

By: Hancock, Bettencourt

S.B. No. 1430

A BILL TO BE ENTITLED

1 AN ACT
2 relating to clarifying certain terminology, including terminology
3 applicable to tax rate calculations, in relation to the ad valorem
4 tax system.

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

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

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

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

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

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

22 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE
23 "The (name of school district) will hold a public meeting at
24 (time, date, year) in (name of room, building, physical location,

1 city, state). The purpose of this meeting is to discuss the school
2 district's budget that will determine the tax rate that will be
3 adopted. Public participation in the discussion is invited." The
4 statement of the purpose of the meeting must be in bold type. In
5 reduced type, the notice must state: "The tax rate that is
6 ultimately adopted at this meeting or at a separate meeting at a
7 later date may not exceed the proposed rate shown below unless the
8 district publishes a revised notice containing the same information
9 and comparisons set out below and holds another public meeting to
10 discuss the revised notice.";

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

17 (A) maintenance and operations;

18 (B) debt service; and

19 (C) total expenditures;

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

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

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

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

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

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

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

23 (b) in the case of "Interest & Sinking
24 Fund," is the tax rate that, when applied to the current taxable
25 value for the district, as certified by the chief appraiser under
26 Section 26.01, Tax Code, and as adjusted to reflect changes made by
27 the chief appraiser as of the time the notice is prepared, and when

1 multiplied by the district's anticipated collection rate, would
2 impose taxes in an amount that, when added to state funds to be
3 distributed to the district under Chapter 46 and any excess taxes
4 collected to service the district's debt during the preceding tax
5 year but not used for that purpose during that year, would provide
6 the amount required to service the district's debt; and

7 (iii) the "Proposed Rate";

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

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

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

24 (C) contain an asterisk after each calculation
25 for "Interest & Sinking Fund" and a footnote to the section that, in
26 reduced type, states "The Interest & Sinking Fund tax revenue is
27 used to pay for bonded indebtedness on construction, equipment, or

1 both. The bonds, and the tax rate necessary to pay those bonds,
2 were approved by the voters of this district.";

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

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

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

10 (ii) "Average Taxable Value of Residences,"
11 determined after taking into account the limitation on the
12 appraised value of residences under Section 23.23, Tax Code, and
13 after subtracting all homestead exemptions applicable in each year,
14 other than exemptions available only to disabled persons or persons
15 65 years of age or older or their surviving spouses, and using the
16 same group of residences for each year;

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

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

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

26 (7) contain the following statement in bold
27 print: "Under state law, the dollar amount of school taxes imposed

1 on the residence of a person 65 years of age or older or of the
2 surviving spouse of such a person, if the surviving spouse was 55
3 years of age or older when the person died, may not be increased
4 above the amount paid in the first year after the person turned 65,
5 regardless of changes in tax rate or property value.";

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

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

22 (i) A school district that uses a certified estimate, as
23 authorized by Subsection (h), may adopt a budget at the public
24 meeting designated in the notice prepared using the estimate, but
25 the district may not adopt a tax rate before the district receives
26 the certified appraisal roll for the district required by Section
27 26.01(a), Tax Code. After receipt of the certified appraisal roll,

1 the district must publish a revised notice and hold another public
2 meeting before the district may adopt a tax rate that exceeds:

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

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

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

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

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

16 (2) interest and sinking fund tax rate.

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

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

27 SECTION 5. The heading to Section 281.124, Health and

1 Safety Code, is amended to read as follows:

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

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

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

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

22 (d) If a majority of the votes cast in the election favor the
23 proposition, the tax rate for the specified tax year is the rate
24 approved by the voters, and that rate is not subject to a voter
25 approval tax rate [~~rollback~~] election under Section 26.07, Tax
26 Code. The board shall adopt the tax rate as provided by Chapter 26,
27 Tax Code.

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

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

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

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

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

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

26 (C) "This budget will raise the same amount of
27 revenue from property taxes as last year's budget. The property

1 tax revenue to be raised from new property added to the tax roll
2 this year is (insert amount computed by multiplying the proposed
3 tax rate by the value of new property added to the roll).";

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

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

9 (A) the property tax rate;

10 (B) the effective tax rate;

11 (C) the effective maintenance and operations tax
12 rate;

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

14 (E) the debt rate; and

15 (4) the total amount of municipal debt obligations.

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

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

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

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

1 value of new property added to the roll).";

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

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

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

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

19 (A) the property tax rate;

20 (B) the effective tax rate;

21 (C) the effective maintenance and operations tax
22 rate;

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

24 (E) the debt rate; and

25 (4) the total amount of county debt obligations.

26 SECTION 9. Section [111.039](#)(d), Local Government Code, is
27 amended to read as follows:

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

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

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

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

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

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

26 (3) the county property tax rates for the preceding
27 fiscal year, and each county property tax rate that has been adopted

1 or calculated for the current fiscal year, including:

- 2 (A) the property tax rate;
- 3 (B) the effective tax rate;
- 4 (C) the effective maintenance and operations tax
5 rate;
- 6 (D) the voter approval [~~rollback~~] tax rate; and
- 7 (E) the debt rate; and
- 8 (4) the total amount of county debt obligations.

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

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

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

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

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

1 value of new property added to the roll)."; or

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

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

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

12 (A) the property tax rate;

13 (B) the effective tax rate;

14 (C) the effective maintenance and operations tax
15 rate;

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

17 (E) the debt rate; and

18 (4) the total amount of county debt obligations.

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

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

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

1 notice:

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

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

6 PROPOSED TAX RATE \$_____ per \$100

7 PRECEDING YEAR'S TAX RATE \$_____ per \$100

8 EFFECTIVE TAX RATE \$_____ per \$100

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

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

16
$$\text{property tax amount} = (\text{rate}) \times (\text{taxable value of your property}) /$$

17
$$100$$

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

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

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

23 (insert address)

24 (insert telephone number)

25 (insert e-mail address)

26 (insert Internet website address, if applicable)"

27 (e) A county or municipality that proposes a property tax

1 rate that exceeds the lower of the effective tax rate or the voter
2 approval [~~rollback~~] tax rate shall provide the following notice:

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

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

13	PROPOSED TAX RATE	\$_____ per \$100
14	PRECEDING YEAR'S TAX RATE	\$_____ per \$100
15	EFFECTIVE TAX RATE	\$_____ per \$100
16	<u>VOTER APPROVAL</u> [ROLLBACK] TAX RATE	\$_____ per \$100

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

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

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

1 property tax amount = (rate) x (taxable value of your property) /
2 100

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

5 (insert name of county or municipal tax assessor-collector)
6 (insert name of county or municipality) tax
7 assessor-collector
8 (insert address)
9 (insert telephone number)
10 (insert e-mail address)
11 (insert Internet website address, if applicable)

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

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

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

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

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

25 (d) Notwithstanding Section 26.07(d), Tax Code, if the
26 elections administrator certifies to the board that the petition is
27 valid or fails to act within the time allowed, the board shall order

1 that an election under Section 26.07, Tax Code, to determine
2 whether to reduce the district's tax rate to the voter approval tax
3 ~~[rollback]~~ rate be held in the district in the manner prescribed by
4 Section 26.07(d) of that code.

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

7 Sec. 1122.2522. VOTER APPROVAL ~~[ROLLBACK]~~ TAX RATE
8 PROVISIONS APPLICABLE. (a) If in any year the board adopts a tax
9 rate that exceeds the voter approval ~~[rollback]~~ tax rate calculated
10 as provided by Chapter 26, Tax Code, the qualified voters of the
11 district by petition may require that an election be held to
12 determine whether or not to reduce the tax rate adopted by the board
13 for that year to the voter approval ~~[rollback]~~ tax rate.

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

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

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

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

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

27 SECTION 16. Sections 26.04(c), (d), (e), (f), (i), and (j),

1 Tax Code, are amended to read as follows:

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

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

$$\text{EFFECTIVE TAX RATE} = (\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY LEVY}) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})$$

10 ; and

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

$$\text{VOTER APPROVAL} [\text{ROLLBACK}] \text{ TAX RATE} = (\text{EFFECTIVE MAINTENANCE AND OPERATIONS RATE} \times 1.08) + \text{CURRENT DEBT RATE}$$

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

22 (e) By August 7 or as soon thereafter as practicable, the
 23 designated officer or employee shall submit the rates to the
 24 governing body. The designated officer or employee [~~He~~] shall
 25 deliver by mail to each property owner in the taxing unit or publish
 26 in a newspaper in the form prescribed by the comptroller:

27 (1) the effective tax rate, the voter approval

1 [~~rollback~~] tax rate, and an explanation of how they were
2 calculated;

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

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

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

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

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

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

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

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

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

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

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

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

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

1 and

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

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

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

1 12 months preceding the month in which the calculations required by
2 this chapter are made, the taxing unit shall reduce last year's levy
3 used for calculating the effective maintenance and operations rate
4 of the taxing unit by the amount of the revenue spent in the last
5 full fiscal year in which the taxing unit operated the discontinued
6 department, function, or activity.

7 (j) This subsection applies to a taxing unit that had agreed
8 by written contract to accept the transfer of a distinct
9 department, function, or activity from another taxing unit and
10 operates a distinct department, function, or activity if the
11 operation of a substantially similar department, function, or
12 activity in all or a majority of the territory of the taxing unit
13 has been discontinued by another taxing unit, including a dissolved
14 taxing unit. The voter approval [~~rollback~~] tax rate of a taxing
15 unit to which this subsection applies in the first tax year after
16 the other taxing unit discontinued the substantially similar
17 department, function, or activity in which a budget is adopted that
18 allocates revenue to the department, function, or activity is
19 calculated as otherwise provided by this section, except that last
20 year's levy used to calculate the effective maintenance and
21 operations rate of the taxing unit is increased by the amount of
22 maintenance and operations tax revenue spent by the taxing unit
23 that discontinued operating the substantially similar department,
24 function, or activity to operate that department, function, or
25 activity for the 12 months preceding the month in which the
26 calculations required by this chapter are made and in which the
27 taxing unit operated the discontinued department, function, or

1 activity. If the taxing unit did not operate the discontinued
 2 department, function, or activity for the full 12 months preceding
 3 the month in which the calculations required by this chapter are
 4 made, the taxing unit may increase last year's levy used to
 5 calculate the effective maintenance and operations rate by an
 6 amount not to exceed the amount of property tax revenue spent by the
 7 discontinuing taxing unit to operate the discontinued department,
 8 function, or activity in the last full fiscal year in which the
 9 discontinuing taxing unit operated the department, function, or
 10 activity.

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

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

17 EFFECTIVE TAX RATE = $\frac{[(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY}$
 18 $\text{LEVY}) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})]}{\text{SALES TAX GAIN RATE}}$

20 and

21 VOTER APPROVAL TAX [~~ROLLBACK~~] RATE = $(\text{EFFECTIVE}$
 22 $\text{MAINTENANCE AND OPERATIONS RATE} \times 1.08) + \text{CURRENT DEBT}$
 23 $\text{RATE} - \text{SALES TAX GAIN RATE}$

24 where "sales tax gain rate" means a number expressed in dollars per
 25 \$100 of taxable value, calculated by dividing the revenue that will
 26 be generated by the additional sales and use tax in the following
 27 year as calculated under Subsection (d) [~~of this section~~] by the

1 current total value.

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

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

12 where "last year's maintenance and operations expense" means the
13 amount spent for maintenance and operations from property tax and
14 additional sales and use tax revenues in the preceding year, and
15 "sales tax revenue rate" means a number expressed in dollars per
16 \$100 of taxable value, calculated by dividing the revenue that will
17 be generated by the additional sales and use tax in the current year
18 as calculated under Subsection (d) [~~of this section~~] by the current
19 total value.

20 (c) In a year in which a taxing unit that has been imposing
21 an additional sales and use tax ceases to impose an additional sales
22 and use tax the effective tax rate and voter approval [~~rollback~~] tax
23 rate for the taxing unit are calculated according to the following
24 formulas:

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

1 and

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

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

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

1 voter approval [~~rollback~~] tax rate calculated under this section
2 and the total amount of payments for the tax year that would have
3 been obligated to the city if the city had not adopted an additional
4 sales and use tax.

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

7 (a) In the tax year in which a city has set an election on
8 the question of whether to impose a local sales and use tax under
9 Subchapter H, Chapter 453, Transportation Code, the officer or
10 employee designated to make the calculations provided by Section
11 26.04 may not make those calculations until the outcome of the
12 election is determined. If the election is determined in favor of
13 the imposition of the tax, the designated officer or employee
14 [~~representative~~] shall subtract from the city's voter approval
15 [~~rollback~~] and effective tax rates the amount that, if applied to
16 the city's current total value, would impose an amount equal to the
17 amount of property taxes budgeted in the current tax year to pay for
18 expenses related to mass transit services.

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

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

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

27 SECTION 20. Sections 26.045(a), (c), and (i), Tax Code, are

1 amended to read as follows:

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

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

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

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

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

24 (i) A political subdivision of the state seeking an
25 adjustment in its voter approval [~~rollback~~] tax rate under this
26 section shall provide to its tax assessor a copy of the letter
27 issued by the executive director of the Texas Commission on

1 Environmental Quality under Subsection (d). The tax assessor
2 shall accept the copy of the letter from the executive director as
3 conclusive evidence that the facility, device, or method is used
4 wholly or partly as pollution control property and shall adjust the
5 voter approval [~~rollback~~] tax rate for the political subdivision as
6 provided for by Subsection (a).

7 SECTION 21. Sections 26.05(d) and (g), Tax Code, are
8 amended to read as follows:

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

19 (g) Notwithstanding Subsection (a), the governing body of a
20 school district that elects to adopt a tax rate before the adoption
21 of a budget for the fiscal year that begins in the current tax year
22 may adopt a tax rate for the current tax year before receipt of the
23 certified appraisal roll for the school district if the chief
24 appraiser of the appraisal district in which the school district
25 participates has certified to the assessor for the school district
26 an estimate of the taxable value of property in the school district
27 as provided by Section 26.01(e). If a school district adopts a tax

1 rate under this subsection, the effective tax rate and the voter
2 approval [~~rollback~~] tax rate of the district shall be calculated
3 based on the certified estimate of taxable value.

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

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

10 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

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

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

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

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

27 "The average taxable value of a residence homestead in (name

1 of taxing unit) last year was \$_____ (average taxable value of a
2 residence homestead in the taxing unit for the preceding tax year,
3 disregarding residence homestead exemptions available only to
4 disabled persons or persons 65 years of age or older). Based on
5 last year's tax rate of \$_____ (preceding year's adopted tax rate)
6 per \$100 of taxable value, the amount of taxes imposed last year on
7 the average home was \$_____ (tax on average taxable value of a
8 residence homestead in the taxing unit for the preceding tax year,
9 disregarding residence homestead exemptions available only to
10 disabled persons or persons 65 years of age or older).

11 "The average taxable value of a residence homestead in (name
12 of taxing unit) this year is \$_____ (average taxable value of a
13 residence homestead in the taxing unit for the current tax year,
14 disregarding residence homestead exemptions available only to
15 disabled persons or persons 65 years of age or older). If the
16 governing body adopts the effective tax rate for this year of \$_____
17 (effective tax rate) per \$100 of taxable value, the amount of taxes
18 imposed this year on the average home would be \$_____ (tax on average
19 taxable value of a residence homestead in the taxing unit for the
20 current tax year, disregarding residence homestead exemptions
21 available only to disabled persons or persons 65 years of age or
22 older).

23 "If the governing body adopts the proposed tax rate of \$_____
24 (proposed tax rate) per \$100 of taxable value, the amount of taxes
25 imposed this year on the average home would be \$_____ (tax on the
26 average taxable value of a residence in the taxing unit for the
27 current year disregarding residence homestead exemptions available

1 only to disabled persons or persons 65 years of age or older).

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

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

10 "NOTICE OF TAX REVENUE INCREASE

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

18 "The total tax revenue proposed to be raised last year at last
19 year's tax rate of (insert tax rate for the preceding year) for each
20 \$100 of taxable value was (insert total amount of taxes imposed in
21 the preceding year).

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

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

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

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

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

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

26 (a) If the governing body of a taxing unit other than a
27 school district adopts a tax rate that exceeds the voter approval

1 ~~[rollback]~~ tax rate calculated as provided by this chapter, the
2 qualified voters of the taxing unit by petition may require that an
3 election be held to determine whether or not to reduce the tax rate
4 adopted for the current year to the voter approval ~~[rollback]~~ tax
5 rate calculated as provided by this chapter.

6 (d) If the governing body finds that the petition is valid
7 (or fails to act within the time allowed), it shall order that an
8 election be held in the taxing unit on a date not less than 30 or
9 more than 90 days after the last day on which it could have acted to
10 approve or disapprove the petition. A state law requiring local
11 elections to be held on a specified date does not apply to the
12 election unless a specified date falls within the time permitted by
13 this section. At the election, the ballots shall be prepared to
14 permit voting for or against the proposition: "Reducing the tax
15 rate in (name of taxing unit) for the current year from (the rate
16 adopted) to (the voter approval ~~[rollback]~~ tax rate calculated as
17 provided by this chapter)."

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

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

25 (a) If the governing body of a school district adopts a tax
26 rate that exceeds the district's voter approval ~~[rollback]~~ tax
27 rate, the registered voters of the district at an election held for

1 that purpose must determine whether to approve the adopted tax
2 rate. When increased expenditure of money by a school district is
3 necessary to respond to a disaster, including a tornado, hurricane,
4 flood, or other calamity, but not including a drought, that has
5 impacted a school district and the governor has requested federal
6 disaster assistance for the area in which the school district is
7 located, an election is not required under this section to approve
8 the tax rate adopted by the governing body for the year following
9 the year in which the disaster occurs.

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

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

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

6 (n) For purposes of this section, the voter approval
7 ~~[rollback]~~ tax rate of a school district whose maintenance and
8 operations tax rate for the 2005 tax year was \$1.50 or less per \$100
9 of taxable value is:

10 (1) for the 2006 tax year, the sum of the rate that is
11 equal to 88.67 percent of the maintenance and operations tax rate
12 adopted by the district for the 2005 tax year, the rate of \$0.04 per
13 \$100 of taxable value, and the district's current debt rate; and

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

16 (A) the sum of the following:

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

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

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

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

2 (B) the sum of the following:

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

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

10 (iii) the district's current debt rate.

11 (o) For purposes of this section, the voter approval
12 [~~rollback~~] tax rate of a school district whose maintenance and
13 operations tax rate for the 2005 tax year was greater than \$1.50 per
14 \$100 of taxable value is computed in the manner provided by
15 Subsection (n) except that the maintenance and operations tax rate
16 per \$100 of taxable value adopted by the district for the 2005 tax
17 year is substituted for \$1.50 in a computation under that
18 subsection.

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

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

3 (a) The county assessor-collector for each county that
4 maintains an Internet website shall post on the website of the
5 county the following information for the most recent five tax years
6 beginning with the 2012 tax year for each taxing unit all or part of
7 the territory of which is located in the county:

- 8 (1) the adopted tax rate;
- 9 (2) the maintenance and operations rate;
- 10 (3) the debt rate;
- 11 (4) the effective tax rate;
- 12 (5) the effective maintenance and operations rate; and
- 13 (6) the voter approval [~~rollback~~] tax rate.

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

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

27 (a) Before the board adopts an ad valorem tax rate for the

1 district for debt service, operation and maintenance purposes, or
2 contract purposes, the board shall give notice of each meeting of
3 the board at which the adoption of a tax rate will be considered.

4 The notice must:

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

7 "NOTICE OF PUBLIC HEARING ON TAX RATE

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

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

17 (2) contain the following information:

18 (A) the district's total adopted tax rate for the
19 preceding year and the proposed tax rate, expressed as an amount per
20 \$100;

21 (B) the difference, expressed as an amount per
22 \$100 and as a percent increase or decrease, as applicable, in the
23 proposed tax rate compared to the adopted tax rate for the preceding
24 year;

25 (C) the average appraised value of a residence
26 homestead in the district in the preceding year and in the current
27 year; the district's total homestead exemption, other than an

1 exemption available only to disabled persons or persons 65 years of
2 age or older, applicable to that appraised value in each of those
3 years; and the average taxable value of a residence homestead in
4 the district in each of those years, disregarding any homestead
5 exemption available only to disabled persons or persons 65 years of
6 age or older;

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

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

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

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

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

ELECTION

1
2 "If taxes on the average residence homestead increase by more
3 than eight percent, the qualified voters of the district by
4 petition may require that an election be held to determine whether
5 to reduce the operation and maintenance tax rate to the voter
6 approval [~~rollback~~] tax rate under Section 49.236(d), Water Code."

7 (d) If the governing body of a district adopts a combined
8 debt service, operation and maintenance, and contract tax rate that
9 would impose more than 1.08 times the amount of tax imposed by the
10 district in the preceding year on a residence homestead appraised
11 at the average appraised value of a residence homestead in the
12 district in that year, disregarding any homestead exemption
13 available only to disabled persons or persons 65 years of age or
14 older, the qualified voters of the district by petition may require
15 that an election be held to determine whether or not to reduce the
16 tax rate adopted for the current year to the voter approval
17 [~~rollback~~] tax rate in accordance with the procedures provided by
18 Sections 26.07(b)-(g) and 26.081, Tax Code. For purposes of
19 Sections 26.07(b)-(g) and this subsection, the voter approval
20 [~~rollback~~] tax rate is the current year's debt service and contract
21 tax rates plus the operation and maintenance tax rate that would
22 impose 1.08 times the amount of the operation and maintenance tax
23 imposed by the district in the preceding year on a residence
24 homestead appraised at the average appraised value of a residence
25 homestead in the district in that year, disregarding any homestead
26 exemption available only to disabled persons or persons 65 years of
27 age or older.

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

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

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

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