any part of the taxing unit is  
13 located in an area declared a disaster area during the current tax  
14 year by the governor or by the president of the United States.

15 SECTION 3. Section 26.041, Tax Code, is amended by amending  
16 Subsections (a), (b), and (c) and adding Subsection (c-1) to read as  
17 follows:

18 (a) In the first year in which an additional sales and use  
19 tax is required to be collected, the effective tax rate and rollback  
20 tax rate for the taxing unit are calculated according to the  
21 following formulas:

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

25  
26 [~~and~~]

1           ROLLBACK TAX RATE FOR SMALL TAXING UNIT = (EFFECTIVE  
 2           MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT  
 3           RATE - SALES TAX GAIN RATE

4  
 5 and

6  
 7           ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL  
 8           TAXING UNIT = (EFFECTIVE MAINTENANCE AND OPERATIONS  
 9           RATE x 1.04) + CURRENT DEBT RATE - SALES TAX GAIN RATE

10 where "sales tax gain rate" means a number expressed in dollars per  
 11 \$100 of taxable value, calculated by dividing the revenue that will  
 12 be generated by the additional sales and use tax in the following  
 13 year as calculated under Subsection (d) [~~of this section~~] by the  
 14 current total value.

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

21           ROLLBACK TAX RATE FOR SMALL TAXING UNIT = [(LAST YEAR'S  
 22           MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / ([~~TOTAL~~  
 23           CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT  
 24           DEBT RATE - SALES TAX REVENUE RATE)

25  
 26 or

1           ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL  
 2           TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS  
 3           EXPENSE x 1.04) / (CURRENT TOTAL VALUE - NEW PROPERTY  
 4           VALUE)] + (CURRENT DEBT RATE - 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 taxing 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

21 [~~and~~]

23           ROLLBACK TAX RATE FOR SMALL TAXING UNIT = [(LAST YEAR'S  
 24           MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / (~~[TOTAL]~~  
 25           CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT  
 26           DEBT RATE

1 and

2

3 ROLLBACK TAX RATE FOR TAXING UNIT OTHER THAN SMALL  
4 TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS  
5 EXPENSE x 1.04) / (CURRENT TOTAL VALUE - NEW PROPERTY  
6 VALUE)] + CURRENT DEBT RATE

7 where "sales tax loss rate" means a number expressed in dollars per  
8 \$100 of taxable value, calculated by dividing the amount of sales  
9 and use tax revenue generated in the last four quarters for which  
10 the information is available by the current total value and "last  
11 year's maintenance and operations expense" means the amount spent  
12 for maintenance and operations from property tax and additional  
13 sales and use tax revenues in the preceding year.

14 (c-1) Notwithstanding any other provision of this section,  
15 the governing body of a taxing unit other than a small taxing unit  
16 may direct the designated officer or employee to calculate the  
17 rollback tax rate of the taxing unit according to the formula  
18 applicable to a small taxing unit if any part of the taxing unit is  
19 located in an area declared a disaster area during the current tax  
20 year by the governor or by the president of the United States.

21 SECTION 4. The heading to Section 26.043, Tax Code, is  
22 amended to read as follows:

23 Sec. 26.043. ROLLBACK AND EFFECTIVE TAX RATES [~~RATE~~] IN  
24 CITY IMPOSING MASS TRANSIT SALES AND USE TAX.

25 SECTION 5. The heading to Section 26.07, Tax Code, is  
26 amended to read as follows:

27 Sec. 26.07. ELECTION TO REDUCE TAX RATE OF SMALL TAXING UNIT

1 ~~[REPEAL INCREASE]~~.

2 SECTION 6. Section 26.07(a), Tax Code, is amended to read as  
3 follows:

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

11 SECTION 7. The heading to Section 26.08, Tax Code, is  
12 amended to read as follows:

13 Sec. 26.08. ELECTION TO APPROVE TAX RATE OF TAXING UNIT  
14 OTHER THAN SMALL TAXING UNIT ~~[RATIFY SCHOOL TAXES]~~.

15 SECTION 8. Section 26.08, Tax Code, is amended by amending  
16 Subsections (a), (b), (d), (d-1), (d-2), (e), and (h) and adding  
17 Subsection (r) to read as follows:

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

1 which the taxing unit [~~school district~~] is located, an election is  
2 not required under this section to approve the tax rate adopted by  
3 the governing body for the year following the year in which the  
4 disaster occurs.

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

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

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

1 body of the taxing unit [~~district~~], the assessor for the taxing unit  
2 [~~school~~] shall prepare and mail corrected tax bills. The assessor  
3 shall include with each bill a brief explanation of the reason for  
4 and effect of the corrected bill. The date on which the taxes  
5 become delinquent for the year is extended by a number of days equal  
6 to the number of days between the date the first tax bills were sent  
7 and the date the corrected tax bills were sent.

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

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

27 (h) For purposes of this section, increases in taxable



1 values and tax levies occurring within a reinvestment zone  
2 designated under Chapter 311 [~~(Tax Increment Financing Act)~~,] in  
3 which a school [~~the~~] district is a participant[~~7~~] shall be  
4 eliminated from the calculation of the tax rate adopted by the  
5 governing body of the school district.

6 (r) Except as otherwise expressly provided by law, this  
7 section does not apply to a tax imposed by a taxing unit if a  
8 provision of an uncodified local or special law enacted by the 86th  
9 Legislature, Regular Session, 2019, or by an earlier legislature  
10 provides that Section 26.07 does not apply to a tax imposed by the  
11 taxing unit.

12 SECTION 9. Section 26.16(d), Tax Code, is amended to read as  
13 follows:

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

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

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

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

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

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

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

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

24           SECTION 10. Sections 31.12(a) and (b), Tax Code, are  
25 amended to read as follows:

26           (a) If a refund of a tax provided by Section 11.431(b),  
27 26.07(g), 26.08(d-2), 26.15(f), 31.11, 31.111, or 31.112 is paid on

1 or before the 60th day after the date the liability for the refund  
2 arises, no interest is due on the amount refunded. If not paid on or  
3 before that 60th day, the amount of the tax to be refunded accrues  
4 interest at a rate of one percent for each month or part of a month  
5 that the refund is unpaid, beginning with the date on which the  
6 liability for the refund arises.

7 (b) For purposes of this section, liability for a refund  
8 arises:

9 (1) if the refund is required by Section 11.431(b), on  
10 the date the chief appraiser notifies the collector for the taxing  
11 unit of the approval of the late homestead exemption;

12 (2) if the refund is required by Section 26.07(g), on  
13 the date the results of the election to reduce the tax rate are  
14 certified;

15 (3) if the refund is required by Section 26.08(d-2),  
16 on the date the subsequent tax rate is adopted;

17 (4) if the refund is required by Section 26.15(f):

18 (A) for a correction to the tax roll made under  
19 Section 26.15(b), on the date the change in the tax roll is  
20 certified to the assessor for the taxing unit under Section 25.25;  
21 or

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

25 (5) [~~4~~] if the refund is required by Section 31.11,  
26 on the date the auditor for the taxing unit determines that the  
27 payment was erroneous or excessive or, if the amount of the refund

1 exceeds the applicable amount specified by Section 31.11(a), on the  
2 date the governing body of the taxing unit approves the refund;

3 (6) [~~(5)~~] if the refund is required by Section 31.111,  
4 on the date the collector for the taxing unit determines that the  
5 payment was erroneous; or

6 (7) [~~(6)~~] if the refund is required by Section 31.112,  
7 on the date required by Section 31.112(d) or (e), as applicable.

8 SECTION 11. Section 33.08(b), Tax Code, is amended to read  
9 as follows:

10 (b) The governing body of the taxing unit or appraisal  
11 district, in the manner required by law for official action, may  
12 provide that taxes that become delinquent on or after June 1 under  
13 Section 26.07(f), 26.08(d-1), 26.15(e), 31.03, 31.031, 31.032,  
14 31.04, or 42.42 incur an additional penalty to defray costs of  
15 collection. The amount of the penalty may not exceed the amount of  
16 the compensation specified in the applicable contract with an  
17 attorney under Section 6.30 to be paid in connection with the  
18 collection of the delinquent taxes.

19 SECTION 12. Section 130.016(b), Education Code, is amended  
20 to read as follows:

21 (b) If the board of trustees of an independent school  
22 district that divests itself of the management, control, and  
23 operation of a junior college district under this section or under  
24 Section 130.017 [~~of this code~~] was authorized by [~~Subsection (e)~~  
25 ~~of~~] Section 45.105(e) or under former Section 20.48(e) [~~20.48 of~~  
26 ~~this code~~] to dedicate a portion of its tax levy to the junior  
27 college district before the divestment, the junior college district

1 may levy an ad valorem tax from and after the divestment. In the  
2 first two years in which the junior college district levies an ad  
3 valorem tax, the tax rate adopted by the governing body may not  
4 exceed the rate that, if applied to the total taxable value  
5 submitted to the governing body under Section 26.04, Tax Code,  
6 would impose an amount equal to the amount of taxes of the school  
7 district dedicated to the junior college under [~~Subsection (e) of~~]  
8 Section 45.105(e) or former Section 20.48(e) [~~20.48 of this code~~]  
9 in the last dedication before the divestment. In subsequent years,  
10 the tax rate of the junior college district is subject to Section  
11 26.07 or 26.08, Tax Code, as applicable.

12 SECTION 13. Sections 281.124(d) and (e), Health and Safety  
13 Code, are amended to read as follows:

14 (d) If a majority of the votes cast in the election favor the  
15 proposition, the tax rate for the specified tax year is the rate  
16 approved by the voters, and that rate is not subject to a rollback  
17 election under Section 26.07 or 26.08, Tax Code. The board shall  
18 adopt the tax rate as provided by Chapter 26, Tax Code, as  
19 applicable.

20 (e) If the proposition is not approved as provided by  
21 Subsection (d) [~~(e)~~], the board may not adopt a tax rate for the  
22 district for the specified tax year that exceeds the rate that was  
23 not approved, and Section 26.07 or 26.08, Tax Code, as applicable,  
24 applies to the adopted rate if that rate exceeds the district's  
25 rollback tax rate.

26 SECTION 14. Section 140.010, Local Government Code, is  
27 amended by amending Subsections (a), (e), (f), and (g) and adding

1 Subsection (e-1) to read as follows:

2 (a) In this section:

3 (1) "Effective~~[, "effective]~~ tax rate" and "rollback  
4 tax rate" mean the effective tax rate and rollback tax rate of a  
5 county or municipality, as applicable, as calculated under Chapter  
6 26, Tax Code.

7 (2) "Small taxing unit" has the meaning assigned by  
8 Section 26.012, Tax Code.

9 (e) A county or municipality that is a small taxing unit and  
10 that proposes a property tax rate that exceeds the lower of the  
11 effective tax rate or the rollback tax rate shall provide the  
12 following notice:

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

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

23	PROPOSED TAX RATE	\$_____ per \$100
24	PRECEDING YEAR'S TAX RATE	\$_____ per \$100
25	EFFECTIVE TAX RATE	\$_____ per \$100
26	ROLLBACK TAX RATE	\$_____ per \$100

27 "The effective tax rate is the total tax rate needed to raise the

1 same amount of property tax revenue for (insert name of county or  
2 municipality) from the same properties in both the (insert  
3 preceding tax year) tax year and the (insert current tax year) tax  
4 year.

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

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

10 FOLLOWS:

$$\text{property tax amount} = (\text{rate}) \times (\text{taxable value of your property}) /$$
$$100$$

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

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

16 (insert name of county or municipality) tax

17 assessor-collector

18 (insert address)

19 (insert telephone number)

20 (insert e-mail address)

21 (insert Internet website address, if applicable)

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

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

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

1       (e-1) A county or municipality that is not a small taxing  
2 unit and that proposes a property tax rate that exceeds the lower of  
3 the effective tax rate or the rollback tax rate shall provide the  
4 following notice:

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

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

15 <u>PROPOSED TAX RATE</u>	<u>\$_____ per \$100</u>
16 <u>PRECEDING YEAR'S TAX RATE</u>	<u>\$_____ per \$100</u>
17 <u>EFFECTIVE TAX RATE</u>	<u>\$_____ per \$100</u>
18 <u>ROLLBACK TAX RATE</u>	<u>\$_____ per \$100</u>

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

24       "The rollback tax rate is the highest tax rate that (insert name of  
25 county or municipality) may adopt before the (insert "county" or  
26 "city") is required to hold an election to limit the rate that may  
27 be approved to the rollback tax rate.



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

2 FOLLOWS:

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

4 100

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

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

8 (insert name of county or municipality) tax

9 assessor-collector

10 (insert address)

11 (insert telephone number)

12 (insert e-mail address)

13 (insert Internet website address, if applicable)

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

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

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

20 (f) A county or municipality shall:

21 (1) provide the notice required by Subsection (d),  
22 ~~(e)~~ (e), or (e-1), as applicable, not later than the later of  
23 September 1 or the 30th day after the first date that the taxing  
24 unit has received each applicable certified appraisal roll by:

25 (A) publishing the notice in a newspaper having  
26 general circulation in:

27 (i) the county, in the case of notice

1 published by a county; or

2 (ii) the county in which the municipality  
3 is located or primarily located, in the case of notice published by  
4 a municipality; or

5 (B) mailing the notice to each property owner in:

6 (i) the county, in the case of notice  
7 provided by a county; or

8 (ii) the municipality, in the case of  
9 notice provided by a municipality; and

10 (2) post the notice on the Internet website of the  
11 county or municipality, if applicable, beginning not later than the  
12 later of September 1 or the 30th day after the first date that the  
13 taxing unit has received each applicable certified appraisal roll  
14 and continuing until the county or municipality adopts a tax rate.

15 (g) If the notice required by Subsection (d), ~~(e)~~, or  
16 (e-1) is published in a newspaper:

17 (1) the notice may not be smaller than one-quarter  
18 page of a standard-size or a tabloid-size newspaper; and

19 (2) the headline on the notice must be in 24-point or  
20 larger type.

21 SECTION 15. Section 1122.2522, Special District Local Laws  
22 Code, is amended by amending Subsection (a) and adding Subsection  
23 (a-1) to read as follows:

24 (a) If in any year the board adopts a tax rate that exceeds  
25 the rollback tax rate calculated as provided by Chapter 26, Tax  
26 Code, and the district is a small taxing unit as defined by Section  
27 26.012 of that code, the qualified voters of the district by

1 petition may require that an election be held to determine whether  
2 or not to reduce the tax rate adopted by the board for that year to  
3 the rollback tax rate.

4 (a-1) If in any year the board adopts a tax rate that exceeds  
5 the rollback tax rate calculated as provided by Chapter 26, Tax  
6 Code, and the district is not a small taxing unit as defined by  
7 Section 26.012 of that code, an election must be held to determine  
8 whether or not to approve the tax rate adopted by the board for that  
9 year.

10 SECTION 16. Sections 3828.157 and 8876.152, Special  
11 District Local Laws Code, are amended to read as follows:

12 Sec. 3828.157. INAPPLICABILITY OF CERTAIN TAX CODE  
13 PROVISIONS. Sections 26.04, 26.05, ~~and~~ 26.07, and 26.08, Tax  
14 Code, do not apply to a tax imposed under Section 3828.153 or  
15 3828.156.

16 Sec. 8876.152. APPLICABILITY OF CERTAIN TAX PROVISIONS.  
17 (a) Sections 26.04, 26.05, 26.06, ~~and~~ 26.07, and 26.08, Tax Code,  
18 do not apply to a tax imposed by the district.

19 (b) Sections 49.236(a)(1) and (2) and (b) [Section 49.236],  
20 Water Code, apply [as added by Chapter 248 (H.B. 1541), Acts of the  
21 78th Legislature, Regular Session, 2003, applies] to the district.

22 SECTION 17. Section 49.107(g), Water Code, is amended to  
23 read as follows:

24 (g) Sections 26.04, 26.05, ~~and~~ 26.07, and 26.08, Tax Code,  
25 do not apply to a tax levied and collected under this section or an  
26 ad valorem tax levied and collected for the payment of the interest  
27 on and principal of bonds issued by a district.

1 SECTION 18. Section 49.108(f), Water Code, is amended to  
2 read as follows:

3 (f) Sections 26.04, 26.05, ~~and~~ 26.07, and 26.08, Tax Code,  
4 do not apply to a tax levied and collected for payments made under a  
5 contract approved in accordance with this section.

6 SECTION 19. Section 49.236, Water Code, as added by Chapter  
7 335 (S.B. 392), Acts of the 78th Legislature, Regular Session,  
8 2003, is amended by amending Subsections (a) and (d) and adding  
9 Subsections (e), (f), (g), (h), (i), (j), (k), (l), and (m) to read  
10 as follows:

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

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

18 "NOTICE OF PUBLIC HEARING ON TAX RATE  
19 "The (name of the district) will hold a public hearing on a  
20 proposed tax rate for the tax year (year of tax levy) on (date and  
21 time) at (meeting place). Your individual taxes may increase or  
22 decrease, depending on the change in the taxable value of your  
23 property in relation to the change in taxable value of all other  
24 property and the tax rate that is adopted.

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

1           (2) contain the following information:

2                   (A) the district's total adopted tax rate for the  
3 preceding year and the proposed tax rate, expressed as an amount per  
4 \$100;

5                   (B) the difference, expressed as an amount per  
6 \$100 and as a percent increase or decrease, as applicable, in the  
7 proposed tax rate compared to the adopted tax rate for the preceding  
8 year;

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

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

24                   (E) the amount of tax that would be imposed by the  
25 district in the current year on a residence homestead appraised at  
26 the average appraised value of a residence homestead in that year,  
27 disregarding any homestead exemption available only to disabled

1 persons or persons 65 years of age or older, if the proposed tax  
2 rate is adopted; ~~and~~

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

9 (G) if the proposed combined debt service,  
10 operation and maintenance, and contract tax rate requires or  
11 authorizes an election in the district to approve the tax rate, a  
12 description of the purpose of the proposed tax increase; and

13 (3) contain a statement in substantially the following  
14 form, as applicable:

15 (A) if the district is not a small taxing unit:

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

17 "If taxes on the average residence homestead increase by more  
18 than four [~~eight~~] percent, [~~the qualified voters of the district by~~  
19 ~~petition may require that~~] an election must be held to determine  
20 whether to approve [~~reduce~~] the [~~operation and maintenance~~] tax  
21 rate [~~to the rollback tax rate~~] under Section 49.236(d), Water  
22 Code."; or

23 (B) if the district is a small taxing unit:

24 "NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION

25 "If taxes on the average residence homestead increase by more  
26 than eight percent, the qualified voters of the district by  
27 petition may require that an election be held to determine whether

1 to approve the tax rate under Section 49.236(e), Water Code."

2 (d) This subsection applies to a district only if the  
3 district is not a small taxing unit. If the board [~~governing body~~]  
4 of the [~~a~~] district adopts a combined debt service, operation and  
5 maintenance, and contract tax rate that would impose more than 1.04  
6 [~~1.08~~] times the amount of tax imposed by the district in the  
7 preceding year on a residence homestead appraised at the average  
8 appraised value of a residence homestead in the district in that  
9 year, disregarding any homestead exemption available only to  
10 disabled persons or persons 65 years of age or older, [~~the qualified~~  
11 ~~voters of the district by petition may require that~~] an election  
12 must be held to determine whether [~~or not~~] to approve [~~reduce~~] the  
13 tax rate adopted for the current year [~~to the rollback tax rate~~] in  
14 accordance with the procedures provided by Sections 26.08(b), (c),  
15 (d), (d-1), and (d-2) [~~26.07(b)-(g) and 26.081~~], Tax Code.

16 (e) This subsection and Subsections (f)-(i) apply to a  
17 district only if the district is a small taxing unit. If the board  
18 of the district adopts a combined debt service, operation and  
19 maintenance, and contract tax rate that would impose more than 1.08  
20 times the amount of tax imposed by the district in the preceding  
21 year on a residence homestead appraised at the average appraised  
22 value of a residence homestead in the district in that year,  
23 disregarding any homestead exemption available only to disabled  
24 persons or persons 65 years of age or older, the qualified voters of  
25 the district by petition may require that an election be held to  
26 determine whether to approve the tax rate adopted for the current  
27 year in accordance with the procedures provided by Subsections

1 (f)-(i) of this section and Section 26.081, Tax Code.

2 (f) A petition under Subsection (e) is valid only if:

3 (1) it states that it is intended to require an  
4 election in the district on the question of approving the tax rate  
5 adopted for the current year;

6 (2) it is signed by a number of registered voters of  
7 the district equal to at least:

8 (A) seven percent of the number of registered  
9 voters of the district according to the most recent official list of  
10 registered voters if the tax rate adopted for the current tax year  
11 would impose taxes for operation and maintenance in an amount of at  
12 least \$5 million; or

13 (B) 10 percent of the number of registered voters  
14 of the district according to the most recent official list of  
15 registered voters if the tax rate adopted for the current tax year  
16 would impose taxes for operation and maintenance in an amount of  
17 less than \$5 million; and

18 (3) it is submitted to the board on or before the 90th  
19 day after the date on which the board adopted the tax rate for the  
20 current year.

21 (g) Not later than the 20th day after the day a petition is  
22 submitted, the board shall determine whether or not the petition is  
23 valid and pass a resolution stating its finding. If the board fails  
24 to act within the time allowed, the petition is treated as if it had  
25 been found valid.

26 (h) If the board finds that the petition is valid (or fails  
27 to act within the time allowed), it shall order that an election be



1 held in the district on a date not less than 30 or more than 90 days  
 2 after the last day on which it could have acted to approve or  
 3 disapprove the petition. A state law requiring local elections to  
 4 be held on a specified date does not apply to the election unless a  
 5 specified date falls within the time permitted by this subsection.  
 6 At the election, the ballots shall be prepared to permit voting for  
 7 or against the proposition: "Approving the ad valorem tax rate of  
 8 \$\_\_\_\_\_ per \$100 valuation in (name of district) for the current year,  
 9 a rate that is \$\_\_\_\_\_ higher per \$100 valuation than the district's  
 10 rollback tax rate, for the purpose of (description of purpose of  
 11 increase)." The ballot proposition must include the adopted tax  
 12 rate and the difference between that rate and the rollback tax rate  
 13 in the appropriate places.

14 (i) Sections 26.08(c), (d), (d-1), and (d-2), Tax Code,  
 15 apply to an election under Subsection (e) of this section in the  
 16 same manner as those subsections apply to an election under Section  
 17 26.08, Tax Code.

18 (j) For purposes of Subsection (d) [~~Sections 26.07(b)-(g)~~  
 19 ~~and this subsection~~], the rollback tax rate of a district is the sum  
 20 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 1.04 [~~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 (k) For purposes of Subsection (e), the rollback tax rate of  
4 a district is the sum of the following tax rates:

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

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

7 (3) the operation and maintenance tax rate that would  
8 impose 1.08 times the amount of the operation and maintenance tax  
9 imposed by the district in the preceding year on a residence  
10 homestead appraised at the average appraised value of a residence  
11 homestead in the district in that year, disregarding any homestead  
12 exemption available only to disabled persons or persons 65 years of  
13 age or older.

14 (l) Notwithstanding any other provision of this section,  
15 the board may substitute "eight percent" for "four percent" in  
16 Subsection (a)(3)(A) and "1.08" for "1.04" in Subsections (d) and  
17 (j) if any part of the district is located in an area declared a  
18 disaster area during the current tax year by the governor or by the  
19 president of the United States.

20 (m) In this section, "small taxing unit" has the meaning  
21 assigned by Section 26.012, Tax Code.

22 SECTION 20. The following provisions are repealed:

23 (1) Section 49.236, Water Code, as added by Chapter  
24 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session,  
25 2003; and

26 (2) Section 49.2361, Water Code.

27 SECTION 21. This Act takes effect January 1, 2020.