

By: Bettencourt
(Shine)

S.B. No. 1814

Substitute the following for S.B. No. 1814:

By: Shine

C.S.S.B. No. 1814

A BILL TO BE ENTITLED

AN ACT

relating to the current debt rate and tax rate of a taxing unit for
ad valorem tax purposes.

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

SECTION 1. Section 44.004(c), Education Code, is amended to
read as follows:

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

(1) contain a statement in the following form:

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

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

1 discuss the revised notice." In addition, in reduced type, the
2 notice must state: "Visit [Texas.gov/PropertyTaxes](https://www.texas.gov/PropertyTaxes) to find a link to
3 your local property tax database on which you can easily access
4 information regarding your property taxes, including information
5 about proposed tax rates and scheduled public hearings of each
6 entity that taxes your property.";

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

13 (A) maintenance and operations;

14 (B) debt service; and

15 (C) total expenditures;

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

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

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

26 (A) show in rows the tax rates described by
27 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of

property, for columns entitled "Maintenance & Operations," "Interest & Sinking Fund," and "Total," which is the sum of "Maintenance & Operations" and "Interest & Sinking Fund":

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

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

(a) in the case of "Maintenance & Operations," is the tax rate that, when applied to the current taxable value for the district, as certified by the chief appraiser under Section 26.01, Tax Code, and as adjusted to reflect changes made by the chief appraiser as of the time the notice is prepared, would impose taxes in an amount that, when added to state funds to be distributed to the district under Chapter 48, would provide the same amount of maintenance and operations taxes and state funds distributed under Chapter 48 per student in average daily attendance for the applicable school year that was available to the district in the preceding school year; and

(b) in the case of "Interest & Sinking Fund," is the tax rate that, when applied to the current taxable value for the district, as certified by the chief appraiser under Section 26.01, Tax Code, and as adjusted to reflect changes made by the chief appraiser as of the time the notice is prepared, and when multiplied by the district's anticipated collection rate, would impose taxes in an amount that, when added to state funds to be distributed to the district under Chapter 46 and any excess taxes collected to service the district's debt during the preceding tax

1 year but not used for that purpose during that year, would provide
2 the minimum dollar amount required to be paid to service the
3 district's debt; and

4 (iii) the "Proposed Rate";

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

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

16 (ii) the "State Revenue per Student," which
17 is computed by determining the amount of state aid received or to be
18 received by the district under Chapters 43, 46, and 48 and dividing
19 that amount by the number of students in average daily attendance in
20 the district for the applicable school year; and

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

27 (6) contain a section entitled "Comparison of Proposed

Levy with Last Year's Levy on Average Residence," which must:

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

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

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

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

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

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

(7) contain the following statement in bold print: "Under state law, the dollar amount of school taxes imposed on the residence of a person 65 years of age or older or of the surviving spouse of such a person, if the surviving spouse was 55 years of age or older when the person died, may not be increased above the amount

1 paid in the first year after the person turned 65, regardless of
2 changes in tax rate or property value.";

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

10 (9) contain a section entitled "Fund Balances," which
11 must include the estimated amount of interest and sinking fund
12 balances and the estimated amount of maintenance and operation or
13 general fund balances remaining at the end of the current fiscal
14 year that are not encumbered with or by corresponding debt
15 obligation, less estimated funds necessary for the operation of the
16 district before the receipt of the first payment under Chapter 48 in
17 the succeeding school year.

18 SECTION 2. Section 26.012(3), Tax Code, is amended to read
19 as follows:

20 (3) "Current debt service" means the minimum dollar
21 amount required to be expended for debt service for the current
22 year.

23 SECTION 3. Section 26.04(e), Tax Code, is amended to read as
24 follows:

25 (e) By August 7 or as soon thereafter as practicable, the
26 designated officer or employee shall submit the rates to the
27 governing body. The designated officer or employee shall post

1 prominently on the home page of the taxing unit's Internet website
2 in the form prescribed by the comptroller:

3 (1) the no-new-revenue tax rate, the voter-approval
4 tax rate, and an explanation of how they were calculated;

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

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

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

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

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

SECTION 4. Section 26.05, Tax Code, is amended by adding Subsections (a-1) and (a-2) to read as follows:

(a-1) The governing body of a taxing unit may approve a rate described by Subsection (a)(1) that exceeds the rate for the taxing unit as determined under that subsection only if:

(1) the rate is proposed to be approved by a motion that:

(A) states the rate determined under Subsection (a)(1);

(B) states the proposed rate;

(C) states the difference between the proposed rate and the rate determined under Subsection (a)(1); and

(D) describes the purpose for which the excess revenue collected from the proposed rate will be used; and

(2) the motion is approved by at least 60 percent of the members of the governing body.

(a-2) If the governing body of a taxing unit approves a rate described by Subsection (a)(1) under Subsection (a-1) for a tax year, the rate approved under Subsection (a-1) is considered to be the current debt rate of the taxing unit for that tax year. The officer or employee designated by the governing body to calculate the voter-approval tax rate of the taxing unit under this chapter shall recalculate that rate to account for the new current debt rate, and that recalculated voter-approval tax rate is considered to be the voter-approval tax rate of the taxing unit for that tax year.

SECTION 5. This Act applies only to ad valorem taxes imposed

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1 for an ad valorem tax year that begins on or after the effective
2 date of this Act.

3 SECTION 6. This Act takes effect January 1, 2024.