By: Middleton, Bettencourt   S.B. No. 976

A BILL TO BE ENTITLED

1   AN ACT
2 relating to the procedure for the adoption of an ad valorem tax rate
3 by a taxing unit.
4   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
5   SECTION 1. Section 3828.157, Special District Local Laws
6 Code, is amended to read as follows:
7   Sec. 3828.157. INAPPLICABILITY   OF   CERTAIN   TAX   CODE
8 PROVISIONS. Sections 26.04, 26.042, 26.05, and 26.07, [and
9 26.075,] Tax Code, do not apply to a tax imposed under Section
10 3828.153 or 3828.156.
11   SECTION 2. Section 8876.152(a), Special District Local Laws
12 Code, is amended to read as follows:
13   (a) Sections 26.04, 26.042, 26.05, 26.06, 26.061, and
14 26.07, [and 26.075,] Tax Code, do not apply to a tax imposed by the
15 district.
16   SECTION 3. Section 26.012(7), Tax Code, is amended to read
17 as follows:
18   (7) "Debt" means[:
19   [(A)] a   bond,   warrant,   certificate   of
20 obligation, or other evidence of indebtedness owed by a taxing unit
21 that has been approved at an election and[:
22   [(i)] is payable from property taxes in
23 installments over a period of more than one year, not budgeted for
24 payment from maintenance and operations funds, and secured by a

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1 pledge of property taxes,[, and

2   [(ii) meets   one   of   the   following

3 requirements:

4   [(a) has been approved at an election;

5   [(b) includes self-supporting debt;

6   [(c) evidences a loan under a state or

7 federal financial assistance program;

8   [(d) is   issued   for   designated

9 infrastructure;

10   [(e) is a refunding bond;

11   [(f) is issued in response to an

12 emergency under Section 1431.015, Government Code;

13   [(g) is   issued   for   renovating,

14 improving, or equipping existing buildings or facilities;

15   [(h) is   issued   for   vehicles   or

16 equipment; or

17   [(i) is issued for a project under

18 Chapter 311, Tax Code, or Chapter 222, Transportation Code, that is

19 located in a reinvestment zone created under one of those

20 chapters;] or

21   [(B)] a payment made under contract to secure

22 indebtedness of a similar nature issued by another political

23 subdivision on behalf of the taxing unit. The term "debt" includes

24 a bond or other obligation issued to refund a bond, warrant,

25 certificate of obligation, or other evidence of indebtedness

26 regardless of whether the refunding bond or other refunding

27 obligation was approved at an election.

1   SECTION 4.   Section 26.07(b), Tax Code, is amended to read as

2   follows:

3   (b)   If the governing body of a [special] taxing unit [or a

4   municipality with a population of 30,000 or more] adopts a tax rate

5   that exceeds the taxing unit's voter-approval tax rate, [or the

6   governing body of a taxing unit other than a special taxing unit or

7   a municipality with a population of less than 30,000 regardless of

8   whether it is a special taxing unit adopts a tax rate that exceeds

9   the greater of the taxing unit's voter-approval tax rate or de

10   minimis rate,] the registered voters of the taxing unit at an

11   election held for that purpose must determine whether to approve

12   the adopted tax rate.

13   SECTION 5.   Sections 31.12(a) and (b), Tax Code, are amended

14   to read as follows:

15   (a)   If a refund of a tax provided by Section 11.431(b),

16   26.07(g), [26.075(k),] 26.15(f), 31.11, 31.111, or 31.112 is paid

17   on or before the 60th day after the date the liability for the

18   refund arises, no interest is due on the amount refunded. If not

19   paid on or before that 60th day, the amount of the tax to be refunded

20   accrues interest at a rate of one percent for each month or part of a

21   month that the refund is unpaid, beginning with the date on which

22   the liability for the refund arises.

23   (b)   For purposes of this section, liability for a refund

24   arises:

25   (1)   if the refund is required by Section 11.431(b), on

26   the date the chief appraiser notifies the collector for the taxing

27   unit of the approval of the late homestead exemption;

1 　　　　　　　(2)　if the refund is required by Section 26.07(g) [or

2 26.075(k)], on the date the results of the election to approve [or

3 reduce] the tax rate[, as applicable,] are certified;

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

5 　　　　　　　　　　(A)　for a correction to the tax roll made under

6 Section 26.15(b), on the date the change in the tax roll is

7 certified to the assessor for the taxing unit under Section 25.25;

8 or

9 　　　　　　　　　　(B)　for a correction to the tax roll made under

10 Section 26.15(c), on the date the change in the tax roll is ordered

11 by the governing body of the taxing unit;

12 　　　　　　　(4)　if the refund is required by Section 31.11, on the

13 date the auditor for the taxing unit determines that the payment was

14 erroneous or excessive or, if the amount of the refund exceeds the

15 applicable amount specified by Section 31.11(a), on the date the

16 governing body of the taxing unit approves the refund;

17 　　　　　　　(5)　if the refund is required by Section 31.111, on the

18 date the collector for the taxing unit determines that the payment

19 was erroneous; or

20 　　　　　　　(6)　if the refund is required by Section 31.112, on the

21 date required by Section 31.112(d) or (e), as applicable.

22 　　　　SECTION 6.　Section 33.08(b), Tax Code, is amended to read as

23 follows:

24 　　　　(b)　The governing body of the taxing unit or appraisal

25 district, in the manner required by law for official action, may

26 provide that taxes that become delinquent on or after June 1 under

27 Section [26.075(j),] 26.15(e), 31.03, 31.031, 31.032, 31.033,

1 31.04, or 42.42 incur an additional penalty to defray costs of

2 collection. The amount of the penalty may not exceed the amount of

3 the compensation specified in the applicable contract with an

4 attorney under Section 6.30 to be paid in connection with the

5 collection of the delinquent taxes.

6   SECTION 7. Section 49.107(g), Water Code, is amended to

7 read as follows:

8   (g) Sections 26.04, 26.042, 26.05, 26.061, and 26.07, [and

9 26.075,] Tax Code, do not apply to a tax levied and collected under

10 this section or an ad valorem tax levied and collected for the

11 payment of the interest on and principal of bonds issued by a

12 district.

13   SECTION 8. Section 49.108(f), Water Code, is amended to

14 read as follows:

15   (f) Sections 26.04, 26.042, 26.05, 26.061, and 26.07, [and

16 26.075,] Tax Code, do not apply to a tax levied and collected for

17 payments made under a contract approved in accordance with this

18 section.

19   SECTION 9. Section 49.23603, Water Code, is amended by

20 amending Subsection (c) and adding Subsections (d), (e), (f), (g),

21 (h), (i), (j), and (k) to read as follows:

22   (c) If the board of a district adopts a combined debt

23 service, contract, and operation and maintenance tax rate that

24 would impose more than 1.08 times the amount of tax imposed by the

25 district in the preceding year on a residence homestead appraised

26 at the average appraised value of a residence homestead in the

27 district in that year, disregarding any homestead exemption

1 available only to disabled persons or persons 65 years of age or

2 older, the qualified voters of the district by petition may require

3 that an election be held to determine whether to reduce the tax rate

4 adopted for the current year to the voter-approval tax rate in

5 accordance with the procedures provided by this section and Section

6 [Sections 26.075 and] 26.081, Tax Code.

7   (d) A petition is valid only if the petition:

8   (1) states that it is intended to require an election

9 in the district on the question of reducing the district's adopted

10 tax rate for the current tax year;

11   (2) is signed by a number of registered voters of the

12 district equal to at least three percent of the registered voters of

13 the district determined according to the most recent list of those

14 voters; and

15   (3) is submitted to the district's board not later than

16 the 90th day after the date on which the board adopts the tax rate

17 for the current tax year.

18   (e) Not later than the 20th day after the date on which a

19 petition is submitted, the board shall determine whether the

20 petition is valid and must by resolution state the board's

21 determination. If the board fails to make the determination in the

22 time and manner required by this subsection, the petition is

23 considered to be valid for the purposes of this section.

24   (f) If the board determines that the petition is valid or

25 fails to make the determination in the time and manner required by

26 Subsection (e), the board shall order that an election be held in

27 the district on the next uniform election date that allows

1 sufficient time to comply with the requirements of other law.

2   (g) At the election, the ballots shall be prepared to permit

3 voting for or against the proposition: "Reducing the tax rate in

4 (name of district) for the current year from (insert tax rate

5 adopted for current year) to (insert voter-approval tax rate)."

6   (h) If a majority of the votes cast in the election favor the

7 proposition, the tax rate for the current tax year is the

8 voter-approval tax rate.

9   (i) If the proposition is not approved as provided by

10 Subsection (h), the tax rate for the district for the current tax

11 year is the tax rate adopted by the district's board for the current

12 tax year.

13   (j) If the tax rate is reduced by an election held under this

14 section after tax bills for the district have been mailed, the

15 assessor for the district shall prepare and mail corrected tax

16 bills. The assessor shall include with the bill a brief explanation

17 of the reason for and effect of the corrected bill. The date on

18 which the taxes become delinquent for the tax year is extended by a

19 number of days equal to the number of days between the date the

20 first tax bills were sent and the date the corrected tax bills were

21 sent.

22   (k) If a property owner pays taxes calculated using the

23 higher tax rate when the tax rate is reduced by an election held

24 under this section, the district shall refund the difference

25 between the amount of taxes paid and the amount due under the

26 reduced tax rate if the difference between the amount of taxes paid

27 and the amount due under the reduced tax rate is $1 or more. If the

1 difference between the amount of taxes paid and the amount due under

2 the reduced rate is less than $1, the district shall refund the

3 difference on request of the taxpayer. An application for a refund

4 of less than $1 must be made within 90 days after the date the refund

5 becomes due or the taxpayer forfeits the right to the refund.

6   SECTION 10. The following provisions of the Tax Code are

7 repealed:

8   (1) Sections 26.012(8-a), (9), (18-a), and (18-b);

9   (2) Section 26.063; and

10   (3) Section 26.075.

11   SECTION 11. Section 26.012(7), Tax Code, as amended by this

12 Act, applies only to a bond, warrant, certificate of obligation, or

13 other evidence of indebtedness for which the ordinance, order, or

14 resolution authorizing issuance was adopted by the governing body

15 of the taxing unit on or after the effective date of this Act.

16   SECTION 12. This Act applies only to ad valorem taxes

17 imposed for an ad valorem tax year that begins on or after the

18 effective date of this Act.

19   SECTION 13. This Act takes effect January 1, 2024.