

By: Vasut

H.B. No. 5502

A BILL TO BE ENTITLED

AN ACT

relating to the calculation of certain ad valorem tax rates of a taxing unit and the manner in which a proposed ad valorem tax rate that exceeds the voter-approval tax rate is approved; making conforming changes.

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

SECTION 1. Section 48.202(f), Education Code, is amended to read as follows:

(f) For a school year in which the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") under Subsection (a-1)(2) exceeds the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") under Subsection (a-1)(2) for the preceding school year, a school district shall reduce the district's tax rate under Section 45.0032(b)(2) for the tax year that corresponds to that school year to a rate that results in the amount of state and local funds per weighted student per cent of tax effort available to the district at the dollar amount guaranteed level for the preceding school year. A school district is not entitled to the amount equal to the increase of revenue described by this subsection for the school year for which the district must reduce the district's tax rate. For ~~[Unless Section 26.042(e), Tax Code, applies to the district, for]~~ a tax year in which a district must reduce the district's tax rate under this subsection, the

1 district may not increase the district's maintenance and operations
2 tax rate to a rate that exceeds the maximum maintenance and
3 operations tax rate permitted under Section 45.003(d) or (f), as
4 applicable, minus the reduction of tax effort required under this
5 subsection. This subsection does not apply if the amount of state
6 funds appropriated for a school year specifically excludes the
7 amount necessary to provide the dollar amount guaranteed level of
8 state and local funds per weighted student per cent of tax effort
9 under Subsection (a-1)(2).

10 SECTION 2. Section 3828.157, Special District Local Laws
11 Code, is amended to read as follows:

12 Sec. 3828.157. INAPPLICABILITY OF CERTAIN TAX CODE
13 PROVISIONS. Sections 26.04, [~~26.042~~] 26.05, and 26.07, [~~and~~
14 ~~26.075~~] Tax Code, do not apply to a tax imposed under Section
15 3828.153 or 3828.156.

16 SECTION 3. Section 8876.152(a), Special District Local Laws
17 Code, is amended to read as follows:

18 (a) Sections 26.04, [~~26.042~~] 26.05, 26.06, 26.061, and
19 26.07, [~~and 26.075~~] Tax Code, do not apply to a tax imposed by the
20 district.

21 SECTION 4. Section 26.012(18), Tax Code, is amended to read
22 as follows:

23 (18) "No-new-revenue maintenance and operations rate"
24 means a rate expressed in dollars per \$100 of taxable value
25 calculated as follows:

26 (A) for a taxing unit other than a school
27 district, the rate calculated according to the following formula:

NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE = (LAST YEAR'S LEVY - LAST YEAR'S DEBT LEVY - LAST YEAR'S JUNIOR COLLEGE LEVY) / (CURRENT TOTAL VALUE [~~- NEW PROPERTY VALUE~~])

; or

(B) for a school district, the rate calculated as provided by Section 44.004(c)(5)(A)(ii)(a), Education Code.

SECTION 5. Section 26.04(c), Tax Code, is amended to read as follows:

(c) After the assessor for the taxing unit submits the appraisal roll for the taxing unit to the governing body of the taxing unit as required by Subsection (b), an officer or employee designated by the governing body shall calculate the no-new-revenue tax rate and the voter-approval tax rate for the taxing unit, where:

(1) "No-new-revenue tax rate" means a rate expressed in dollars per \$100 of taxable value calculated according to the following formula:

NO-NEW-REVENUE TAX RATE = (LAST YEAR'S LEVY [~~- LOST PROPERTY LEVY~~]) / (CURRENT TOTAL VALUE [~~- NEW PROPERTY VALUE~~])

; and

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

[~~(A) for a special taxing unit.~~]

VOTER-APPROVAL TAX RATE = [~~(+)~~]NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE [~~* 1.08~~] + CURRENT DEBT RATE

[~~, or~~

[~~(B) for a taxing unit other than a special taxing~~

1 unit:

2 ~~[VOTER-APPROVAL TAX RATE - (NO-NEW-REVENUE MAINTENANCE AND~~
 3 ~~OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT~~
 4 ~~RATE)]~~

5 SECTION 6. Sections 26.041(a), (b), (c), (g), and (h), Tax
 6 Code, are amended to read as follows:

7 (a) In the first year in which an additional sales and use
 8 tax is required to be collected, the no-new-revenue tax rate and
 9 voter-approval tax rate for the taxing unit are calculated
 10 according to the following formulas:

11 NO-NEW-REVENUE TAX RATE = [(LAST YEAR'S LEVY [~~=~~
 12 ~~LOST PROPERTY LEVY~~])] / (CURRENT TOTAL VALUE [~~= NEW~~
 13 ~~PROPERTY VALUE~~])) - SALES TAX GAIN RATE

14 and

15 VOTER-APPROVAL TAX RATE [~~FOR SPECIAL TAXING UNIT~~]
 16 = [~~(~~]NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE [~~*~~
 17 ~~1.035)~~] + [~~(~~]CURRENT DEBT RATE - SALES TAX GAIN RATE [~~)~~
 18 [~~or~~

19 ~~[VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER~~
 20 ~~THAN SPECIAL TAXING UNIT - (NO-NEW-REVENUE MAINTENANCE~~
 21 ~~AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE +~~
 22 ~~UNUSED INCREMENT RATE - SALES TAX GAIN RATE)]~~

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

27 (b) Except as provided by Subsections (a) and (c), in a year

in which a taxing unit imposes an additional sales and use tax, the voter-approval tax rate for the taxing unit is calculated according to the following formula, regardless of whether the taxing unit levied a property tax in the preceding year:

$$\begin{aligned} & \text{VOTER-APPROVAL TAX RATE } [\text{FOR SPECIAL TAXING UNIT}] \\ & = [([\text{LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE} \\ & \quad [\text{x } 1.08]) / (\text{CURRENT TOTAL VALUE } [\text{NEW PROPERTY} \\ & \quad \text{VALUE}])) + (\text{CURRENT DEBT RATE} - \text{SALES TAX REVENUE RATE})] \\ & \text{or} \end{aligned}$$

$$\begin{aligned} & [\text{VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER} \\ & \text{THAN SPECIAL TAXING UNIT} - [(\text{LAST YEAR'S MAINTENANCE} \\ & \text{AND OPERATIONS EXPENSE x } 1.035) / (\text{CURRENT TOTAL VALUE} \\ & \text{NEW PROPERTY VALUE}]] + (\text{CURRENT DEBT RATE} + \text{UNUSED} \\ & \text{INCREMENT RATE} - \text{SALES TAX REVENUE RATE})] \end{aligned}$$

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

(c) In a year in which a taxing unit that has been imposing an additional sales and use tax ceases to impose an additional sales and use tax, the no-new-revenue tax rate and voter-approval tax rate for the taxing unit are calculated according to the following formulas:

$$\text{NO-NEW-REVENUE TAX RATE} = [(\text{LAST YEAR'S LEVY } [$$

1 ~~LOST PROPERTY LEVY~~]] / (CURRENT TOTAL VALUE [~~= NEW~~
2 ~~PROPERTY VALUE~~])) + SALES TAX LOSS RATE

3 and

4 VOTER-APPROVAL TAX RATE [~~FOR SPECIAL TAXING UNIT~~]
5 = [[~~(+)~~ LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE
6 ~~[x 1.08)~~] / (CURRENT TOTAL VALUE [~~= NEW PROPERTY~~
7 ~~VALUE~~])) + CURRENT DEBT RATE

8 [~~or~~

9 ~~[VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER~~
10 ~~THAN SPECIAL TAXING UNIT - [(LAST YEAR'S MAINTENANCE~~
11 ~~AND OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE~~
12 ~~= NEW PROPERTY VALUE))] + (CURRENT DEBT RATE + UNUSED~~
13 ~~INCREMENT RATE)]~~

14 where "sales tax loss rate" means a number expressed in dollars per
15 \$100 of taxable value, calculated by dividing the amount of sales
16 and use tax revenue generated in the last four quarters for which
17 the information is available by the current total value and "last
18 year's maintenance and operations expense" means the amount spent
19 for maintenance and operations from property tax and additional
20 sales and use tax revenues in the preceding year.

21 (g) If the rate of the additional sales and use tax is
22 increased, the designated officer or employee shall make two
23 projections, in the manner provided by Subsection (d), of the
24 revenue generated by the additional sales and use tax in the
25 following year. The first projection must take into account the
26 increase and the second projection must not take into account the
27 increase. The designated officer or employee shall then subtract

1 the amount of the result of the second projection from the amount of
2 the result of the first projection to determine the revenue
3 generated as a result of the increase in the additional sales and
4 use tax. In the first year in which an additional sales and use tax
5 is increased, the no-new-revenue tax rate for the taxing unit is the
6 no-new-revenue tax rate before the increase minus a number the
7 numerator of which is the revenue generated as a result of the
8 increase in the additional sales and use tax, as determined under
9 this subsection, and the denominator of which is the current total
10 value [~~minus the new property value~~].

11 (h) If the rate of the additional sales and use tax is
12 decreased, the designated officer or employee shall make two
13 projections, in the manner provided by Subsection (d), of the
14 revenue generated by the additional sales and use tax in the
15 following year. The first projection must take into account the
16 decrease and the second projection must not take into account the
17 decrease. The designated officer or employee shall then subtract
18 the amount of the result of the first projection from the amount of
19 the result of the second projection to determine the revenue lost as
20 a result of the decrease in the additional sales and use tax. In
21 the first year in which an additional sales and use tax is
22 decreased, the no-new-revenue tax rate for the taxing unit is the
23 no-new-revenue tax rate before the decrease plus a number the
24 numerator of which is the revenue lost as a result of the decrease
25 in the additional sales and use tax, as determined under this
26 subsection, and the denominator of which is the current total value
27 [~~minus the new property value~~].

SECTION 7. Sections 26.044(a) and (b), Tax Code, are amended to read as follows:

(a) The first time that a county adopts a tax rate after September 1, 1991, in which the state criminal justice mandate applies to the county, the no-new-revenue maintenance and operation rate for the county is increased by the rate calculated according to the following formula:

$$\frac{(\text{State Criminal Justice Mandate})}{(\text{Current Total Value} [- \text{New Property Value}])}$$

(b) In the second and subsequent years that a county adopts a tax rate, if the amount spent by the county for the state criminal justice mandate increased over the previous year, the no-new-revenue maintenance and operation rate for the county is increased by the rate calculated according to the following formula:

$$\frac{(\text{This Year's State Criminal Justice Mandate} - \text{Previous Year's State Criminal Justice Mandate})}{(\text{Current Total Value} [- \text{New Property Value}])}$$

SECTION 8. Sections 26.0441(a) and (b), Tax Code, are amended to read as follows:

(a) In the first tax year in which a taxing unit adopts a tax rate after January 1, 2000, and in which the enhanced minimum eligibility standards for indigent health care established under Section 61.006, Health and Safety Code, apply to the taxing unit, the no-new-revenue maintenance and operations rate for the taxing unit is increased by the rate computed according to the following formula:

Amount of Increase = Enhanced Indigent Health
Care Expenditures / (Current Total Value [~~—New~~
~~Property Value~~])

(b) In each subsequent tax year, if the taxing unit's enhanced indigent health care expenses exceed the amount of those expenses for the preceding year, the no-new-revenue maintenance and operations rate for the taxing unit is increased by the rate computed according to the following formula:

Amount of Increase = (Current Tax Year's Enhanced
Indigent Health Care Expenditures - Preceding Tax
Year's Indigent Health Care Expenditures) / (Current
Total Value [~~—New Property Value~~])

SECTION 9. Section 26.0442(b), Tax Code, is amended to read as follows:

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

(Current Tax Year's Indigent Defense
Compensation Expenditures - Preceding Tax Year's
Indigent Defense Compensation Expenditures) /
(Current Total Value [~~—New Property Value~~])

or

(Preceding Tax Year's Indigent Defense
Compensation Expenditures x 0.05) / (Current Total
Value [~~—New Property Value~~])

SECTION 10. Section 26.0443(b), Tax Code, is amended to read as follows:

(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~~])

SECTION 11. Section 26.0444(b), Tax Code, is amended to read as follows:

(b) The no-new-revenue maintenance and operations rate for a defunding municipality is decreased by the rate computed according to the following formula:

Municipal Public Safety Expenditure Adjustment / (Current Total Value [~~—New Property Value~~])

SECTION 12. Section 26.07(b), Tax Code, is amended to read as follows:

(b) If the governing body of a [~~special~~] taxing unit [~~or a municipality with a population of 30,000 or more~~] adopts a tax rate

that exceeds the taxing unit's voter-approval tax rate, ~~[or the governing body of a taxing unit other than a special taxing unit or a municipality with a population of less than 30,000 regardless of whether it is a special taxing unit adopts a tax rate that exceeds the greater of the taxing unit's voter-approval tax rate or de minimis rate]~~, the registered voters of the taxing unit at an election held for that purpose must determine whether to approve the adopted tax rate.

SECTION 13. Sections 31.12(a) and (b), Tax Code, are amended to read as follows:

(a) If a refund of a tax provided by Section 11.431(b), 26.07(g), ~~[26.075(k)]~~, 26.15(f), 31.11, 31.111, or 31.112 is paid on or before the 60th day after the date the liability for the refund arises, no interest is due on the amount refunded. If not paid on or before that 60th day, the amount of the tax to be refunded accrues interest at a rate of one percent for each month or part of a month that the refund is unpaid, beginning with the date on which the liability for the refund arises.

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

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

(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;

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

1 (A) for a correction to the tax roll made under
2 Section 26.15(b), on the date the change in the tax roll is
3 certified to the assessor for the taxing unit under Section 25.25;
4 or

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

8 (4) if the refund is required by Section 31.11, on the
9 date the auditor for the taxing unit determines that the payment was
10 erroneous or excessive or, if the amount of the refund exceeds the
11 applicable amount specified by Section 31.11(a), on the date the
12 governing body of the taxing unit approves the refund;

13 (5) if the refund is required by Section 31.111, on the
14 date the collector for the taxing unit determines that the payment
15 was erroneous; or

16 (6) if the refund is required by Section 31.112, on the
17 date required by Section 31.112(d) or (e), as applicable.

18 SECTION 14. Section 33.08(b), Tax Code, is amended to read
19 as follows:

20 (b) The governing body of the taxing unit or appraisal
21 district, in the manner required by law for official action, may
22 provide that taxes that become delinquent on or after June 1 under
23 Section [~~26.075(j)~~] 26.15(e), 31.03, 31.031, 31.032, 31.033,
24 31.04, or 42.42 incur an additional penalty to defray costs of
25 collection. The amount of the penalty may not exceed the amount of
26 the compensation specified in the applicable contract with an
27 attorney under Section 6.30 to be paid in connection with the

1 collection of the delinquent taxes.

2 SECTION 15. Section 49.057, Water Code, is amended by
3 amending Subsection (b) and adding Subsection (j) to read as
4 follows:

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

8 (1) audited financial statements;

9 (2) bond transcripts; and

10 (3) engineer's reports required by Section 49.106.

11 (j) In this section, "developed district" means a district
12 that has financed, completed, and issued bonds to pay for all land,
13 works, improvements, facilities, plants, equipment, and appliances
14 necessary to serve at least 95 percent of the projected build-out of
15 the district in accordance with the purposes for its creation or the
16 purposes authorized by the constitution, this code, or any other
17 law.

18 SECTION 16. Section 49.107(g), Water Code, is amended to
19 read as follows:

20 (g) Sections 26.04, ~~[26.042,]~~ 26.05, 26.061, and 26.07,
21 ~~[and 26.075,]~~ Tax Code, do not apply to a tax levied and collected
22 under this section or an ad valorem tax levied and collected for the
23 payment of the interest on and principal of bonds issued by a
24 district.

25 SECTION 17. Section 49.108(f), Water Code, is amended to
26 read as follows:

27 (f) Sections 26.04, ~~[26.042,]~~ 26.05, 26.061, and 26.07,

1 [~~and 26.075,~~] Tax Code, do not apply to a tax levied and collected
2 for payments made under a contract approved in accordance with this
3 section.

4 SECTION 18. Section 49.236(a), Water Code, is amended to
5 read as follows:

6 (a) Before the board adopts an ad valorem tax rate for the
7 district for debt service, operation and maintenance purposes, or
8 contract purposes, the board shall give notice of each meeting of
9 the board at which the adoption of a tax rate will be considered.

10 The notice must:

11 (1) contain a statement in substantially the following
12 form:

13 "NOTICE OF PUBLIC HEARING ON TAX RATE

14 "The (name of the district) will hold a public hearing on a
15 proposed tax rate for the tax year (year of tax levy) on (date and
16 time) at (meeting place). Your individual taxes may increase at a
17 greater or lesser rate, or even decrease, depending on the tax rate
18 that is adopted and on the change in the taxable value of your
19 property in relation to the change in taxable value of all other
20 property. The change in the taxable value of your property in
21 relation to the change in the taxable value of all other property
22 determines the distribution of the tax burden among all property
23 owners.

24 "Visit Texas.gov/PropertyTaxes to find a link to your local
25 property tax database on which you can easily access information
26 regarding your property taxes, including information about
27 proposed tax rates and scheduled public hearings of each entity

1 that taxes your property.

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

5 (2) contain the following information:

6 (A) the district's total adopted tax rate for the
7 preceding year and the proposed tax rate, expressed as an amount per
8 \$100;

9 (B) the difference, expressed as an amount per
10 \$100 and as a percent increase or decrease, as applicable, in the
11 proposed tax rate compared to the adopted tax rate for the preceding
12 year;

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

22 (D) the amount of tax that would have been
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 that year, disregarding any homestead exemption
26 available only to disabled persons or persons 65 years of age or
27 older;

1 (E) the amount of tax that would be imposed by the
2 district in the current year on a residence homestead appraised at
3 the average appraised value of a residence homestead in that year,
4 disregarding any homestead exemption available only to disabled
5 persons or persons 65 years of age or older, if the proposed tax
6 rate is adopted;

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

13 (G) if the proposed combined debt service,
14 operation and maintenance, and contract tax rate requires ~~[or~~
15 ~~authorizes]~~ an election to approve ~~[or reduce]~~ the tax rate, ~~[as~~
16 ~~applicable,]~~ a description of the purpose of the proposed tax
17 increase;

18 (3) contain a statement in substantially the following
19 form~~[, as applicable,]~~

20 ~~[(A) if the district is a district described by~~
21 ~~Section 49.23601]:~~

22 "NOTICE OF VOTE ON TAX RATE

23 "If the district adopts a combined debt service, operation
24 and maintenance, and contract tax rate that would result in the
25 taxes on the average residence homestead increasing from the
26 preceding year ~~[by more than eight percent]~~, an election must be
27 held to determine whether to approve the operation and maintenance

tax rate under Section 49.23601, Water Code.";

~~[(B) if the district is a district described by
Section 49.23602.]~~

~~["NOTICE OF VOTE ON TAX RATE
["If the district adopts a combined debt service, operation
and maintenance, and contract tax rate that would result in the
taxes on the average residence homestead increasing by more than
3.5 percent, an election must be held to determine whether to
approve the operation and maintenance tax rate under Section
49.23602, Water Code."], or~~

~~[(C) if the district is a district described by
Section 49.23603.]~~

~~["NOTICE OF TAXPAYERS' RIGHT TO ELECTION TO REDUCE TAX RATE
["If the district adopts a combined debt service, operation
and maintenance, and contract tax rate that would result in the
taxes on the average residence homestead increasing by more than
eight percent, the qualified voters of the district by petition may
require that an election be held to determine whether to reduce the
operation and maintenance tax rate to the voter-approval tax rate
under Section 49.23603, Water Code."], and~~

(4) include 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.".

SECTION 19. The heading to Section 49.23601, Water Code, is
amended to read as follows:

Sec. 49.23601. AUTOMATIC ELECTION TO APPROVE TAX RATE ~~[FOR~~

1 ~~LOW TAX RATE DISTRICTS]~~.

2 SECTION 20. Sections [49.23601](#)(a) and (c), Water Code, are
3 amended to read as follows:

4 (a) In this section, "voter-approval tax rate" means the
5 rate equal to the sum of the following tax rates for the district:

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

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

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

15 (c) If the board of a district adopts a combined debt
16 service, contract, and operation and maintenance tax rate that
17 would impose more than ~~[1.08 times]~~ the amount of tax imposed by the
18 district in the preceding year on a residence homestead appraised
19 at the average appraised value of a residence homestead in the
20 district in that year, disregarding any homestead exemption
21 available only to disabled persons or persons 65 years of age or
22 older, an election must be held in accordance with the procedures
23 provided by Sections [26.07](#)(c)-(g), Tax Code, to determine whether
24 to approve the adopted tax rate. If the adopted tax rate is not
25 approved at the election, the district's tax rate is the
26 voter-approval tax rate.

27 SECTION 21. The following provisions are repealed:

- 1 (1) Section 45.0032(d), Education Code;
- 2 (2) Section 120.007(d), Local Government Code;
- 3 (3) Sections 26.012(8-a), (15), and (19), Tax Code;
- 4 (4) Section 26.013, Tax Code;
- 5 (5) Section 26.042, Tax Code;
- 6 (6) Section 26.0501(c), Tax Code;
- 7 (7) Section 26.063, Tax Code;
- 8 (8) Section 26.075, Tax Code;
- 9 (9) Section 49.23601(b), Water Code;
- 10 (10) Section 49.23602, Water Code; and
- 11 (11) Section 49.23603, Water Code.

12 SECTION 22. This Act applies only to ad valorem taxes
13 imposed for an ad valorem tax year that begins on or after the
14 effective date of this Act.

15 SECTION 23. This Act takes effect January 1, 2026.