

1-1 By: Hancock S.B. No. 1426  
 1-2 (In the Senate - Filed March 8, 2017; March 20, 2017, read  
 1-3 first time and referred to Committee on Finance; April 26, 2017,  
 1-4 reported favorably by the following vote: Yeas 13, Nays 0;  
 1-5 April 26, 2017, sent to printer.)

1-6 COMMITTEE VOTE

|                          | Yea | Nay | Absent | PNV |
|--------------------------|-----|-----|--------|-----|
| 1-7 Nelson               | X   |     |        |     |
| 1-8 Hinojosa             | X   |     |        |     |
| 1-9 Bettencourt          | X   |     |        |     |
| 1-10 Birdwell            |     |     | X      |     |
| 1-11 Hancock             | X   |     |        |     |
| 1-12 Huffman             | X   |     |        |     |
| 1-13 Kolthorst           | X   |     |        |     |
| 1-14 Nichols             | X   |     |        |     |
| 1-15 Schwertner          | X   |     |        |     |
| 1-16 Seliger             | X   |     |        |     |
| 1-17 Taylor of Galveston | X   |     |        |     |
| 1-18 Uresti              | X   |     |        |     |
| 1-19 Watson              | X   |     |        |     |
| 1-20 West                | X   |     |        |     |
| 1-21 Whitmire            |     |     | X      |     |

1-23 A BILL TO BE ENTITLED  
 1-24 AN ACT

1-25 relating to the calculation and dissemination of certain ad valorem  
 1-26 tax rates.

1-27 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-28 SECTION 1. Section 26.012, Tax Code, is amended by adding  
 1-29 Subdivisions (1-a) and (1-b) to read as follows:

1-30 (1-a) "Adjusted effective tax rate" means the  
 1-31 effective tax rate of a taxing unit as otherwise calculated under  
 1-32 this chapter, except that new property value is not deducted from  
 1-33 current total value in calculating the rate.

1-34 (1-b) "Adjusted rollback tax rate" means the rollback  
 1-35 tax rate of a taxing unit as otherwise calculated under this  
 1-36 chapter, except that new property value is not deducted from  
 1-37 current total value in calculating the effective maintenance and  
 1-38 operations rate.

1-39 SECTION 2. Section 26.04, Tax Code, is amended by adding  
 1-40 Subsection (c-1) and amending Subsection (e) to read as follows:

1-41 (c-1) In addition to calculating the tax rates described by  
 1-42 Subsection (c), the designated officer or employee shall calculate  
 1-43 the adjusted effective tax rate and the adjusted rollback tax rate  
 1-44 for the unit.

1-45 (e) By August 7 or as soon thereafter as practicable, the  
 1-46 designated officer or employee shall submit the rates to the  
 1-47 governing body. The designated officer or employee [He] shall  
 1-48 deliver by mail to each property owner in the unit or publish in a  
 1-49 newspaper in the form prescribed by the comptroller:

1-50 (1) the effective tax rate, the rollback tax rate, and  
 1-51 an explanation of how they were calculated;

1-52 (1-a) the adjusted effective tax rate, the adjusted  
 1-53 rollback tax rate, and an explanation of how they were calculated;

1-54 (2) the estimated amount of interest and sinking fund  
 1-55 balances and the estimated amount of maintenance and operation or  
 1-56 general fund balances remaining at the end of the current fiscal  
 1-57 year that are not encumbered with or by corresponding existing debt  
 1-58 obligation;

1-59 (3) a schedule of the unit's debt obligations showing:  
 1-60 (A) the amount of principal and interest that  
 1-61 will be paid to service the unit's debts in the next year from

2-1 property tax revenue, including payments of lawfully incurred  
2-2 contractual obligations providing security for the payment of the  
2-3 principal of and interest on bonds and other evidences of  
2-4 indebtedness issued on behalf of the unit by another political  
2-5 subdivision and, if the unit is created under Section 52, Article  
2-6 III, or Section 59, Article XVI, Texas Constitution, payments on  
2-7 debts that the unit anticipates to incur in the next calendar year;

2-8 (B) the amount by which taxes imposed for debt  
2-9 are to be increased because of the unit's anticipated collection  
2-10 rate; and

2-11 (C) the total of the amounts listed in Paragraphs  
2-12 (A)-(B), less any amount collected in excess of the previous year's  
2-13 anticipated collections certified as provided in Subsection (b);

2-14 (4) the amount of additional sales and use tax revenue  
2-15 anticipated in calculations under Section 26.041;

2-16 (5) a statement that the adoption of a tax rate equal  
2-17 to the effective tax rate would result in an increase or decrease,  
2-18 as applicable, in the amount of taxes imposed by the unit as  
2-19 compared to last year's levy, and the amount of the increase or  
2-20 decrease;

2-21 (6) in the year that a taxing unit calculates an  
2-22 adjustment under Subsection (i) or (j), a schedule that includes  
2-23 the following elements:

2-24 (A) the name of the unit discontinuing the  
2-25 department, function, or activity;

2-26 (B) the amount of property tax revenue spent by  
2-27 the unit listed under Paragraph (A) to operate the discontinued  
2-28 department, function, or activity in the 12 months preceding the  
2-29 month in which the calculations required by this chapter are made;  
2-30 and

2-31 (C) the name of the unit that operates a distinct  
2-32 department, function, or activity in all or a majority of the  
2-33 territory of a taxing unit that has discontinued operating the  
2-34 distinct department, function, or activity; and

2-35 (7) in the year following the year in which a taxing  
2-36 unit raised its rollback rate as required by Subsection (j), a  
2-37 schedule that includes the following elements:

2-38 (A) the amount of property tax revenue spent by  
2-39 the unit to operate the department, function, or activity for which  
2-40 the taxing unit raised the rollback rate as required by Subsection  
2-41 (j) for the 12 months preceding the month in which the calculations  
2-42 required by this chapter are made; and

2-43 (B) the amount published by the unit in the  
2-44 preceding tax year under Subdivision (6)(B).

2-45 SECTION 3. Sections 140.010(a), (d), and (e), Local  
2-46 Government Code, are amended to read as follows:

2-47 (a) In this section, "effective tax rate," ~~and~~ "rollback  
2-48 tax rate," "adjusted effective tax rate," and "adjusted rollback  
2-49 tax rate" mean the effective tax rate, ~~and~~ rollback tax rate,  
2-50 adjusted effective tax rate, and adjusted rollback tax rate of a  
2-51 county or municipality, as applicable, as calculated under Chapter  
2-52 26, Tax Code.

2-53 (d) A county or municipality that proposes a property tax  
2-54 rate that does not exceed the lower of the effective tax rate or the  
2-55 rollback tax rate shall provide the following notice:

2-56 "NOTICE OF (INSERT CURRENT TAX YEAR) TAX YEAR PROPOSED PROPERTY TAX  
2-57 RATE FOR (INSERT NAME OF COUNTY OR MUNICIPALITY)

2-58 "A tax rate of \$\_\_\_\_\_ per \$100 valuation has been proposed by the  
2-59 governing body of (insert name of county or municipality).

|      |                                    |                          |
|------|------------------------------------|--------------------------|
| 2-60 | PROPOSED TAX RATE                  | \$_____ per \$100        |
| 2-61 | PRECEDING YEAR'S TAX RATE          | \$_____ per \$100        |
| 2-62 | EFFECTIVE TAX RATE                 | \$_____ per \$100        |
| 2-63 | <u>ADJUSTED EFFECTIVE TAX RATE</u> | <u>\$_____ per \$100</u> |

2-64 "The effective tax rate is the total tax rate needed to raise the  
2-65 same amount of property tax revenue for (insert name of county or  
2-66 municipality) from the same properties in both the (insert  
2-67 preceding tax year) tax year and the (insert current tax year) tax  
2-68 year.

2-69 "The adjusted effective tax rate is the tax rate that would have

3-1 been calculated as the effective tax rate had property added to the  
3-2 appraisal roll in the current year not been excluded in calculating  
3-3 that rate.

3-4 "YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS  
3-5 FOLLOWS:

3-6 property tax amount = (rate) x (taxable value of your property) /  
3-7 100

3-8 "For assistance or detailed information about tax calculations,  
3-9 please contact:

3-10 (insert name of county or municipal tax assessor-collector)  
3-11 (insert name of county or municipality) tax  
3-12 assessor-collector  
3-13 (insert address)  
3-14 (insert telephone number)  
3-15 (insert e-mail address)  
3-16 (insert Internet website address, if applicable)"

3-17 (e) A county or municipality that proposes a property tax  
3-18 rate that exceeds the lower of the effective tax rate or the  
3-19 rollback tax rate shall provide the following notice:

3-20 "NOTICE OF (INSERT CURRENT TAX YEAR) TAX YEAR PROPOSED PROPERTY TAX  
3-21 RATE FOR (INSERT NAME OF COUNTY OR MUNICIPALITY)

3-22 "A tax rate of \$\_\_\_\_\_ per \$100 valuation has been proposed for  
3-23 adoption by the governing body of (insert name of county or  
3-24 municipality). This rate exceeds the lower of the effective or  
3-25 rollback tax rate, and state law requires that two public hearings  
3-26 be held by the governing body before adopting the proposed tax rate.  
3-27 The governing body of (insert name of county or municipality)  
3-28 proposes to use revenue attributable to the tax rate increase for  
3-29 the purpose of (description of purpose of increase).

|      |                                    |                |                  |
|------|------------------------------------|----------------|------------------|
| 3-30 | PROPOSED TAX RATE                  | \$_____        | per \$100        |
| 3-31 | PRECEDING YEAR'S TAX RATE          | \$_____        | per \$100        |
| 3-32 | EFFECTIVE TAX RATE                 | \$_____        | per \$100        |
| 3-33 | ROLLBACK TAX RATE                  | \$_____        | per \$100        |
| 3-34 | <u>ADJUSTED EFFECTIVE TAX RATE</u> | <u>\$_____</u> | <u>per \$100</u> |
| 3-35 | <u>ADJUSTED ROLLBACK TAX RATE</u>  | <u>\$_____</u> | <u>per \$100</u> |

3-36 "The effective tax rate is the total tax rate needed to raise the  
3-37 same amount of property tax revenue for (insert name of county or  
3-38 municipality) from the same properties in both the (insert  
3-39 preceding tax year) tax year and the (insert current tax year) tax  
3-40 year.

3-41 "The rollback tax rate is the highest tax rate that (insert name of  
3-42 county or municipality) may adopt before voters are entitled to  
3-43 petition for an election to limit the rate that may be approved to  
3-44 the rollback rate.

3-45 "The adjusted effective tax rate is the tax rate that would have  
3-46 been calculated as the effective tax rate had property added to the  
3-47 appraisal roll in the current year not been excluded in calculating  
3-48 that rate.

3-49 "The adjusted rollback tax rate is the tax rate that would have been  
3-50 calculated as the rollback tax rate had property added to the  
3-51 appraisal roll in the current year not been excluded in calculating  
3-52 the effective maintenance and operations rate, which is a component  
3-53 of the rollback tax rate.

3-54 "YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS  
3-55 FOLLOWS:

3-56 property tax amount = (rate) x (taxable value of your property) /  
3-57 100

3-58 "For assistance or detailed information about tax calculations,  
3-59 please contact:

3-60 (insert name of county or municipal tax assessor-collector)  
3-61 (insert name of county or municipality) tax  
3-62 assessor-collector  
3-63 (insert address)  
3-64 (insert telephone number)  
3-65 (insert e-mail address)  
3-66 (insert Internet website address, if applicable)

3-67 "You are urged to attend and express your views at the following  
3-68 public hearings on the proposed tax rate:

3-69 First Hearing: (insert date and time) at (insert location of

4-1 meeting).

4-2 Second Hearing: (insert date and time) at (insert location  
4-3 of meeting)."

4-4 SECTION 4. (a) The change in law made by this Act applies  
4-5 to the ad valorem tax rate of a taxing unit beginning with the 2017  
4-6 tax year, except as provided by Subsection (b) of this section.

4-7 (b) If the governing body of a taxing unit adopted an ad  
4-8 valorem tax rate for the taxing unit for the 2017 tax year before  
4-9 the effective date of this Act, the change in law made by this Act  
4-10 applies to the ad valorem tax rate of that taxing unit beginning  
4-11 with the 2018 tax year, and the law in effect when the tax rate was  
4-12 adopted applies to the 2017 tax year with respect to that taxing  
4-13 unit.

4-14 SECTION 5. This Act takes effect immediately if it receives  
4-15 a vote of two-thirds of all the members elected to each house, as  
4-16 provided by Section 39, Article III, Texas Constitution. If this  
4-17 Act does not receive the vote necessary for immediate effect, this  
4-18 Act takes effect September 1, 2017.

4-19

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