

By: Isett

H.B. No. 4

A BILL TO BE ENTITLED

1 AN ACT

2 relating to certain limitations on the ad valorem tax rates of
3 certain taxing units.

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

5 SECTION 1. Section 25.19, Tax Code, is amended by adding
6 Subsection (b-1) to read as follows:

7 (b-1) For real property, in addition to the information
8 required by Subsection (b), the chief appraiser shall state in a
9 notice required to be delivered under Subsection (a) the
10 difference, expressed as a percent increase or decrease, as
11 applicable, in the appraised value of the property for the current
12 tax year as compared to the fifth tax year before the current tax
13 year.

14 SECTION 2. Section 26.04(c), Tax Code, is amended to read as
15 follows:

16 (c) An officer or employee designated by the governing body
17 shall calculate the effective tax rate and the rollback tax rate for
18 the unit, where:

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

22 EFFECTIVE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY LEVY) /
23 (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

24 ; and

1 (2) "Rollback tax rate" means a rate expressed in
2 dollars per \$100 of taxable value calculated according to the
3 following formula:

4 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x
5 1.05 [~~1.08~~]) + CURRENT DEBT RATE

6 SECTION 3. Sections 26.041(a), (b), and (c), Tax Code, are
7 amended to read as follows:

8 (a) In the first year in which an additional sales and use
9 tax is required to be collected, the effective tax rate and rollback
10 tax rate for the unit are calculated according to the following
11 formulas:

12 EFFECTIVE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) /
13 (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] - SALES TAX GAIN RATE

14 and

15 ROLLBACK RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.05
16 [~~1.08~~]) + CURRENT DEBT RATE - SALES TAX GAIN RATE

17 where "sales tax gain rate" means a number expressed in dollars per
18 \$100 of taxable value, calculated by dividing the revenue that will
19 be generated by the additional sales and use tax in the following
20 year as calculated under Subsection (d) [~~of this section~~] by the
21 current total value.

22 (b) Except as provided by Subsections (a) and (c) [~~of this~~
23 ~~section~~], in a year in which a taxing unit imposes an additional
24 sales and use tax, the rollback tax rate for the unit is calculated
25 according to the following formula, regardless of whether the unit
26 levied a property tax in the preceding year:

27 ROLLBACK RATE = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE X

1 1.05 [~~1.08~~]) / ((~~TOTAL~~] CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +
 2 (CURRENT DEBT RATE - SALES TAX REVENUE RATE)

3 where "last year's maintenance and operations expense" means the
 4 amount spent for maintenance and operations from property tax and
 5 additional sales and use tax revenues in the preceding year, and
 6 "sales tax revenue rate" means a number expressed in dollars per
 7 \$100 of taxable value, calculated by dividing the revenue that will
 8 be generated by the additional sales and use tax in the current year
 9 as calculated under Subsection (d) [~~of this section~~] by the current
 10 total value.

11 (c) In a year in which a taxing unit that has been imposing
 12 an additional sales and use tax ceases to impose an additional sales
 13 and use tax the effective tax rate and rollback tax rate for the
 14 unit are calculated according to the following formulas:

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

17 and

18 ROLLBACK TAX RATE = [~~+~~] (LAST YEAR'S MAINTENANCE AND OPERATIONS
 19 EXPENSE X 1.05 [~~1.08~~]) / ((~~TOTAL~~] CURRENT TOTAL VALUE - NEW PROPERTY
 20 VALUE) [~~+~~] + CURRENT DEBT RATE

21 where "sales tax loss rate" means a number expressed in dollars per
 22 \$100 of taxable value, calculated by dividing the amount of sales
 23 and use tax revenue generated in the last four quarters for which
 24 the information is available by the current total value and "last
 25 year's maintenance and operations expense" means the amount spent
 26 for maintenance and operations from property tax and additional
 27 sales and use tax revenues in the preceding year.

1 SECTION 4. Chapter 26, Tax Code, is amended by adding
2 Section 26.046 to read as follows:

3 Sec. 26.046. ROLLBACK RELIEF FOR UNFUNDED STATE MANDATE.

4 (a) In this section, "state mandate" means a statutory provision
5 that is enacted by the legislature, or a rule or order implementing
6 a state statute that is prescribed or issued by a state officer or
7 state agency in the executive branch of state government, and that
8 requires a taxing unit to establish, expand, or change an activity
9 in a way that requires an expenditure of revenue that would not have
10 been required in the absence of the statutory provision, rule, or
11 order.

12 (b) For purposes of this section, a state mandate is
13 considered to be unfunded during any period for which the state has
14 not provided, by legislative appropriation or otherwise, for the
15 affected taxing unit to receive state or federal funds in an amount
16 estimated to be sufficient to meet the cost of complying with or
17 implementing the mandate. If the legislature provides for funds by
18 authorizing or requiring an affected taxing unit to collect a
19 regulatory or user fee that the state will impose or that a taxing
20 unit is authorized to impose on persons who engage in an activity
21 that is the subject of or is directly connected to the subject of
22 the state mandate, the anticipated revenue from the fee is
23 considered for purposes of this section to be funds provided by the
24 state to pay for the costs of the state mandate.

25 (c) This section does not apply to:

26 (1) a state mandate the existence of which is
27 necessary for compliance with a requirement of the Texas

1 Constitution, a court order, or federal law, including a state
2 mandate that is necessary for continued participation in a federal
3 program;

4 (2) a state statute that creates a criminal offense or
5 changes the elements of a criminal offense; or

6 (3) a decision or order by a state officer or state
7 agency that requires a taxing unit to comply with, or that sanctions
8 the taxing unit for failure to comply with, a law, rule, or order
9 that is not an unfunded state mandate to which this section applies.

10 (d) For a county or municipality, the rollback tax rate
11 calculated under any other provision of this chapter is increased
12 by the rate that, if applied to current total value, would impose an
13 amount of taxes equal to the amount the county or municipality is
14 required to spend to comply with or implement an unfunded state
15 mandate in the budget year for which the taxes will be imposed. In
16 the formula for calculating the rollback tax rate under any other
17 provision of this chapter, the governing body of the county or
18 municipality may, at its option, substitute the sum of 1 plus the
19 consumer price index percentage change, if any, not to exceed eight
20 percent, for 1.05. For a county or municipality that elects to make
21 the substitution in the calculation of its rollback tax rate as
22 authorized by this subsection, notwithstanding Section
23 26.07(b)(2), a petition authorized by Section 26.07(a) is valid
24 only if it is signed by a number of registered voters of the county
25 or municipality equal to at least 10 percent of the number of
26 registered voters of the taxing unit according to the most recent
27 official list of registered voters. Not later than July 1 of each

1 year the state auditor shall determine the consumer price index
2 percentage change and publish that change in the Texas Register. In
3 this subsection:

4 (1) "Consumer price index" means the consumer price
5 index, as published by the Bureau of Labor Statistics of the United
6 States Department of Labor, that measures the average changes in
7 prices of goods and services purchased by urban wage earners and
8 clerical workers' families and single workers living alone (CPI-W:
9 Seasonally Adjusted U.S. City Average--All Items).

10 (2) "Consumer price index percentage change" means the
11 percentage increase or decrease in the consumer price index for the
12 most recent state fiscal year for which the information is
13 available, from the consumer price index for the state fiscal year
14 preceding that state fiscal year, as calculated by the state
15 auditor.

16 (e) In each subsequent year that a county or municipality
17 adopts a tax rate, if the amount the county or municipality is
18 required to spend to comply with or implement the unfunded state
19 mandate is greater than the amount required to be spent for the
20 mandate in the preceding year, the effective tax rate and the
21 rollback tax rate for the county or municipality are increased by
22 the rate that, if applied to current total value, would impose an
23 amount of taxes equal to the increase in the amount required to be
24 spent to comply with or implement the mandate in that year.

25 (f) A county or municipality shall include a notice of an
26 increase in the effective tax rate and the rollback tax rate made as
27 provided by this section, including a description of and the

1 estimated amount of the unfunded state mandate, in the information
2 published under Sections 26.04 and 26.06.

3 (g) On or before the September 1 following a regular session
4 of the legislature and on or before the 90th day after the last day
5 of a special session of the legislature, the Legislative Budget
6 Board shall publish a list of legislative mandates for which the
7 legislature has not provided reimbursement as provided by
8 Subsection (b) and that were enacted by the legislature during that
9 legislative session. By that same date the Legislative Budget
10 Board shall:

11 (1) remove from the list of legislative mandates from
12 a previous legislative session a legislative mandate:

13 (A) for which the legislature has provided
14 reimbursement as provided by Subsection (b); or

15 (B) that is no longer in effect; and

16 (2) add to the list a legislative mandate from a
17 previous legislative session for which reimbursement was provided
18 as provided by Subsection (b) in the previous session but for which
19 reimbursement was not provided in the most recent regular session
20 or in any subsequent special session.

21 (h) The Legislative Budget Board shall deliver the list
22 prepared under Subsection (g) to the secretary of state for
23 publication in the Texas Register.

24 (i) A county or municipality that believes it is subject to
25 an unfunded state mandate that is not listed by the Legislative
26 Budget Board under Subsection (g) must apply in writing to the
27 Legislative Budget Board for a determination as to whether the

1 county or municipality is subject to an unfunded state mandate. The
2 Legislative Budget Board shall make the determination as soon as
3 practicable and send a copy of the determination to the chief
4 executive officer of the county or municipality. If the
5 Legislative Budget Board determines that an unfunded mandate
6 exists, the Legislative Budget Board shall add the unfunded mandate
7 to the list published under Subsection (g) as soon as practicable
8 and deliver a notice of the addition to the secretary of state for
9 publication in the Texas Register.

10 SECTION 5. Sections 26.05(b) and (d), Tax Code, are amended
11 to read as follows:

12 (b) A taxing unit may not impose property taxes in any year
13 until the governing body has adopted a tax rate for that year, and
14 the annual tax rate must be set by ordinance, resolution, or order,
15 depending on the method prescribed by law for adoption of a law by
16 the governing body. The vote on the ordinance, resolution, or order
17 setting the tax rate must be separate from the vote adopting the
18 budget. The vote on the ordinance, resolution, or order setting a
19 tax rate that exceeds the effective tax rate must be a record vote.
20 A motion to adopt an ordinance, resolution, or order setting a tax
21 rate that exceeds the effective tax rate must be made in the
22 following form: "I move that property taxes be increased by the
23 adoption of a tax rate of (specify tax rate)." If the ordinance,
24 resolution, or order sets a tax rate that, if applied to the total
25 taxable value, will impose an amount of taxes to fund maintenance
26 and operation expenditures of the taxing unit that exceeds the
27 amount of taxes imposed for that purpose in the preceding year, the

1 taxing unit must:

2 (1) include in the ordinance, resolution, or order in
3 type larger than the type used in any other portion of the document:

4 (A) the following statement: "THIS TAX RATE WILL
5 RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S
6 TAX RATE BY ____ (Insert appropriate percentage) PERCENT."; and

7 (B) if the tax rate exceeds the effective
8 maintenance and operations rate, the following statement: "THE TAX
9 RATE WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000
10 HOME BY APPROXIMATELY \$(Insert amount)."; and

11 (2) include on the home page of any Internet website
12 operated by the unit:

13 (A) the following statement: "(Insert name of
14 unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE
15 AND OPERATIONS THAN LAST YEAR'S TAX RATE BY ____ (Insert appropriate
16 percentage) PERCENT."; and

17 (B) if the tax rate exceeds the effective
18 maintenance and operations rate, the following statement: "THE TAX
19 RATE WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000
20 HOME BY APPROXIMATELY \$(Insert amount)."

21 (d) The governing body of a taxing unit other than a school
22 district may not adopt a tax rate that exceeds the lower of the
23 rollback tax rate or [~~103 percent of~~] the effective tax rate
24 calculated as provided by this chapter until the governing body has
25 held two [~~a~~] public hearings [~~hearing~~] on the proposed tax rate and
26 has otherwise complied with Section 26.06 and Section 26.065. The
27 governing body of a taxing unit shall reduce a tax rate set by law or

1 by vote of the electorate to the lower of the rollback tax rate or
2 [~~103 percent of~~] the effective tax rate and may not adopt a higher
3 rate unless it first complies with Section 26.06.

4 SECTION 6. Sections 26.06(a), (b) as amended by S.B. No.
5 567, Acts of the 79th Legislature, Regular Session, 2005, (c), (d),
6 and (e), Tax Code, are amended to read as follows:

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

19 (b) The notice of each of the [~~a~~] public hearings [~~hearing~~]
20 may not be smaller than one-quarter page of a standard-size or a
21 tabloid-size newspaper, and the headline on the notice must be in
22 24-point or larger type. The notice must[+]

23 [~~(1)~~] contain a statement in the following form:

24 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

25 "The (name of the taxing unit) will hold a public hearing on a
26 proposal to increase total tax revenues from properties on the tax
27 roll in the preceding tax year by (percentage by which proposed tax

1 rate exceeds lower of rollback tax rate or effective tax rate
2 calculated under this chapter) percent.

3 "Last year, the (name of taxing unit) property tax rate was
4 \$(insert tax rate adopted in preceding tax year). That rate raised
5 \$(insert total amount of taxes imposed in the preceding tax year), a
6 portion of which was used to fund operations such as (insert sample
7 descriptions of unit's operations).

8 "This year, (name of taxing unit) is proposing a property tax
9 rate of \$(insert proposed tax rate). That rate would raise \$(insert
10 total amount of taxes that would be imposed), which is \$(insert
11 appropriate amount) more than the taxes imposed last year.

12 "There will be two public hearings to consider that increase.
13 The first public hearing will be held on (date and time) at (meeting
14 place). The second hearing will be held on (date and time) at
15 (meeting place).

16 "You have a right to attend the hearings and make comments.
17 You are encouraged to attend and make comments if you wish." [~~Your~~
18 ~~individual taxes may increase at a greater or lesser rate, or even~~
19 ~~decrease, depending on the change in the taxable value of your~~
20 ~~property in relation to the change in taxable value of all other~~
21 ~~property and the tax rate that is adopted.~~

22 [~~The 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.)"], and~~

27 [~~(2) contain the following information:~~

1 ~~[(A) a section entitled "Comparison of Proposed~~
2 ~~Budget with Last Year's Budget," which must show the difference,~~
3 ~~expressed as a percent increase or decrease, as applicable, in the~~
4 ~~amount budgeted in the preceding fiscal year and the amount~~
5 ~~budgeted for the fiscal year that begins in the current tax year for~~
6 ~~each of the following:~~

7 ~~[(i) maintenance and operations,~~

8 ~~[(ii) debt service; and~~

9 ~~[(iii) total expenditures,~~

10 ~~[(B) a section entitled "Total Appraised Value~~
11 ~~and Total Taxable Value," which must show the total appraised value~~
12 ~~and the total taxable value of all property and the total appraised~~
13 ~~value and the total taxable value of new property taxable by the~~
14 ~~unit in the preceding tax year and the current tax year as~~
15 ~~calculated under Section 26.04,~~

16 ~~[(C) the total amount of the outstanding and~~
17 ~~unpaid bonded indebtedness of the taxing unit,~~

18 ~~[(D) the unit's adopted tax rate for the~~
19 ~~preceding tax year and the proposed tax rate, expressed as an amount~~
20 ~~per \$100,~~

21 ~~[(E) 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 ~~tax year,~~

25 ~~[(F) the average appraised value of a residence~~
26 ~~homestead in the taxing unit in the preceding tax year and in the~~
27 ~~current tax year, the unit's 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 the~~
4 ~~unit in each of those years, disregarding any homestead exemption~~
5 ~~available only to disabled persons or persons 65 years of age or~~
6 ~~older,~~

7 ~~[(G) the amount of tax that would have been~~
8 ~~imposed by the unit in the preceding tax 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 ~~[(H) the amount of tax that would be imposed by~~
14 ~~the unit in the current tax year on a residence homestead appraised~~
15 ~~at the average appraised value of a residence homestead in the~~
16 ~~current tax year, disregarding any homestead exemption available~~
17 ~~only to disabled persons or persons 65 years of age or older, if the~~
18 ~~proposed tax rate is adopted, and~~

19 ~~[(I) the difference between the amounts of tax~~
20 ~~calculated under Paragraphs (G) and (H), expressed in dollars and~~
21 ~~cents and described as the annual increase or decrease, as~~
22 ~~applicable, in the tax to be imposed by the unit on the average~~
23 ~~residence homestead in the unit in the current tax year if the~~
24 ~~proposed tax rate is adopted.]~~

25 (c) The notice of a public hearing under this section may be
26 delivered by mail to each property owner in the unit, or ~~it~~ may be
27 published in a newspaper. If the notice is published in a

1 newspaper, it may not be in the part of the paper in which legal
2 notices and classified advertisements appear. If the taxing unit
3 operates an Internet website, the notice must be posted on the
4 website from the date the notice is first published until the second
5 public hearing is concluded.

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

13 "NOTICE OF VOTE ON TAX RATE

14 "The (name of the taxing unit) conducted [~~a~~] public hearings
15 [~~hearing~~] on a proposal to increase the total tax revenues of the
16 (name of the taxing unit) from properties on the tax roll in the
17 preceding year by (percentage by which proposed tax rate exceeds
18 lower of rollback tax rate or effective tax rate calculated under
19 this chapter) percent on (dates [~~date~~] and times [~~time~~] public
20 hearings were [~~hearing was~~] conducted).

21 "The (governing body of the taxing unit) is scheduled to vote
22 on the tax rate that will result in that tax increase at a public
23 meeting to be held on (date and time) at (meeting place)."

24 (e) The meeting to vote on the tax increase may not be
25 earlier than the third day or later than the 14th day after the date
26 of the second public hearing. The meeting must be held inside the
27 boundaries of the taxing unit in a publicly owned building or, if a

1 suitable publicly owned building is not available, in a suitable
2 building to which the public normally has access. If the governing
3 body does not adopt a tax rate that exceeds the lower of the
4 rollback tax rate or [~~103 percent of~~] the effective tax rate by the
5 14th day, it must give a new notice under Subsection (d) before it
6 may adopt a rate that exceeds the lower of the rollback tax rate or
7 [~~103 percent of~~] the effective tax rate.

8 SECTION 7. Section 26.065(d), Tax Code, is amended to read
9 as follows:

10 (d) The notice of the public hearing required by Subsection
11 (b) must contain a statement that is substantially the same as the
12 statement required by Section 26.06(b) [~~26.06(b)(1) and must~~
13 ~~contain information that is substantially the same as the~~
14 ~~information required by Section 26.06(b)(2)].~~

15 SECTION 8. The heading to Section 26.07, Tax Code, is
16 amended to read as follows:

17 Sec. 26.07. ELECTION TO REPEAL INCREASE OF TAXING UNIT
18 OTHER THAN SCHOOL DISTRICT.

19 SECTION 9. Section 26.07(b), Tax Code, is amended to read as
20 follows:

21 (b) A petition is valid only if:

22 (1) it states that it is intended to require an
23 election in the taxing unit on the question of reducing the tax rate
24 for the current year;

25 (2) it is signed by a number of registered voters of
26 the taxing unit equal to at least 10 percent of the number of
27 registered voters of the taxing unit who voted in the most recent

1 gubernatorial election according to the most recent official list
2 of registered voters; and

3 (3) it is submitted to the governing body on or before
4 the 90th day after the date on which the governing body adopted the
5 tax rate for the current year.

6 SECTION 10. Chapter 26, Tax Code, is amended by adding
7 Section 26.071 to read as follows:

8 Sec. 26.071. ELECTION TO REPEAL INCREASE OF TAX RATE IN
9 CERTAIN TAXING UNITS. (a) This section applies only to:

10 (1) a junior college district; or

11 (2) a county or municipality for which the proposed
12 tax rate to impose taxes for maintenance and operations
13 expenditures for the current tax year would impose taxes in an
14 amount that does not exceed \$5 million when applied to the current
15 total value for the county or municipality.

16 (b) Sections 26.07 and 26.08 do not apply to a taxing unit to
17 which this section applies.

18 (c) In a formula provided by this chapter for the
19 calculation of the rollback tax rate of a county or municipality to
20 which this section applies, 1.08 shall be substituted for 1.05.

21 (d) If the governing body of a taxing unit adopts a tax rate
22 that exceeds the rollback tax rate calculated as provided by this
23 chapter, the qualified voters of the taxing unit by petition may
24 require that an election be held to determine whether to reduce the
25 tax rate adopted for the current year to the rollback tax rate
26 calculated as provided by this chapter.

27 (e) A petition is valid only if:

1 (1) it states that it is intended to require an
2 election in the taxing unit on the question of reducing the tax rate
3 for the current year;

4 (2) it is signed by a number of registered voters of
5 the district equal to at least 10 percent of the number of
6 registered voters of the taxing unit according to the most recent
7 official list of registered voters; and

8 (3) it is submitted to the governing body on or before
9 the 90th day after the date on which the governing body adopted the
10 tax rate for the current year.

11 (f) Not later than the 20th day after the day a petition is
12 submitted, the governing body shall determine whether the petition
13 is valid and pass a resolution stating its finding. If the
14 governing body fails to act within the time allowed, the petition is
15 treated as if it had been found valid.

16 (g) If the governing body finds that the petition is valid
17 (or fails to act within the time allowed), it shall order that an
18 election be held in the taxing unit on a date not less than 30 or
19 more than 90 days after the last day on which it could have acted to
20 approve or disapprove the petition. A state law requiring local
21 elections to be held on a specified date does not apply to the
22 election unless a specified date falls within the time permitted by
23 this section. At the election, the ballots shall be prepared to
24 permit voting for or against the proposition: "Reducing the tax
25 rate in (name of taxing unit) for the current year from (the rate
26 adopted) to (the rollback tax rate calculated as provided by this
27 chapter)."

1 (h) If a majority of the qualified voters voting on the
2 question in the election favor the proposition, the tax rate for the
3 taxing unit for the current year is the rollback tax rate calculated
4 as provided by this chapter; otherwise, the tax rate for the current
5 year is the one adopted by the governing body.

6 (i) If the tax rate is reduced by an election called under
7 this section after tax bills for the unit are mailed, the assessor
8 for the taxing unit shall prepare and mail corrected tax bills. The
9 collector shall include with the bill a brief explanation of the
10 reason for and effect of the corrected bill. The date on which the
11 taxes become delinquent for the year is extended by a number of days
12 equal to the number of days between the date the first tax bills
13 were sent and the date the corrected tax bills were sent.

14 (j) If a property owner pays taxes calculated using the
15 higher tax rate when the rate is reduced by an election called under
16 this section, the taxing unit shall refund the difference between
17 the amount of taxes paid and the amount due under the reduced rate
18 if the difference between the amount of taxes paid and the amount
19 due under the reduced rate is \$1 or more. If the difference between
20 the amount of taxes paid and the amount due under the reduced rate
21 is less than \$1, the taxing unit shall refund the difference on
22 request of the taxpayer. An application for a refund of less than
23 \$1 must be made within 90 days after the date the refund becomes due
24 or the taxpayer forfeits the right to the refund.

25 (k) Section 33.08(b) applies to a tax bill sent under
26 Subsection (i).

27 (l) Sections 31.12(a) and (b) apply to a refund due under

1 Subsection (j). Liability for the refund arises on the date the
2 election is canvassed.

3 SECTION 11. Section 31.01, Tax Code, is amended by amending
4 Subsection (c) and adding Subsection (c-1) to read as follows:

5 (c) The tax bill or a separate statement accompanying the
6 tax bill shall:

7 (1) identify the property subject to the tax;

8 (2) state the appraised value, assessed value, and
9 taxable value of the property;

10 (3) if the property is land appraised as provided by
11 Subchapter C, D, E, or H, Chapter 23, state the market value and the
12 taxable value for purposes of deferred or additional taxation as
13 provided by Section 23.46, 23.55, 23.76, or 23.9807, as applicable;

14 (4) state the assessment ratio for the unit;

15 (5) state the type and amount of any partial exemption
16 applicable to the property, indicating whether it applies to
17 appraised or assessed value;

18 (6) state the total tax rate for the unit;

19 (7) state the amount of tax due, the due date, and the
20 delinquency date;

21 (8) explain the payment option and discounts provided
22 by Sections 31.03 and 31.05, if available to the unit's taxpayers,
23 and state the date on which each of the discount periods provided by
24 Section 31.05 concludes, if the discounts are available;

25 (9) state the rates of penalty and interest imposed
26 for delinquent payment of the tax;

27 (10) include the name and telephone number of the

1 assessor for the unit and, if different, of the collector for the
2 unit; ~~and~~

3 (11) for real property, state the differences,
4 expressed as a percent increase or decrease, as applicable, in the
5 following for the current tax year as compared to the fifth tax year
6 before that tax year:

7 (A) the appraised value of the property; and

8 (B) the amount of taxes imposed on the property
9 by the unit; and

10 (12) include any other information required by the
11 comptroller.

12 (c-1) If any information required by Subsection (c)(11) to
13 be included in a tax bill or separate statement is unavailable, the
14 tax bill or statement must state that the information is not
15 available for that year. This subsection expires December 31,
16 2011.

17 SECTION 12. Section 49.236, Water Code, as added by
18 Chapters 248 and 335, Acts of the 78th Legislature, Regular
19 Session, 2003, is reenacted and amended to read as follows:

20 Sec. 49.236. NOTICE OF TAX HEARING. (a) Before the board
21 adopts an ad valorem tax rate for the district for debt service,
22 operation and maintenance purposes, or contract purposes, the board
23 shall give notice of each meeting of the board at which the adoption
24 of a tax rate will be considered. The notice must:

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

1 "NOTICE OF PUBLIC HEARING ON TAX RATE

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

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

11 (2) contain the following information:

12 (A) the district's total adopted tax rate for the
13 preceding year and the proposed tax rate, expressed as an amount per
14 \$100;

15 (B) the difference, expressed as an amount per
16 \$100 and as a percent increase or decrease, as applicable, in the
17 proposed tax rate compared to the adopted tax rate for the preceding
18 year;

19 (C) the average appraised value of a residence
20 homestead in the district in the preceding year and in the current
21 year; the district's total homestead exemption, other than an
22 exemption available only to disabled persons or persons 65 years of
23 age or older, applicable to that appraised value in each of those
24 years; and the average taxable value of a residence homestead in the
25 district in each of those years, disregarding any homestead
26 exemption available only to disabled persons or persons 65 years of
27 age or older;

1 (D) the amount of tax that would have been
2 imposed by the district in the preceding year on a residence
3 homestead appraised at the average appraised value of a residence
4 homestead in that year, disregarding any homestead exemption
5 available only to disabled persons or persons 65 years of age or
6 older;

7 (E) the amount of tax that would be imposed by the
8 district in the current year on a residence homestead appraised at
9 the average appraised value of a residence homestead in that year,
10 disregarding any homestead exemption available only to disabled
11 persons or persons 65 years of age or older, if the proposed tax
12 rate is adopted; and

13 (F) the difference between the amounts of tax
14 calculated under Paragraphs (D) and (E), expressed in dollars and
15 cents and described as the annual percentage increase or decrease,
16 as applicable, in the tax to be imposed by the district on the
17 average residence homestead in the district in the current year if
18 the proposed tax rate is adopted; and

19 (3) contain a statement in substantially the following
20 form:

21 "NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION

22 "If taxes on the average residence homestead increase by more
23 than five [~~eight~~] percent, the qualified voters of the district by
24 petition may require that an election be held to determine whether
25 to reduce the operation and maintenance tax rate to the rollback tax
26 rate under Section 49.236(d), Water Code."

27 (b) Notice of the hearing shall be:

1 (1) published at least once in a newspaper having
2 general circulation in the district at least seven days before the
3 date of the hearing; or

4 (2) mailed to each owner of taxable property in the
5 district, at the address for notice shown on the most recently
6 certified tax roll of the district, at least 10 days before the date
7 of the hearing.

8 (c) The notice provided under this section may not be
9 smaller than one-quarter page of a standard-size or tabloid-size
10 newspaper of general circulation, and the headline on the notice
11 must be in 18-point or larger type.

12 (d) If the governing body of a district adopts a combined
13 debt service, operation and maintenance, and contract tax rate that
14 would impose more than 1.05 [~~1.08~~] times the amount of tax imposed
15 by the district in the preceding year on a residence homestead
16 appraised at the average appraised value of a residence homestead
17 in the district in that year, disregarding any homestead exemption
18 available only to disabled persons or persons 65 years of age or
19 older, the qualified voters of the district by petition may require
20 that an election be held to determine whether [~~or not~~] to reduce the
21 tax rate adopted for the current year to the rollback tax rate in
22 accordance with the procedures provided by Section 26.07 [~~Sections~~
23 ~~26.07(b)-(g) and 26.081~~], Tax Code. For purposes of Section 26.07,
24 Tax Code, [~~Sections 26.07(b)-(g)~~] and this subsection, the rollback
25 tax rate is the current year's debt service and contract tax rates
26 plus the operation and maintenance tax rate that would impose 1.05
27 [~~1.08~~] times the amount of the operation and maintenance tax

1 imposed by the district in the preceding year on a residence
2 homestead appraised at the average appraised value of a residence
3 homestead in the district in that year, disregarding any homestead
4 exemption available only to disabled persons or persons 65 years of
5 age or older.

6 SECTION 13. Section 26.06(f), Tax Code, is repealed.

7 SECTION 14. House Bill No. 1984, Acts of the 79th
8 Legislature, Regular Session, 2005, is repealed and does not take
9 effect.

10 SECTION 15. (a) If this Act takes effect before September
11 1, 2005, Sections 1, 2, 3, 4, and 5, Senate Bill No. 18, Acts of the
12 79th Legislature, Regular Session, 2005, do not take effect.

13 (b) If this Act takes effect after September 1, 2005, a
14 statute amended by this Act supersedes that statute as amended by
15 Senate Bill No. 18, Acts of the 79th Legislature, Regular Session,
16 2005.

17 SECTION 16. (a) The change in law made by this Act applies
18 to the ad valorem tax rate of a taxing unit beginning with the 2005
19 tax year, except as provided by Subsection (b) of this section.

20 (b) If the governing body of a taxing unit adopted an ad
21 valorem tax rate for the taxing unit for the 2005 tax year before
22 the effective date of this Act, the change in law made by this Act
23 applies to the ad valorem tax rate of that taxing unit beginning
24 with the 2006 tax year, and the law in effect when the tax rate was
25 adopted applies to the 2005 tax year with respect to that taxing
26 unit.

27 SECTION 17. This Act takes effect immediately if it

1 receives a vote of two-thirds of all the members elected to each
2 house, as provided by Section 39, Article III, Texas Constitution.
3 If this Act does not receive the vote necessary for immediate
4 effect, this Act takes effect on the 91st day after the last day of
5 the legislative session.