

Suspending limitations on conference committee jurisdiction, S.B. No. 2 (Bettencourt/Burrows)

By: Hancock

S.R. No. 841

SENATE RESOLUTION

BE IT RESOLVED by the Senate of the State of Texas, 86th Legislature, Regular Session, 2019, That Senate Rule 12.03 be suspended in part as provided by Senate Rule 12.08 to enable the conference committee appointed to resolve the differences on Senate Bill 2 (ad valorem taxation; authorizing fees) to consider and take action on the following matters:

(1) Senate Rule 12.03(4) is suspended to permit the committee to add text on a matter not included in either the house or senate version of the bill by adding the following new SECTION to the bill:

SECTION 2. Chapter 1, Tax Code, is amended by adding Section 1.045 to read as follows:

Sec. 1.045. REFERENCE TO CERTAIN TERMS IN LAW. Unless the context indicates otherwise:

(1) a reference in law to a taxing unit's effective maintenance and operations rate is a reference to the taxing unit's no-new-revenue maintenance and operations rate, as defined by Chapter 26;

(2) a reference in law to a taxing unit's effective tax rate is a reference to the taxing unit's no-new-revenue tax rate, as defined by Chapter 26; and

(3) a reference in law to a taxing unit's rollback tax rate is a reference to the taxing unit's voter-approval tax rate, as defined by Chapter 26.

Explanation: The addition is necessary to ensure that references in other law to terms in Title 1 of the Tax Code that are changed in the bill are construed in accordance with the way those terms are used in the bill.

(2) Senate Rule 12.03(1) is suspended to permit the committee to amend text not in disagreement in proposed SECTION 36 of the bill, in added Section 26.04(c-1)(2), Tax Code, to read as follows:

(2) the third tax year after the tax year in which the disaster occurred.

Explanation: The change is necessary to limit the period of time during which certain taxing units may calculate the voter-approval tax rate of the taxing unit at a higher rate following certain disasters.

(3) Senate Rule 12.03(1) is suspended to permit the committee to amend text not in disagreement in proposed SECTION 36 of the bill, in amended Section 26.04(e), Tax Code, to read as follows:

(e) By August 7 or as soon thereafter as practicable, the designated officer or employee shall submit the rates to the governing body. The designated officer or employee ~~[He]~~ shall post prominently on the home page of the taxing unit's Internet website ~~[deliver by mail to each property owner in the unit or publish in a newspaper]~~ in the form prescribed by the comptroller:

(1) the no-new-revenue ~~[effective]~~ tax rate, the voter-approval ~~[rollback]~~ tax rate, and an explanation of how

they were calculated;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Explanation: The change is necessary to remove the requirement that the designated officer or employee of a taxing unit publish certain tax information in a newspaper.

(4) Senate Rule 12.03(1) is suspended to permit the committee to amend text not in disagreement in proposed SECTION 37 of the bill, in added Section 26.041(c-1)(2), Tax Code, to read as follows:

(2) the third tax year after the tax year in which the disaster occurred.

Explanation: The change is necessary to limit the period of time during which certain taxing units may calculate the voter-approval tax rate of the taxing unit at a higher rate following certain disasters.

(5) Senate Rule 12.03(4) is suspended to permit the committee to add text on a matter not included in either the house or senate version of the bill in proposed SECTION 43 of the bill by adding the following new Section 26.0443, Tax Code, to the bill:

Sec. 26.0443. TAX RATE ADJUSTMENT FOR ELIGIBLE COUNTY HOSPITAL EXPENDITURES. (a) In this section:

(1) "Eligible county hospital" means a hospital that:

(A) is:

(i) owned or leased by a county and operated in accordance with Chapter 263, Health and Safety Code;

or

(ii) owned or leased jointly by a municipality and a county and operated in accordance with Chapter 265, Health and Safety Code; and

(B) is located in an area not served by a hospital district created under Sections 4 through 11, Article IX, Texas Constitution.

(2) "Eligible county hospital expenditures" for a tax year means the amount paid by a county or municipality in the period beginning on July 1 of the tax year preceding the tax year for which the tax is adopted and ending on June 30 of the tax year for which the tax is adopted to maintain and operate an eligible county hospital.

(b) If a county's or municipality's eligible county hospital expenditures exceed the amount of those expenditures for the preceding tax year, the no-new-revenue maintenance and operations rate for the county or municipality, as applicable, is increased by the lesser of the rates computed according to the following formulas:

(Current Tax Year's Eligible County Hospital Expenditures - Preceding Tax Year's Eligible County Hospital Expenditures) / (Current Total Value - New Property Value)

or

(Preceding Tax Year's Eligible County Hospital Expenditures x 0.08) / (Current Total Value - New Property Value)

(c) The county or municipality shall include a notice of the increase in the no-new-revenue maintenance and operations rate provided by this section, including a description and amount of eligible county hospital expenditures, in the information published under Section 26.04(e) and, as applicable, in the notice prescribed by Section 26.06 or 26.061.

Explanation: The addition is necessary to add a provision to Title 1 of the Tax Code to provide for a tax rate adjustment for eligible county hospital expenditures.

(6) Senate Rule 12.03(1) is suspended to permit the committee to amend text not in disagreement in proposed SECTION 48 of the bill, in amended Section 26.06(a), Tax Code, to read as follows:

(a) A public hearing required by Section 26.05 may not be held before the fifth [~~seventh~~] day after the date the notice of the public hearing is given. The [~~second hearing may not be held earlier than the third day after the date of the first hearing.~~ Each] hearing must be on a weekday that is not a public holiday. The [~~Each~~] hearing must be held inside the boundaries of the unit in a publicly owned building or, if a suitable publicly owned building is not available, in a suitable building to which the public normally has access. At the hearing [~~hearings~~], the governing body must afford adequate opportunity for proponents and opponents of the tax increase to present their views.

Explanation: The change is necessary to prohibit holding a public hearing on certain proposed tax rates before the fifth day after the date the notice of hearing is given.

(7) Senate Rule 12.03(1) is suspended to permit the committee to amend text not in disagreement in proposed SECTION 48 of the bill, in added Sections 26.06(b-1) and (b-3), Tax Code, in the language of the statement prescribed by those subsections that describes the effect of the rejection by the voters of the proposed tax rate, to read as follows:

If a majority of the voters reject the proposed tax rate, the tax rate of the (name of taxing unit) will be the voter-approval tax rate.

Explanation: The change is necessary to provide notice of what tax rate applies to a taxing unit in a tax year if the voters reject a proposed tax rate that exceeds the voter-approval tax rate.

(8) Senate Rule 12.03(3) is suspended to permit the committee to add text on a matter not in disagreement in SECTION 48 of the bill, in added Sections 26.06(b-1), (b-2), and (b-3), Tax Code, to read as follows:

"The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state."

Explanation: The addition is necessary to require that the notice of a public hearing on certain proposed tax rates include a statement that the 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated.

(9) Senate Rule 12.03(1) is suspended to permit the committee to amend text not in disagreement in proposed SECTION 48 of the bill, in amended Sections 26.06(d) and (e), Tax Code, to



read as follows:

(d) The governing body may vote on the proposed tax rate at the public hearing. If the governing body does not vote on the proposed tax rate at the public hearing, ~~[At the public hearings]~~ the governing body shall announce at the public hearing the date, time, and place of the meeting at which it will vote on the proposed tax rate. ~~[After each hearing the governing body shall give notice of the meeting at which it will vote on the proposed tax rate and the notice shall be in the same form as prescribed by Subsections (b) and (c), except that it must state the following:~~

~~["NOTICE OF TAX REVENUE INCREASE~~

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

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

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

~~between current total value and new property value).~~

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

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

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

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

Explanation: The changes are necessary to provide the manner in which the governing body of a taxing unit must in

certain circumstances provide notice of the meeting at which the governing body will adopt the taxing unit's proposed tax rate.

(10) Senate Rule 12.03(3) is suspended to permit the committee to add text on a matter not in disagreement in SECTION 49 of the bill, in added Section 26.061(b), Tax Code, to read as follows:

"The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state."

Explanation: The addition is necessary to require that the notice of a meeting on certain proposed tax rates include a statement that the 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated.

(11) Senate Rule 12.03(1) is suspended to permit the committee to amend text not in disagreement in proposed SECTION 57 of the bill, in added Section 26.16(d-2), Tax Code, to read as follows:

(d-2) Not later than August 7, the county assessor-collector shall post on the website the tax rate calculation forms described by Subsection (d-1)(1) for the current tax year.

Explanation: The change is necessary to give the county assessor-collector of a county more time to post certain tax rate calculation forms on the Internet.

(12) Senate Rule 12.03(3) is suspended to permit the committee to add text on a matter not in disagreement in SECTION 57 of the bill, in added Section 26.17(a), Tax Code, to read as

follows:

(6) includes the following statement: "The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state."

Explanation: The addition is necessary to require the chief appraiser of an appraisal district to include in a property tax database a statement that the 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated.

(13) Senate Rule 12.03(1) is suspended to permit the committee to amend text not in disagreement in proposed SECTION 58 of the bill, in amended Section 31.12(b)(2), Tax Code, to read as follows:

(2) if the refund is required by Section 26.07(g) or 26.075(k), on the date the results of the election to approve or reduce the tax rate, as applicable, are certified;

Explanation: The change is necessary to change the date on which liability for certain tax refunds arises.

(14) Senate Rule 12.03(3) is suspended to permit the committee to add text on a matter not in disagreement in SECTION 66 of the bill, in amended Section 41.66, Tax Code, to read as follows:

(j-2) An appraisal review board must schedule a hearing on a protest filed by a property owner who is 65 years of age or older, disabled, a military service member, a military veteran, or the spouse of a military service member or military veteran before scheduling a hearing on a protest filed by a designated

agent of a property owner.

Explanation: The addition is necessary to require an appraisal review board to schedule a hearing on a protest filed by certain persons before those of other persons.

(15) Senate Rule 12.03(2) is suspended to permit the committee to omit text not in disagreement by omitting SECTION 68 of the senate engrossment of Senate Bill 2 and the corresponding section of the bill as the bill was amended by the house, which reads as follows:

SECTION 68. Section 45.105(e), Education Code, is amended to read as follows:

(e) The governing body of an independent school district that governs a junior college district under Subchapter B, Chapter 130, in a county with a population of more than two million may dedicate a specific percentage of the local tax levy to the use of the junior college district for facilities and equipment or for the maintenance and operating expenses of the junior college district. To be effective, the dedication must be made by the governing body on or before the date on which the governing body adopts its tax rate for a year. The amount of local tax funds derived from the percentage of the local tax levy dedicated to a junior college district from a tax levy may not exceed the amount that would be levied by five percent of the no-new-revenue ~~effective~~ tax rate for the tax year calculated as provided by Section 26.04, Tax Code, on all property taxable by the school district. All real property purchased with these funds is the property of the school district, but is subject to

the exclusive control of the governing body of the junior college district for as long as the junior college district uses the property for educational purposes.

Explanation: The omission is necessary to ensure consistency of terminology used in the Education Code to describe certain tax rates.

(16) Senate Rule 12.03(4) is suspended to permit the committee to add text on a matter not included in either the house or senate version of the bill by adding the following new SECTIONS to the bill:

SECTION 76. Section 281.107(j), Health and Safety Code, is amended to read as follows:

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

SECTION 77. The heading to Section 281.124, Health and Safety Code, is amended to read as follows:

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

Explanation: The addition is necessary to ensure consistency of terminology used in the Health and Safety Code and Title 1 of the Tax Code to describe certain tax rates.

(17) Senate Rule 12.03(3) is suspended to permit the committee to add text on a matter not in disagreement in SECTION 78 of the bill, in amended Section 281.124, Health and Safety Code, to read as follows:

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

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

Explanation: The addition is necessary to ensure consistency of terminology used in the Health and Safety Code and Title 1 of the Tax Code to describe certain tax rates.

(18) Senate Rule 12.03(4) is suspended to permit the committee to add text on a matter not included in either the house or senate version of the bill by adding the following new SECTION

to the bill:

SECTION 85. Section 49.057, Water Code, is amended by amending Subsection (b) and adding Subsection (b-1) to read as follows:

(b) The board shall adopt an annual budget. The board of a developed district, as defined by Section 49.23602, shall include as an appendix to the budget the district's:

- (1) audited financial statements;
- (2) bond transcripts; and
- (3) engineer's reports required by Section 49.106.

(b-1) All district employees are employed at the will of the district unless the district and employee execute a written employment contract.

Explanation: The addition is necessary to ensure that the board of certain special districts includes an appendix in the district's budget that includes certain information.

(19) Senate Rule 12.03(1) is suspended to permit the committee to amend text not in disagreement in proposed SECTION 105 of the bill, in the transition language, to read as follows:

SECTION 105. (a) An appraisal district established in a county with a population of 200,000 or more and each taxing unit located wholly or primarily in such an appraisal district shall comply with Sections 26.04(e-2), 26.05(d-1) and (d-2), 26.17, and 26.18, Tax Code, as added by this Act, beginning with the 2020 tax year.

(b) An appraisal district established in a county with a population of less than 200,000 and each taxing unit located



wholly or primarily in such an appraisal district shall comply with Sections 26.04(e-2), 26.05(d-1) and (d-2), 26.17, and 26.18, Tax Code, as added by this Act, beginning with the 2021 tax year.

Explanation: The change is necessary to provide for the applicability and implementation of certain provisions of the Tax Code added by the bill.

(20) Senate Rule 12.03(1) is suspended to permit the committee to amend text not in disagreement in proposed SECTION 111 of the bill, in the transition language, to read as follows:

SECTION 111. Sections 41.46, 41.461, 41.47, 41.66(h), (i), and (j), and 41.67, Tax Code, as amended by this Act, and Sections 41.66(j-1), (j-2), and (p), Tax Code, as added by this Act, apply only to a protest for which the notice of protest was filed by a property owner or the designated agent of the owner with the appraisal review board established for an appraisal district on or after January 1, 2020.

Explanation: The change is necessary to provide for the implementation of certain provisions of the Tax Code added by the bill.

(21) Senate Rule 12.03(4) is suspended to permit the committee to add text on a matter not included in either the house or senate version of the bill by adding the following new SECTIONS to the bill:

SECTION 115. Section 42.081, Tax Code, as added by this Act, applies only to an appeal under Chapter 42, Tax Code, that is filed on or after January 1, 2020.

SECTION 117. Section 49.057, Water Code, as amended by this Act, applies only to a budget adopted on or after January 1, 2020.

Explanation: The changes are necessary to provide for the implementation of certain provisions of the Tax Code and Water Code added by the bill.

(22) Senate Rule 12.03(2) is suspended to permit the committee to omit text not in disagreement in SECTION 110 of the senate engrossment of Senate Bill 2 and the corresponding section of the bill as the bill was amended by the house by striking references to Sections 26.04(e-2), (e-3), and (e-4) and Sections 26.05(d-1) and (d-2), Tax Code.

Explanation: The omission is necessary to implement the changes made in SECTION 105 by the bill.