

By: Bettencourt, et al.

S.B. No. 2

A BILL TO BE ENTITLED

AN ACT

relating to ad valorem taxation.

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

SECTION 1. This Act may be cited as the Texas Property Tax Reform and Relief Act of 2017.

SECTION 2. Chapter 5, Tax Code, is amended by adding Sections 5.01 and 5.02 to read as follows:

Sec. 5.01. PROPERTY TAX ADMINISTRATION ADVISORY BOARD. (a)

The comptroller shall appoint the property tax administration advisory board to advise the comptroller with respect to the division or divisions within the office of the comptroller with primary responsibility for state administration of property taxation and state oversight of appraisal districts and local tax offices. The advisory board shall make recommendations to the comptroller regarding:

(1) proposed property tax rules and prescribed procedures and forms;

(2) minimum standards for the administration and operation of an appraisal district;

(3) minimum standards for the administration and operation of a local tax office;

(4) appointment of the director, managers, and other executive staff of the division or divisions within the office of the comptroller with primary responsibility for state

1 administration of property taxation and state oversight of
2 appraisal districts and local tax offices;

3 (5) property tax publications, guidelines, and
4 communications;

5 (6) property value studies for school districts and
6 ratio studies for appraisal districts;

7 (7) reviews of appraisal districts and appraisal
8 review boards;

9 (8) computer hardware and software needs for:

10 (A) the division or divisions within the office
11 of the comptroller with primary responsibility for state
12 administration of property taxation and state oversight of
13 appraisal districts and local tax offices;

14 (B) appraisal districts; and

15 (C) local tax offices; and

16 (9) other property tax operational matters.

17 (b) The advisory board is composed of six members appointed
18 by the comptroller with the advice of the governor, lieutenant
19 governor, and speaker of the house of representatives. Board
20 members serve at the pleasure of the comptroller.

21 (c) The members of the advisory board must have knowledge of
22 or experience in property tax administration, appraisal, or law.

23 (d) Appointments to the advisory board shall be made without
24 regard to the race, color, disability, gender, religion, age, or
25 national origin of appointees.

26 (e) Each member of the advisory board must be a resident of
27 this state.

1 (f) An elected official may not serve on the advisory board.

2 (g) The advisory board is governed exclusively by this
3 chapter.

4 (h) The comptroller's staff shall provide assistance to the
5 advisory board in performing its duties.

6 Sec. 5.02. RESTRICTIONS ON ADVISORY BOARD MEMBERSHIP. A
7 person is not eligible to serve on the property tax administration
8 advisory board if the person or the person's spouse:

9 (1) is employed by or contracts with the comptroller,
10 an appraisal district, or a taxing unit;

11 (2) owns or controls, directly or indirectly, more
12 than a 10 percent interest in a business entity or other
13 organization receiving money from the comptroller, an appraisal
14 district, or a taxing unit; or

15 (3) receives money from a business entity or other
16 organization receiving money from the comptroller, an appraisal
17 district, or a taxing unit in an amount that exceeds five percent of
18 the person's gross income for the preceding calendar year.

19 SECTION 3. Section 5.05, Tax Code, is amended by adding
20 Subsection (c-1) to read as follows:

21 (c-1) An appraisal district shall appraise property in
22 accordance with any appraisal manuals prepared and issued by the
23 comptroller under this section.

24 SECTION 4. Sections 5.102(a) and (c), Tax Code, are amended
25 to read as follows:

26 (a) At least once every two years, the comptroller shall
27 review the governance of each appraisal district, taxpayer

1 assistance provided, and the operating and appraisal standards,
2 procedures, and methodology used by each appraisal district, to
3 determine compliance with generally accepted standards,
4 procedures, and methodology, including compliance with standards,
5 procedures, and methodology prescribed by appraisal manuals
6 prepared and issued by the comptroller. After consultation with
7 the property tax administration advisory board [~~committee created~~
8 ~~under Section 403.302, Government Code~~], the comptroller by rule
9 may establish procedures and standards for conducting and scoring
10 the review.

11 (c) At the conclusion of the review, the comptroller shall,
12 in writing, notify the appraisal district concerning its
13 performance in the review. If the review results in a finding that
14 an appraisal district is not in compliance with generally accepted
15 standards, procedures, and methodology, including compliance with
16 standards, procedures, and methodology prescribed by appraisal
17 manuals prepared and issued by the comptroller, the comptroller
18 shall deliver a report that details the comptroller's findings and
19 recommendations for improvement to:

20 (1) the appraisal district's chief appraiser and board
21 of directors; and

22 (2) the superintendent and board of trustees of each
23 school district participating in the appraisal district.

24 SECTION 5. Section 5.13(d), Tax Code, is amended to read as
25 follows:

26 (d) In conducting a general audit, the comptroller shall
27 consider and report on:

1 (1) the extent to which the district complies with
2 applicable law or generally accepted standards of appraisal or
3 other relevant practice, including appraisal standards and
4 practices prescribed by appraisal manuals prepared and issued by
5 the comptroller;

6 (2) the uniformity and level of appraisal of major
7 kinds of property and the cause of any significant deviations from
8 ideal uniformity and equality of appraisal of major kinds of
9 property;

10 (3) duplication of effort and efficiency of operation;

11 (4) the general efficiency, quality of service, and
12 qualification of appraisal district personnel; and

13 (5) except as otherwise provided by Subsection (b) [~~of~~
14 ~~this section~~], any other matter included in the request for the
15 audit.

16 SECTION 6. Section 6.03(a), Tax Code, is amended to read as
17 follows:

18 (a) The appraisal district is governed by a board of
19 directors. Five directors are appointed by the taxing units that
20 participate in the district as provided by this section. If the
21 county assessor-collector is not appointed to the board, the county
22 assessor-collector serves as a nonvoting director. The county
23 assessor-collector is ineligible to serve if the board enters into
24 a contract under Section 6.05(b) or if the commissioners court of
25 the county enters into a contract under Section 6.24(b). To be
26 eligible to serve on the board of directors, an individual other
27 than a county assessor-collector serving as a nonvoting director

1 must:

2 (1) be a resident of the district;

3 (2) ~~[and must]~~ have resided in the district for at
4 least two years immediately preceding the date the individual takes
5 office; and

6 (3) be an elected county officer or an elected
7 official of a political subdivision all or part of the territory of
8 which is located in the county. ~~[An individual who is otherwise
9 eligible to serve on the board is not ineligible because of
10 membership on the governing body of a taxing unit. An employee of a
11 taxing unit that participates in the district is not eligible to
12 serve on the board unless the individual is also a member of the
13 governing body or an elected official of a taxing unit that
14 participates in the district.]~~

15 SECTION 7. Section 6.41, Tax Code, is amended by amending
16 Subsections (b) and (d-9) and adding Subsections (b-1), (b-2), and
17 (d-10) to read as follows:

18 (b) Except as provided by Subsection (b-1) or (b-2), an
19 appraisal review ~~[The]~~ board consists of three members.

20 (b-1) An appraisal ~~[However, the]~~ district board of
21 directors by resolution of a majority of the board's ~~[its]~~ members
22 may increase the size of the district's appraisal review board to
23 the number of members the board of directors considers appropriate.

24 (b-2) An appraisal district board of directors for a
25 district established in a county described by Subsection (d-1) by
26 resolution of a majority of the board's members shall increase the
27 size of the district's appraisal review board to the number of

1 members the board of directors considers appropriate to manage the
2 duties of the appraisal review board, including the duties of each
3 special panel established under Section 6.425.

4 (d-9) In selecting individuals who are to serve as members
5 of the appraisal review board, the local administrative district
6 judge shall select an adequate number of qualified individuals to
7 permit the chairman of the appraisal review board to fill the
8 positions on each special panel established under Section 6.425.

9 (d-10) Upon selection of the individuals who are to serve as
10 members of the appraisal review board, the local administrative
11 district judge shall enter an appropriate order designating such
12 members and setting each member's respective term of office, as
13 provided elsewhere in this section.

14 SECTION 8. Section 6.414(d), Tax Code, is amended to read as
15 follows:

16 (d) An auxiliary board member may hear taxpayer protests
17 before the appraisal review board. An auxiliary board member may
18 not hear taxpayer protests before a special panel established under
19 Section 6.425 unless the member is eligible to be appointed to the
20 special panel. If one or more auxiliary board members sit on a panel
21 established under Section 6.425 or 41.45 to conduct a protest
22 hearing, the number of regular appraisal review board members
23 required by that section to constitute the panel is reduced by the
24 number of auxiliary board members sitting. An auxiliary board
25 member sitting on a panel is considered a regular board member for
26 all purposes related to the conduct of the hearing.

27 SECTION 9. Section 6.42, Tax Code, is amended by adding

1 Subsection (d) to read as follows:

2 (d) The concurrence of a majority of the members of the
3 appraisal review board or a panel of the board present at a meeting
4 of the board or panel is sufficient for a recommendation,
5 determination, decision, or other action by the board or panel, and
6 the concurrence of more than a majority of the members of the board
7 or panel may not be required.

8 SECTION 10. Subchapter C, Chapter 6, Tax Code, is amended by
9 adding Section 6.425 to read as follows:

10 Sec. 6.425. SPECIAL APPRAISAL REVIEW BOARD PANELS IN
11 CERTAIN DISTRICTS. (a) This section applies only to the appraisal
12 review board for an appraisal district described by Section
13 6.41(b-2).

14 (b) The appraisal review board shall establish a separate
15 special panel for each of the following classifications of property
16 to conduct protest hearings under Chapter 41 relating to property
17 included in that classification:

- 18 (1) commercial real and personal property;
19 (2) real and personal property of utilities;
20 (3) industrial and manufacturing real and personal
21 property; and
22 (4) multifamily residential real property.

23 (c) The chairman of the appraisal review board may establish
24 additional special panels described by this section to conduct
25 protest hearings relating to property included in a classification
26 described by Subsection (b) if the chairman determines that
27 additional panels are necessary.

1 (d) Each special panel described by this section consists of
2 three members of the appraisal review board appointed by the
3 chairman of the board.

4 (e) To be eligible to be appointed to a special panel
5 described by this section, a member of the appraisal review board
6 must:

7 (1) hold a juris doctor or equivalent degree;

8 (2) hold a master of business administration degree;

9 (3) be licensed as a certified public accountant under
10 Chapter 901, Occupations Code;

11 (4) be accredited by the American Society of
12 Appraisers as an accredited senior appraiser;

13 (5) possess an MAI professional designation from the
14 Appraisal Institute;

15 (6) possess a Certified Assessment Evaluator (CAE)
16 professional designation from the International Association of
17 Assessing Officers; or

18 (7) have at least 20 years of experience in property
19 tax appraisal or consulting.

20 (f) Notwithstanding Subsection (e), the chairman of the
21 appraisal review board may appoint to a special panel described by
22 this section a member of the appraisal review board who does not
23 meet the qualifications prescribed by that subsection if:

24 (1) the number of persons appointed to the board by the
25 local administrative district judge who meet those qualifications
26 is not sufficient to fill the positions on each special panel; and

27 (2) the board member being appointed to the panel:

1 (A) holds a bachelor's degree in any field; or

2 (B) is licensed as a real estate broker or sales

3 agent under Chapter 1101, Occupations Code.

4 SECTION 11. The heading to Section 11.145, Tax Code, is
5 amended to read as follows:

6 Sec. 11.145. INCOME-PRODUCING TANGIBLE PERSONAL PROPERTY
7 HAVING VALUE OF LESS THAN \$2,500 [~~\$500~~].

8 SECTION 12. Section 11.145(a), Tax Code, is amended to read
9 as follows:

10 (a) A person is entitled to an exemption from taxation of
11 the tangible personal property the person owns that is held or used
12 for the production of income if that property has a taxable value of
13 less than \$2,500 [~~\$500~~].

14 SECTION 13. Section 22.23, Tax Code, is amended to read as
15 follows:

16 Sec. 22.23. FILING DATE. (a) Rendition statements and
17 property reports must be delivered to the chief appraiser after
18 January 1 and not later than March [~~April~~] 15, except as provided by
19 Section 22.02.

20 (b) On written request by the property owner, the chief
21 appraiser shall extend a deadline for filing a rendition statement
22 or property report to April [~~May~~] 15. The chief appraiser may
23 further extend the deadline an additional 15 days upon good cause
24 shown in writing by the property owner.

25 SECTION 14. Section 23.01(b), Tax Code, is amended to read
26 as follows:

27 (b) The market value of property shall be determined by the

1 application of generally accepted appraisal methods and
2 techniques, including appraisal methods and techniques prescribed
3 by appraisal manuals prepared and issued by the comptroller. If
4 the appraisal district determines the appraised value of a property
5 using mass appraisal standards, the mass appraisal standards must
6 comply with the Uniform Standards of Professional Appraisal
7 Practice. The same or similar appraisal methods and techniques
8 shall be used in appraising the same or similar kinds of
9 property. However, each property shall be appraised based upon the
10 individual characteristics that affect the property's market
11 value, and all available evidence that is specific to the value of
12 the property shall be taken into account in determining the
13 property's market value.

14 SECTION 15. Section 25.19, Tax Code, is amended by amending
15 Subsections (a) and (g) and adding Subsection (b-3) to read as
16 follows:

17 (a) By April 15 [~~1~~] or as soon thereafter as practicable [~~if~~
18 ~~the property is a single-family residence that qualifies for an~~
19 ~~exemption under Section 11.13, or by May 1 or as soon thereafter as~~
20 ~~practicable in connection with any other property], the chief
21 appraiser shall deliver a clear and understandable written notice
22 to a property owner of the appraised value of the property owner's
23 property if:~~

24 (1) the appraised value of the property is greater
25 than it was in the preceding year;

26 (2) the appraised value of the property is greater
27 than the value rendered by the property owner;

1 (3) the property was not on the appraisal roll in the
2 preceding year; or

3 (4) an exemption or partial exemption approved for the
4 property for the preceding year was canceled or reduced for the
5 current year.

6 (b-3) This subsection applies only to an appraisal district
7 described by Section 6.41(b-2). In addition to the information
8 required by Subsection (b), the chief appraiser shall state in a
9 notice of appraised value of property included in a classification
10 described by Section 6.425(b) that the property owner has the right
11 to have a protest relating to the property heard by a special panel
12 of the appraisal review board.

13 (g) By April 15 [~~1~~] or as soon thereafter as practicable [~~if~~
14 ~~the property is a single-family residence that qualifies for an~~
15 ~~exemption under Section 11.13, or by May 1 or as soon thereafter as~~
16 ~~practicable in connection with any other property], the chief
17 appraiser shall deliver a written notice to the owner of each
18 property not included in a notice required to be delivered under
19 Subsection (a), if the property was reappraised in the current tax
20 year, if the ownership of the property changed during the preceding
21 year, or if the property owner or the agent of a property owner
22 authorized under Section 1.111 makes a written request for the
23 notice. The chief appraiser shall separate real from personal
24 property and include in the notice for each property:~~

25 (1) the appraised value of the property in the
26 preceding year;

27 (2) the appraised value of the property for the

1 current year and the kind of each partial exemption, if any,
2 approved for the current year;

3 (3) a detailed explanation of the time and procedure
4 for protesting the value; and

5 (4) the date and place the appraisal review board will
6 begin hearing protests.

7 SECTION 16. Section 25.22(a), Tax Code, is amended to read
8 as follows:

9 (a) By May 1 [~~15~~] or as soon thereafter as practicable, the
10 chief appraiser shall submit the completed appraisal records to the
11 appraisal review board for review and determination of protests.
12 However, the chief appraiser may not submit the records until the
13 chief appraiser has delivered the notices required by Subsection
14 (d) of Section 11.45, Subsection (d) of Section 23.44, Subsection
15 (d) of Section 23.57, Subsection (d) of Section 23.79, Subsection
16 (d) of Section 23.85, Subsection (d) of Section 23.95, Subsection
17 (d) of Section 23.9805, and Section 25.19.

18 SECTION 17. Sections 26.01(a) and (e), Tax Code, are
19 amended to read as follows:

20 (a) By July 10 [~~25~~], the chief appraiser shall prepare and
21 certify to the assessor for each taxing unit participating in the
22 district that part of the appraisal roll for the district that lists
23 the property taxable by the unit. The part certified to the
24 assessor is the appraisal roll for the unit. The chief appraiser
25 shall consult with the assessor for each taxing unit and notify each
26 unit in writing by April 1 of the form in which the roll will be
27 provided to each unit.

1 (e) Except as provided by Subsection (f), not later than May
2 15 [~~April 30~~], the chief appraiser shall prepare and certify to the
3 assessor for each county, municipality, and school district
4 participating in the appraisal district an estimate of the taxable
5 value of property in that taxing unit. The chief appraiser shall
6 assist each county, municipality, and school district in
7 determining values of property in that taxing unit for the taxing
8 unit's budgetary purposes.

9 SECTION 18. Section 26.04, Tax Code, is amended by amending
10 Subsections (b), (c), and (e) and adding Subsection (c-1) to read as
11 follows:

12 (b) The assessor shall submit the appraisal roll for the
13 unit showing the total appraised, assessed, and taxable values of
14 all property and the total taxable value of new property to the
15 governing body of the unit by July 15 [~~August 1~~] or as soon
16 thereafter as practicable. By July 15 [~~August 1~~] or as soon
17 thereafter as practicable, the taxing unit's collector shall
18 certify an estimate of the collection rate for the current year to
19 the governing body. If the collector certified an anticipated
20 collection rate in the preceding year and the actual collection
21 rate in that year exceeded the anticipated rate, the collector
22 shall also certify the amount of debt taxes collected in excess of
23 the anticipated amount in the preceding year.

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

27 (1) "Effective tax rate" means a rate expressed in

1 dollars per \$100 of taxable value calculated according to the
2 following formula:

3 EFFECTIVE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY
4 LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)
5 ; and

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

9 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND
10 OPERATIONS RATE x 1.04 [~~1.08~~]) + CURRENT DEBT RATE

11 (c-1) Notwithstanding any other provision of this section,
12 the governing body may direct the designated officer or employee to
13 substitute "1.08" for "1.04" in the calculation of the rollback tax
14 rate if any part of the taxing unit is located in an area declared a
15 disaster area during the current tax year by the governor or by the
16 president of the United States.

17 (e) By July 22 [~~August 7~~] or as soon thereafter as
18 practicable, the designated officer or employee shall submit the
19 rates to the governing body. By July 27, the designated officer or
20 employee [~~He~~] shall deliver by mail to each property owner in the
21 unit or publish in a newspaper in the form prescribed by the
22 comptroller:

23 (1) the effective tax rate, the rollback tax rate, and
24 an explanation of how they were calculated;

25 (2) the estimated amount of interest and sinking fund
26 balances and the estimated amount of maintenance and operation or
27 general fund balances remaining at the end of the current fiscal

1 year that are not encumbered with or by corresponding existing debt
2 obligation;

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

4 (A) the amount of principal and interest that
5 will be paid to service the unit's debts in the next year from
6 property tax revenue, including payments of lawfully incurred
7 contractual obligations providing security for the payment of the
8 principal of and interest on bonds and other evidences of
9 indebtedness issued on behalf of the unit by another political
10 subdivision and, if the unit is created under Section 52, Article
11 III, or Section 59, Article XVI, Texas Constitution, payments on
12 debts that the unit anticipates to incur in the next calendar year;

13 (B) the amount by which taxes imposed for debt
14 are to be increased because of the unit's anticipated collection
15 rate; and

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

19 (4) the amount of additional sales and use tax revenue
20 anticipated in calculations under Section 26.041;

21 (5) a statement that the adoption of a tax rate equal
22 to the effective tax rate would result in an increase or decrease,
23 as applicable, in the amount of taxes imposed by the unit as
24 compared to last year's levy, and the amount of the increase or
25 decrease;

26 (6) in the year that a taxing unit calculates an
27 adjustment under Subsection (i) or (j), a schedule that includes

1 the following elements:

2 (A) the name of the unit discontinuing the
3 department, function, or activity;

4 (B) the amount of property tax revenue spent by
5 the unit listed under Paragraph (A) to operate the discontinued
6 department, function, or activity in the 12 months preceding the
7 month in which the calculations required by this chapter are made;
8 and

9 (C) the name of the unit that operates a distinct
10 department, function, or activity in all or a majority of the
11 territory of a taxing unit that has discontinued operating the
12 distinct department, function, or activity; and

13 (7) in the year following the year in which a taxing
14 unit raised its rollback rate as required by Subsection (j), a
15 schedule that includes the following elements:

16 (A) the amount of property tax revenue spent by
17 the unit to operate the department, function, or activity for which
18 the taxing unit raised the rollback rate as required by Subsection
19 (j) for the 12 months preceding the month in which the calculations
20 required by this chapter are made; and

21 (B) the amount published by the unit in the
22 preceding tax year under Subdivision (6)(B).

23 SECTION 19. Section 26.041, Tax Code, is amended by
24 amending Subsections (a), (b), and (c) and adding Subsection (c-1)
25 to read as follows:

26 (a) In the first year in which an additional sales and use
27 tax is required to be collected, the effective tax rate and rollback

1 tax rate for the unit are calculated according to the following
2 formulas:

3 EFFECTIVE TAX RATE = $\frac{[(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY}$
4 $\text{LEVY}) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})]}{\text{SALES TAX GAIN RATE}}$ -
5 SALES TAX GAIN RATE

6 and

7 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND
8 OPERATIONS RATE x 1.04 [~~1.08~~]) + CURRENT DEBT RATE -
9 SALES TAX GAIN RATE

10 where "sales tax gain rate" means a number expressed in dollars per
11 \$100 of taxable value, calculated by dividing the revenue that will
12 be generated by the additional sales and use tax in the following
13 year as calculated under Subsection (d) [~~of this section~~] by the
14 current total value.

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

20 ROLLBACK TAX RATE = $\frac{[(\text{LAST YEAR'S MAINTENANCE AND}$
21 $\text{OPERATIONS EXPENSE} \times \text{1.04} [\text{1.08}]) / ((\text{TOTAL} [\text{TOTAL}] \text{CURRENT}$
22 $\text{TOTAL VALUE} - \text{NEW PROPERTY VALUE}))]}{+ (\text{CURRENT DEBT RATE}$
23 $- \text{SALES TAX REVENUE RATE})}$

24 where "last year's maintenance and operations expense" means the
25 amount spent for maintenance and operations from property tax and
26 additional sales and use tax revenues in the preceding year, and
27 "sales tax revenue rate" means a number expressed in dollars per

1 \$100 of taxable value, calculated by dividing the revenue that will
 2 be generated by the additional sales and use tax in the current year
 3 as calculated under Subsection (d) [~~of this section~~] by the current
 4 total value.

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

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

12 and

13 ROLLBACK TAX RATE = [(LAST YEAR'S MAINTENANCE AND
 14 OPERATIONS EXPENSE x 1.04 [~~1.08~~]) / (~~[TOTAL]~~ CURRENT
 15 TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT DEBT RATE

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

23 (c-1) Notwithstanding any other provision of this section,
 24 the governing body may direct the designated officer or employee to
 25 substitute "1.08" for "1.04" in the calculation of the rollback tax
 26 rate if any part of the taxing unit is located in an area declared a
 27 disaster area during the current tax year by the governor or by the

1 president of the United States.

2 SECTION 20. Section 26.05(a), Tax Code, is amended to read
3 as follows:

4 (a) The governing body of each taxing unit [~~, before the~~
5 ~~later of September 30 or the 60th day after the date the certified~~
6 ~~appraisal roll is received by the taxing unit,~~] shall adopt a tax
7 rate for the current tax year and shall notify the assessor for the
8 unit of the rate adopted. The governing body must adopt a tax rate
9 before the later of September 30 or the 60th day after the date the
10 certified appraisal roll is received by the taxing unit, except
11 that the governing body must adopt a tax rate that exceeds the
12 rollback tax rate before August 15. The tax rate consists of two
13 components, each of which must be approved separately. The
14 components are:

15 (1) for a taxing unit other than a school district, the
16 rate that, if applied to the total taxable value, will impose the
17 total amount published under Section 26.04(e)(3)(C), less any
18 amount of additional sales and use tax revenue that will be used to
19 pay debt service, or, for a school district, the rate calculated
20 under Section 44.004(c)(5)(A)(ii)(b), Education Code; and

21 (2) the rate that, if applied to the total taxable
22 value, will impose the amount of taxes needed to fund maintenance
23 and operation expenditures of the unit for the next year.

24 SECTION 21. Section 26.06(e), Tax Code, is amended to read
25 as follows:

26 (e) The meeting to vote on the tax increase may not be
27 earlier than the third day or later than the seventh [~~14th~~] day

1 after the date of the second public hearing. The meeting must be
2 held inside the boundaries of the taxing unit in a publicly owned
3 building or, if a suitable publicly owned building is not
4 available, in a suitable building to which the public normally has
5 access. If the governing body does not adopt a tax rate that
6 exceeds the lower of the rollback tax rate or the effective tax rate
7 by the seventh [~~14th~~] day, it must give a new notice under
8 Subsection (d) before it may adopt a rate that exceeds the lower of
9 the rollback tax rate or the effective tax rate.

10 SECTION 22. The heading to Section 26.08, Tax Code, is
11 amended to read as follows:

12 Sec. 26.08. ELECTION TO RATIFY TAX RATE [~~SCHOOL TAXES~~].

13 SECTION 23. Sections 26.08(a), (b), (d), (d-1), (d-2), (e),
14 and (h), Tax Code, are amended to read as follows:

15 (a) If the governing body of a taxing unit [~~school district~~]
16 adopts a tax rate that exceeds the taxing unit's [~~district's~~]
17 rollback tax rate, the registered voters of the taxing unit
18 [~~district~~] at an election held for that purpose must determine
19 whether to approve the adopted tax rate. When increased
20 expenditure of money by a taxing unit [~~school district~~] is
21 necessary to respond to a disaster, including a tornado, hurricane,
22 flood, or other calamity, but not including a drought, that has
23 impacted the taxing unit [~~a school district~~] and the governor has
24 requested federal disaster assistance for the area in which the
25 taxing unit [~~school district~~] is located, an election is not
26 required under this section to approve the tax rate adopted by the
27 governing body for the year following the year in which the disaster

1 occurs.

2 (b) The governing body shall order that the election be held
3 in the taxing unit [~~school district~~] on the uniform election date
4 prescribed by [~~a date not less than 30 or more than 90 days after the~~
5 ~~day on which it adopted the tax rate.~~] Section 41.001, Election
6 Code, that occurs in November of the applicable tax year. The order
7 calling the election may not be issued later than August 15 [~~does~~
8 ~~not apply to the election unless a date specified by that section~~
9 ~~falls within the time permitted by this section~~]. At the election,
10 the ballots shall be prepared to permit voting for or against the
11 proposition: "Approving the ad valorem tax rate of \$_____ per \$100
12 valuation in (name of taxing unit [~~school district~~]) for the
13 current year, a rate that is \$_____ higher per \$100 valuation than
14 the [~~school district~~] rollback tax rate of (name of taxing unit),
15 for the purpose of (description of purpose of increase)." The
16 ballot proposition must include the adopted tax rate and the
17 difference between that rate and the rollback tax rate in the
18 appropriate places.

19 (d) If the proposition is not approved as provided by
20 Subsection (c), the governing body may not adopt a tax rate for the
21 taxing unit [~~school district~~] for the current year that exceeds the
22 taxing unit's [~~school district's~~] rollback tax rate.

23 (d-1) If, after tax bills for the taxing unit [~~school~~
24 ~~district~~] have been mailed, a proposition to approve the taxing
25 unit's [~~school district's~~] adopted tax rate is not approved by the
26 voters of the taxing unit [~~district~~] at an election held under this
27 section, on subsequent adoption of a new tax rate by the governing

1 body of the taxing unit [~~district~~], the assessor for the taxing unit
2 [~~school~~] shall prepare and mail corrected tax bills. The assessor
3 shall include with each bill a brief explanation of the reason for
4 and effect of the corrected bill. The date on which the taxes
5 become delinquent for the year is extended by a number of days equal
6 to the number of days between the date the first tax bills were sent
7 and the date the corrected tax bills were sent.

8 (d-2) If a property owner pays taxes calculated using the
9 originally adopted tax rate of the taxing unit [~~school-district~~]
10 and the proposition to approve the adopted tax rate is not approved
11 by the voters, the taxing unit [~~school-district~~] shall refund the
12 difference between the amount of taxes paid and the amount due under
13 the subsequently adopted rate if the difference between the amount
14 of taxes paid and the amount due under the subsequent rate is \$1 or
15 more. If the difference between the amount of taxes paid and the
16 amount due under the subsequent rate is less than \$1, the taxing
17 unit [~~school-district~~] shall refund the difference on request of
18 the taxpayer. An application for a refund of less than \$1 must be
19 made within 90 days after the date the refund becomes due or the
20 taxpayer forfeits the right to the refund.

21 (e) For purposes of this section, local tax funds dedicated
22 to a junior college district under Section 45.105(e), Education
23 Code, shall be eliminated from the calculation of the tax rate
24 adopted by the governing body of a [~~the~~] school district. However,
25 the funds dedicated to the junior college district are subject to
26 Section 26.085.

27 (h) For purposes of this section, increases in taxable

1 values and tax levies occurring within a reinvestment zone under
2 Chapter 311 (Tax Increment Financing Act), in which a school [~~the~~]
3 district is a participant, shall be eliminated from the calculation
4 of the tax rate adopted by the governing body of the school
5 district.

6 SECTION 24. Section 26.16(d), Tax Code, is amended to read
7 as follows:

8 (d) The county assessor-collector shall post immediately
9 below the table prescribed by Subsection (c) the following
10 statement:

11 "The county is providing this table of property tax rate
12 information as a service to the residents of the county. Each
13 individual taxing unit is responsible for calculating the property
14 tax rates listed in this table pertaining to that taxing unit and
15 providing that information to the county.

16 "The adopted tax rate is the tax rate adopted by the governing
17 body of a taxing unit.

18 "The maintenance and operations rate is the component of the
19 adopted tax rate of a taxing unit that will impose the amount of
20 taxes needed to fund maintenance and operation expenditures of the
21 unit for the following year.

22 "The debt rate is the component of the adopted tax rate of a
23 taxing unit that will impose the amount of taxes needed to fund the
24 unit's debt service for the following year.

25 "The effective tax rate is the tax rate that would generate
26 the same amount of revenue in the current tax year as was generated
27 by a taxing unit's adopted tax rate in the preceding tax year from

1 property that is taxable in both the current tax year and the
2 preceding tax year.

3 "The effective maintenance and operations rate is the tax
4 rate that would generate the same amount of revenue for maintenance
5 and operations in the current tax year as was generated by a taxing
6 unit's maintenance and operations rate in the preceding tax year
7 from property that is taxable in both the current tax year and the
8 preceding tax year.

9 "The rollback tax rate is the highest tax rate a taxing unit
10 may adopt before requiring voter approval at an election. An [~~In~~
11 ~~the case of a taxing unit other than a school district, the voters~~
12 ~~by petition may require that a rollback election be held if the unit~~
13 ~~adopts a tax rate in excess of the unit's rollback tax rate. In the~~
14 ~~case of a school district, an~~] election will automatically be held
15 if a taxing unit [~~the district~~] wishes to adopt a tax rate in excess
16 of the unit's [~~district's~~] rollback tax rate."

17 SECTION 25. Sections [31.12\(a\)](#) and (b), Tax Code, are
18 amended to read as follows:

19 (a) If a refund of a tax provided by Section [11.431\(b\)](#),
20 [26.08\(d-2\)](#) [~~[26.07\(g\)](#)~~], [26.15\(f\)](#), [31.11](#), or [31.111](#) is paid on or
21 before the 60th day after the date the liability for the refund
22 arises, no interest is due on the amount refunded. If not paid on or
23 before that 60th day, the amount of the tax to be refunded accrues
24 interest at a rate of one percent for each month or part of a month
25 that the refund is unpaid, beginning with the date on which the
26 liability for the refund arises.

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

1 arises:

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

5 (2) if the refund is required by Section 26.08(d-2)
6 [~~26.07(g)~~], on the date the results of the election to reduce the
7 tax rate are certified;

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

9 (A) for a correction to the tax roll made under
10 Section 26.15(b), on the date the change in the tax roll is
11 certified to the assessor for the taxing unit under Section 25.25;
12 or

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

16 (4) if the refund is required by Section 31.11, on the
17 date the auditor for the taxing unit determines that the payment was
18 erroneous or excessive or, if the amount of the refund exceeds the
19 applicable amount specified by Section 31.11(a), on the date the
20 governing body of the unit approves the refund; or

21 (5) if the refund is required by Section 31.111, on the
22 date the collector for the taxing unit determines that the payment
23 was erroneous.

24 SECTION 26. Section 33.08(b), Tax Code, is amended to read
25 as follows:

26 (b) The governing body of the taxing unit or appraisal
27 district, in the manner required by law for official action, may

1 provide that taxes that become delinquent on or after June 1 under
2 Section 26.08(d-1) [~~26.07(f)~~], 26.15(e), 31.03, 31.031, 31.032,
3 31.04, or 42.42 incur an additional penalty to defray costs of
4 collection. The amount of the penalty may not exceed the amount of
5 the compensation specified in the applicable contract with an
6 attorney under Section 6.30 to be paid in connection with the
7 collection of the delinquent taxes.

8 SECTION 27. Section 41.03(a), Tax Code, is amended to read
9 as follows:

10 (a) A taxing unit is entitled to challenge before the
11 appraisal review board:

12 (1) [~~the level of appraisals of any category of~~
13 ~~property in the district or in any territory in the district, but~~
14 ~~not the appraised value of a single taxpayer's property,~~

15 [~~2~~] an exclusion of property from the appraisal
16 records;

17 (2) [~~3~~] a grant in whole or in part of a partial
18 exemption;

19 (3) [~~4~~] a determination that land qualifies for
20 appraisal as provided by Subchapter C, D, E, or H, Chapter 23; or

21 (4) [~~5~~] failure to identify the taxing unit as one
22 in which a particular property is taxable.

23 SECTION 28. Section 41.11(a), Tax Code, is amended to read
24 as follows:

25 (a) Not later than the date the appraisal review board
26 approves the appraisal records as provided by Section 41.12, the
27 secretary of the board shall deliver written notice to a property

1 owner of any change in the records that is ordered by the board as
2 provided by this subchapter and that will result in an increase in
3 the tax liability of the property owner. An owner who receives a
4 notice as provided by this section shall be entitled to protest such
5 action as provided by Section 41.44(a)(2) [~~41.44(a)(3)~~].

6 SECTION 29. Section 41.12(a), Tax Code, is amended to read
7 as follows:

8 (a) By July 5 [~~20~~], the appraisal review board shall:

9 (1) hear and determine all or substantially all timely
10 filed protests;

11 (2) determine all timely filed challenges;

12 (3) submit a list of its approved changes in the
13 records to the chief appraiser; and

14 (4) approve the records.

15 SECTION 30. Sections 41.44(a), (b-1), (c), and (d), Tax
16 Code, are amended to read as follows:

17 (a) Except as provided by Subsections (b), (b-1), (c),
18 (c-1), and (c-2), to be entitled to a hearing and determination of a
19 protest, the property owner initiating the protest must file a
20 written notice of the protest with the appraisal review board
21 having authority to hear the matter protested:

22 (1) before May 15 [~~1~~] or not later than the 30th day
23 after the date that notice to the property owner was delivered to
24 the property owner as provided by Section 25.19, [~~if the property is~~
25 ~~a single-family residence that qualifies for an exemption under~~
26 ~~Section 11.13,~~] whichever is later;

27 (2) [~~before June 1 or not later than the 30th day after~~

1 ~~the date that notice was delivered to the property owner as provided~~
2 ~~by Section 25.19 in connection with any other property, whichever~~
3 ~~is later,~~

4 ~~(3)~~ in the case of a protest of a change in the
5 appraisal records ordered as provided by Subchapter A of this
6 chapter or by Chapter 25, not later than the 30th day after the date
7 notice of the change is delivered to the property owner;

8 (3) ~~(4)~~ in the case of a determination that a change
9 in the use of land appraised under Subchapter C, D, E, or H, Chapter
10 23, has occurred, not later than the 30th day after the date the
11 notice of the determination is delivered to the property owner; or

12 (4) ~~(5)~~ in the case of a determination of
13 eligibility for a refund under Section 23.1243, not later than the
14 30th day after the date the notice of the determination is delivered
15 to the property owner.

16 (b-1) Notwithstanding Subsection (a)(1), an owner of a
17 single-family residence that qualifies for an exemption under
18 Section 11.13 ~~[property described by that subsection]~~ who files a
19 notice of protest after the deadline prescribed by that subsection
20 but before the appraisal review board approves the appraisal
21 records is entitled to a hearing and determination of the protest if
22 the property owner files the notice before June 1.

23 (c) A property owner who files notice of a protest
24 authorized by Section 41.411 is entitled to a hearing and
25 determination of the protest if the property owner files the notice
26 prior to the date the taxes on the property to which the notice
27 applies become delinquent. An owner of land who files a notice of

1 protest under Subsection (a)(3) [~~(a)(4)~~] is entitled to a hearing
2 and determination of the protest without regard to whether the
3 appraisal records are approved.

4 (d) A notice of protest is sufficient if it identifies the
5 protesting property owner, including a person claiming an ownership
6 interest in the property even if that person is not listed on the
7 appraisal records as an owner of the property, identifies the
8 property that is the subject of the protest, and indicates apparent
9 dissatisfaction with some determination of the appraisal office.
10 The notice need not be on an official form, but the comptroller
11 shall prescribe a form that provides for more detail about the
12 nature of the protest. The form must permit a property owner to
13 include each property in the appraisal district that is the subject
14 of a protest. The form must permit a property owner to request that
15 the protest be heard by a special panel established under Section
16 6.425 if the protest will be determined by an appraisal review board
17 to which that section applies and the property is included in a
18 classification described by that section. The comptroller, each
19 appraisal office, and each appraisal review board shall make the
20 forms readily available and deliver one to a property owner on
21 request.

22 SECTION 31. Section 41.45, Tax Code, is amended by amending
23 Subsection (d) and adding Subsections (d-1), (d-2), and (d-3) to
24 read as follows:

25 (d) This subsection does not apply to a special panel
26 established under Section 6.425. An appraisal review board
27 consisting of more than three members may sit in panels of not fewer

1 than three members to conduct protest hearings. [~~However, the~~
2 ~~determination of a protest heard by a panel must be made by the~~
3 ~~board.~~] If the recommendation of a panel is not accepted by the
4 board, the board may refer the matter for rehearing to a panel
5 composed of members who did not hear the original hearing or, if
6 there are not at least three members who did not hear the original
7 protest, the board may determine the protest. [~~Before determining a~~
8 ~~protest or conducting a rehearing before a new panel or the board,~~
9 ~~the board shall deliver notice of the hearing or meeting to~~
10 ~~determine the protest in accordance with the provisions of this~~
11 ~~subchapter.~~]

12 (d-1) An appraisal review board to which Section 6.425
13 applies shall sit in special panels established under that section
14 to conduct protest hearings. A special panel may conduct a protest
15 hearing relating to property only if the property is included in the
16 classification for which the panel was established and the property
17 owner has requested that the panel conduct the hearing. The board
18 may rehear a protest heard by a special panel if the board elects
19 not to accept the recommendation of the panel.

20 (d-2) The determination of a protest heard by a panel under
21 Subsection (d) or (d-1) must be made by the board.

22 (d-3) The board must deliver notice of a hearing or meeting
23 to determine a protest heard by a panel, or to rehear a protest,
24 under Subsection (d) or (d-1) in accordance with the provisions of
25 this subchapter.

26 SECTION 32. Section 41.66, Tax Code, is amended by amending
27 Subsection (k) and adding Subsection (k-1) to read as follows:

1 (k) This subsection does not apply to a special panel
2 established under Section 6.425. If an appraisal review board sits
3 in panels to conduct protest hearings, protests shall be randomly
4 assigned to panels, except that the board may consider the type of
5 property subject to the protest or the ground of the protest for the
6 purpose of using the expertise of a particular panel in hearing
7 protests regarding particular types of property or based on
8 particular grounds. If a protest is scheduled to be heard by a
9 particular panel, the protest may not be reassigned to another
10 panel without the consent of the property owner or designated
11 agent. If the appraisal review board has cause to reassign a
12 protest to another panel, a property owner or designated agent may
13 agree to reassignment of the protest or may request that the hearing
14 on the protest be postponed. The board shall postpone the hearing
15 on that request. A change of members of a panel because of a
16 conflict of interest, illness, or inability to continue
17 participating in hearings for the remainder of the day does not
18 constitute reassignment of a protest to another panel.

19 (k-1) On the request of a property owner, an appraisal
20 review board to which Section 6.425 applies shall assign a protest
21 relating to property included in a classification described by that
22 section to the special panel established to conduct protest
23 hearings relating to property included in that classification. If
24 the board has established more than one special panel to conduct
25 protest hearings relating to property included in a particular
26 classification, protests relating to property included in that
27 classification shall be randomly assigned to those special panels.

1 If a protest is scheduled to be heard by a particular special panel,
2 the protest may not be reassigned to another special panel without
3 the consent of the property owner or designated agent. If the board
4 has cause to reassign a protest to another special panel, a property
5 owner or designated agent may agree to reassignment of the protest
6 or may request that the hearing on the protest be postponed. The
7 board shall postpone the hearing on that request. A change of
8 members of a special panel because of a conflict of interest,
9 illness, or inability to continue participating in hearings for the
10 remainder of the day does not constitute reassignment of a protest
11 to another special panel.

12 SECTION 33. Section 41.71, Tax Code, is amended to read as
13 follows:

14 Sec. 41.71. EVENING AND WEEKEND HEARINGS. (a) An appraisal
15 review board by rule shall provide for hearings on protests [~~in the~~
16 ~~evening or~~] on a Saturday or after 5 p.m. on a weekday [~~Sunday~~].

17 (b) The board may not schedule:

18 (1) the first hearing on a protest held on a weekday
19 evening to begin after 7 p.m.; or

20 (2) a hearing on a protest on a Sunday.

21 SECTION 34. Section 41A.01, Tax Code, is amended to read as
22 follows:

23 Sec. 41A.01. RIGHT OF APPEAL BY PROPERTY OWNER. As an
24 alternative to filing an appeal under Section 42.01, a property
25 owner is entitled to appeal through binding arbitration under this
26 chapter an appraisal review board order determining a protest filed
27 under Section 41.41(a)(1) or (2) concerning the appraised or market

1 value of property if:

2 (1) the property qualifies as the owner's residence
3 homestead under Section 11.13; or

4 (2) the appraised or market value, as applicable, of
5 the property as determined by the order is \$5 [~~\$3~~] million or less.

6 SECTION 35. Section 41A.03(a), Tax Code, is amended to read
7 as follows:

8 (a) To appeal an appraisal review board order under this
9 chapter, a property owner must file with the appraisal district not
10 later than the 45th day after the date the property owner receives
11 notice of the order:

12 (1) a completed request for binding arbitration under
13 this chapter in the form prescribed by Section 41A.04; and

14 (2) an arbitration deposit made payable to the
15 comptroller in the amount of:

16 (A) \$450, if the property qualifies as the
17 owner's residence homestead under Section 11.13 and the appraised
18 or market value, as applicable, of the property is \$500,000 or less,
19 as determined by the order;

20 (B) \$500, if the property qualifies as the
21 owner's residence homestead under Section 11.13 and the appraised
22 or market value, as applicable, of the property is more than
23 \$500,000, as determined by the order;

24 (C) \$500, if the property does not qualify as the
25 owner's residence homestead under Section 11.13 and the appraised
26 or market value, as applicable, of the property is \$1 million or
27 less, as determined by the order;

1 (D) \$800, if the property does not qualify as the
2 owner's residence homestead under Section 11.13 and the appraised
3 or market value, as applicable, of the property is more than \$1
4 million but not more than \$2 million, as determined by the order;
5 [~~or~~]

6 (E) \$1,050, if the property does not qualify as
7 the owner's residence homestead under Section 11.13 and the
8 appraised or market value, as applicable, of the property is more
9 than \$2 million but not more than \$3 million, as determined by the
10 order; or

11 (F) \$1,250, if the property does not qualify as
12 the owner's residence homestead under Section 11.13 and the
13 appraised or market value, as applicable, of the property is more
14 than \$3 million but not more than \$5 million, as determined by the
15 order.

16 SECTION 36. Section 41A.06(b), Tax Code, is amended to read
17 as follows:

18 (b) To initially qualify to serve as an arbitrator under
19 this chapter, a person must:

20 (1) meet the following requirements, as applicable:

21 (A) be licensed as an attorney in this state; or

22 (B) have:

23 (i) completed at least 30 hours of training
24 in arbitration and alternative dispute resolution procedures from a
25 university, college, or legal or real estate trade association; and

26 (ii) been licensed or certified
27 continuously during the five years preceding the date the person

1 agrees to serve as an arbitrator as:

2 (a) a real estate broker or sales
3 agent [~~salesperson~~] under Chapter 1101, Occupations Code;

4 (b) a real estate appraiser under
5 Chapter 1103, Occupations Code; or

6 (c) a certified public accountant
7 under Chapter 901, Occupations Code; and

8 (2) agree to conduct an arbitration for a fee that is
9 not more than:

10 (A) \$400, if the property qualifies as the
11 owner's residence homestead under Section 11.13 and the appraised
12 or market value, as applicable, of the property is \$500,000 or less,
13 as determined by the order;

14 (B) \$450, if the property qualifies as the
15 owner's residence homestead under Section 11.13 and the appraised
16 or market value, as applicable, of the property is more than
17 \$500,000, as determined by the order;

18 (C) \$450, if the property does not qualify as the
19 owner's residence homestead under Section 11.13 and the appraised
20 or market value, as applicable, of the property is \$1 million or
21 less, as determined by the order;

22 (D) \$750, if the property does not qualify as the
23 owner's residence homestead under Section 11.13 and the appraised
24 or market value, as applicable, of the property is more than \$1
25 million but not more than \$2 million, as determined by the order;

26 [~~or~~]

27 (E) \$1,000, if the property does not qualify as

1 the owner's residence homestead under Section 11.13 and the
2 appraised or market value, as applicable, of the property is more
3 than \$2 million but not more than \$3 million, as determined by the
4 order; or

5 (F) \$1,200, if the property does not qualify as
6 the owner's residence homestead under Section 11.13 and the
7 appraised or market value, as applicable, of the property is more
8 than \$3 million but not more than \$5 million, as determined by the
9 order.

10 SECTION 37. Section 130.016(b), Education Code, is amended
11 to read as follows:

12 (b) If the board of trustees of an independent school
13 district that divests itself of the management, control, and
14 operation of a junior college district under this section or under
15 Section 130.017 [~~of this code~~] was authorized by [~~Subsection (e)~~
16 ~~of~~] Section 45.105(e) or under former Section 20.48(e) [~~20.48 of~~
17 ~~this code~~] to dedicate a portion of its tax levy to the junior
18 college district before the divestment, the junior college district
19 may levy an ad valorem tax from and after the divestment. In the
20 first two years in which the junior college district levies an ad
21 valorem tax, the tax rate adopted by the governing body may not
22 exceed the rate that, if applied to the total taxable value
23 submitted to the governing body under Section 26.04, Tax Code,
24 would impose an amount equal to the amount of taxes of the school
25 district dedicated to the junior college under [~~Subsection (e) of~~
26 Section 45.105(e) or former Section 20.48(e) [~~20.48 of this code~~]
27 in the last dedication before the divestment. In subsequent years,

1 the tax rate of the junior college district is subject to Section
2 26.08 [~~26.07~~], Tax Code.

3 SECTION 38. Section 403.302(o), Government Code, is amended
4 to read as follows:

5 (o) The comptroller shall adopt rules governing the conduct
6 of the study after consultation with the comptroller's property tax
7 administration advisory board [~~Comptroller's Property Value Study~~
8 ~~Advisory Committee~~].

9 SECTION 39. Sections 281.124(d) and (e), Health and Safety
10 Code, are amended to read as follows:

11 (d) If a majority of the votes cast in the election favor the
12 proposition, the tax rate for the specified tax year is the rate
13 approved by the voters, and that rate is not subject to [~~a rollback~~
14 ~~election under~~] Section 26.08 [~~26.07~~], Tax Code. The board shall
15 adopt the tax rate as provided by Chapter 26, Tax Code.

16 (e) If the proposition is not approved as provided by
17 Subsection (c), the board may not adopt a tax rate for the district
18 for the specified tax year that exceeds the rate that was not
19 approved, and Section 26.08 [~~26.07~~], Tax Code, applies to the
20 adopted rate if that rate exceeds the district's rollback tax rate.

21 SECTION 40. Sections 140.010(d) and (e), Local Government
22 Code, are amended to read as follows:

23 (d) A county or municipality that proposes a property tax
24 rate that does not exceed the [~~lower of the effective tax rate or~~
25 ~~the~~] rollback tax rate shall provide the following notice:

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

3 "A tax rate of \$_____ per \$100 valuation has been proposed by the
4 governing body of (insert name of county or municipality).

5 PROPOSED TAX RATE \$_____ per \$100

6 PRECEDING YEAR'S TAX RATE \$_____ per \$100

7 EFFECTIVE TAX RATE \$_____ per \$100

8 "The effective tax rate is the total tax rate needed to raise the
9 same amount of property tax revenue for (insert name of county or
10 municipality) from the same properties in both the (insert
11 preceding tax year) tax year and the (insert current tax year) tax
12 year.

13 "YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS
14 FOLLOWS:

15
$$\text{property tax amount} = (\text{rate}) \times (\text{taxable value of your property}) /$$

16
$$100$$

17 "For assistance or detailed information about tax calculations,
18 please contact:

19 (insert name of county or municipal tax assessor-collector)

20 (insert name of county or municipality) tax
21 assessor-collector

22 (insert address)

23 (insert telephone number)

24 (insert e-mail address)

25 (insert Internet website address, if applicable)"

26 (e) A county or municipality that proposes a property tax
27 rate that exceeds the [~~lower of the effective tax rate or the~~]

1 rollback tax rate shall provide the following notice:

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

4 "A tax rate of \$_____ per \$100 valuation has been proposed for
5 adoption by the governing body of (insert name of county or
6 municipality). This rate exceeds the [~~lower of the effective or~~]
7 rollback tax rate, and state law requires that two public hearings
8 be held by the governing body before adopting the proposed tax
9 rate. The governing body of (insert name of county or
10 municipality) proposes to use revenue attributable to the tax rate
11 increase for the purpose of (description of purpose of increase).

12	PROPOSED TAX RATE	\$_____ per \$100
13	PRECEDING YEAR'S TAX RATE	\$_____ per \$100
14	EFFECTIVE TAX RATE	\$_____ per \$100
15	ROLLBACK TAX RATE	\$_____ per \$100

16 "The effective tax rate is the total tax rate needed to raise the
17 same amount of property tax revenue for (insert name of county or
18 municipality) from the same properties in both the (insert
19 preceding tax year) tax year and the (insert current tax year) tax
20 year.

21 "The rollback tax rate is the highest tax rate that (insert name of
22 county or municipality) may adopt without holding [~~before voters~~
23 ~~are entitled to petition for~~] an election to ratify [~~limit~~]
24 [~~that may be approved to the rollback rate~~].

25 "YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS
26 FOLLOWS:

27 property tax amount = (rate) x (taxable value of your property) /

100

"For assistance or detailed information about tax calculations,
please contact:

(insert name of county or municipal tax assessor-collector)
(insert name of county or municipality) tax
assessor-collector
(insert address)
(insert telephone number)
(insert e-mail address)
(insert Internet website address, if applicable)

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

First Hearing: (insert date and time) at (insert location of
meeting).

Second Hearing: (insert date and time) at (insert location
of meeting)."

SECTION 41. Section [1101.254\(f\)](#), Special District Local
Laws Code, is amended to read as follows:

(f) This section does not affect the applicability of ~~[any
rights district voters may have to petition for an election under]~~
Section [26.08](#) ~~[[26.07](#)]~~, Tax Code, to the district's tax rate, except
that if district voters approve a tax rate increase under this
section, ~~[the voters may not petition for an election under]~~
Section [26.08](#) ~~[[26.07](#)]~~, Tax Code, does not apply ~~[as]~~ to the tax rate
for that year.

SECTION 42. Sections [1122.2522](#), [3828.157](#), and [8876.152](#),
Special District Local Laws Code, are amended to read as follows:

1 Sec. 1122.2522. ROLLBACK TAX RATE PROVISIONS APPLICABLE.

2 [~~(a)~~] If in any year the board adopts a tax rate that exceeds the
3 rollback tax rate calculated as provided by Chapter 26, Tax Code,
4 [~~the qualified voters of the district by petition may require that~~]
5 an election under Section 26.08 of that code must be held to
6 determine whether or not to approve [~~reduce~~] the tax rate adopted by
7 the board for that year [~~to the rollback tax rate~~].

8 [~~(b) To the extent a conflict exists between this section~~
9 ~~and a provision of the Tax Code, the provision of the Tax Code~~
10 ~~prevails.~~]

11 Sec. 3828.157. INAPPLICABILITY OF CERTAIN TAX CODE
12 PROVISIONS. Sections 26.04, 26.05, and 26.08 [~~26.07~~], Tax Code, do
13 not apply to a tax imposed under Section 3828.153 or 3828.156.

14 Sec. 8876.152. APPLICABILITY OF CERTAIN TAX PROVISIONS.

15 (a) Sections 26.04, 26.05, 26.06, and 26.08 [~~26.07~~], Tax Code, do
16 not apply to a tax imposed by the district.

17 (b) Sections 49.236(a)(1) and (2) and (b) [~~Section 49.236~~],
18 Water Code, apply [~~as added by Chapter 248 (H.B. 1541), Acts of the~~
19 ~~78th Legislature, Regular Session, 2003, applies~~] to the district.

20 SECTION 43. Section 49.107(g), Water Code, is amended to
21 read as follows:

22 (g) Sections 26.04, 26.05, and 26.08 [~~26.07~~], Tax Code, do
23 not apply to a tax levied and collected under this section or an ad
24 valorem tax levied and collected for the payment of the interest on
25 and principal of bonds issued by a district.

26 SECTION 44. Section 49.108(f), Water Code, is amended to
27 read as follows:

1 (f) Sections [26.04](#), [26.05](#), and [26.08](#) [~~26.07~~], Tax Code, do
2 not apply to a tax levied and collected for payments made under a
3 contract approved in accordance with this section.

4 SECTION 45. Section [49.236](#), Water Code, as added by Chapter
5 335 (S.B. 392), Acts of the 78th Legislature, Regular Session,
6 2003, is amended by amending Subsections (a) and (d) and adding
7 Subsection (e) to read as follows:

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

13 (1) contain a statement in substantially the following
14 form:

15 "NOTICE OF PUBLIC HEARING ON TAX RATE

16 "The (name of the district) will hold a public hearing on a
17 proposed tax rate for the tax year (year of tax levy) on (date and
18 time) at (meeting place). Your individual taxes may increase or
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 "(Names of all board members and, if a vote was taken, an
23 indication of how each voted on the proposed tax rate and an
24 indication of any absences.)";

25 (2) contain the following information:

26 (A) the district's total adopted tax rate for the
27 preceding year and the proposed tax rate, expressed as an amount per

1 \$100;

2 (B) the difference, expressed as an amount per
3 \$100 and as a percent increase or decrease, as applicable, in the
4 proposed tax rate compared to the adopted tax rate for the preceding
5 year;

6 (C) the average appraised value of a residence
7 homestead in the district in the preceding year and in the current
8 year; the district's total homestead exemption, other than an
9 exemption available only to disabled persons or persons 65 years of
10 age or older, applicable to that appraised value in each of those
11 years; and the average taxable value of a residence homestead in the
12 district in each of those years, disregarding any homestead
13 exemption available only to disabled persons or persons 65 years of
14 age or older;

15 (D) the amount of tax that would have been
16 imposed by the district in the preceding year on a residence
17 homestead appraised at the average appraised value of a residence
18 homestead in that year, disregarding any homestead exemption
19 available only to disabled persons or persons 65 years of age or
20 older;

21 (E) the amount of tax that would be imposed by the
22 district in the current year on a residence homestead appraised at
23 the average appraised value of a residence homestead in that year,
24 disregarding any homestead exemption available only to disabled
25 persons or persons 65 years of age or older, if the proposed tax
26 rate is adopted; ~~and~~

27 (F) the difference between the amounts of tax

1 calculated under Paragraphs (D) and (E), expressed in dollars and
2 cents and described as the annual percentage increase or decrease,
3 as applicable, in the tax to be imposed by the district on the
4 average residence homestead in the district in the current year if
5 the proposed tax rate is adopted; and

6 (G) if the proposed combined debt service,
7 operation and maintenance, and contract tax rate exceeds the
8 rollback tax rate, a description of the purpose of the proposed tax
9 increase; and

10 (3) contain a statement in substantially the following
11 form:

12 "NOTICE OF VOTE ON TAX RATE [~~TAXPAYERS' RIGHT TO ROLLBACK ELECTION~~]

13 "If operation and maintenance taxes on the average residence
14 homestead increase by more than four [~~eight~~] percent, [~~the~~
15 ~~qualified voters of the district by petition may require that~~] an
16 election must be held to determine whether to ratify [~~reduce~~] the
17 operation and maintenance tax rate [~~to the rollback tax rate~~] under
18 Section [49.236](#)(d), Water Code."

19 (d) If the governing body of a district adopts a combined
20 debt service, operation and maintenance, and contract tax rate that
21 exceeds the rollback tax rate, [~~would impose more than 1.08 times~~
22 ~~the amount of tax imposed by the district in the preceding year on a~~
23 ~~residence homestead appraised at the average appraised value of a~~
24 ~~residence homestead in the district in that year, disregarding any~~
25 ~~homestead exemption available only to disabled persons or persons~~
26 ~~65 years of age or older, the qualified voters of the district by~~
27 ~~petition may require that~~] an election must be held to determine

1 whether [~~or not~~] to ratify [~~reduce~~] the tax rate adopted for the
2 current year [~~to the rollback tax rate~~] in accordance with the
3 procedures provided by Sections 26.08(b)-(d) [~~26.07(b)-(g) and~~
4 ~~26.081~~], Tax Code. For purposes of Sections 26.08(b)-(d)
5 [~~26.07(b)-(g)~~] and this section [~~subsection~~], the rollback tax rate
6 is the sum of the following tax rates:

- 7 (1) the current year's debt service tax rate;
- 8 (2) the current year's [~~and~~] contract tax rate; and
- 9 (3) [~~rates plus~~] the operation and maintenance tax
10 rate that would impose 1.04 [~~1.08~~] times the amount of the operation
11 and maintenance tax imposed by the district in the preceding year on
12 a residence homestead appraised at the average appraised value of a
13 residence homestead in the district in that year, disregarding any
14 homestead exemption available only to disabled persons or persons
15 65 years of age or older.

16 (e) Notwithstanding any other provision of this section,
17 the board may substitute "eight percent" for "four percent" in
18 Subsection (a) and "1.08" for "1.04" in Subsection (d) if any part
19 of the district is located in an area declared a disaster area
20 during the current tax year by the governor or by the president of
21 the United States.

22 SECTION 46. The following provisions are repealed:

- 23 (1) Sections 403.302(m-1) and (n), Government Code;
- 24 (2) Section 1063.255, Special District Local Laws
25 Code;
- 26 (3) Section 26.07, Tax Code;
- 27 (4) Section 49.236, Water Code, as added by Chapter

1 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session,
2 2003; and

3 (5) Section [49.2361](#), Water Code.

4 SECTION 47. The changes in law made by this Act relating to
5 the ad valorem tax rate of a taxing unit apply beginning with the
6 2018 tax year.

7 SECTION 48. Sections [5.05](#), [5.102](#), [5.13](#), and [23.01](#), Tax
8 Code, as amended by this Act, apply only to the appraisal of
9 property for ad valorem tax purposes for a tax year beginning on or
10 after January 1, 2018.

11 SECTION 49. Section [6.03\(a\)](#), Tax Code, as amended by this
12 Act, does not affect the right of a person serving on the board of
13 directors of an appraisal district on January 1, 2018, to complete
14 the person's term on the board.

15 SECTION 50. Section [6.41\(d-9\)](#), Tax Code, as amended by this
16 Act, and Section [6.41\(d-10\)](#), Tax Code, as added by this Act, apply
17 only to the appointment of appraisal review board members to terms
18 beginning on or after January 1, 2019.

19 SECTION 51. Section [6.42\(d\)](#), Tax Code, as added by this Act,
20 applies only to a recommendation, determination, decision, or other
21 action by an appraisal review board or a panel of such a board on or
22 after January 1, 2018. A recommendation, determination, decision,
23 or other action by an appraisal review board or a panel of such a
24 board before January 1, 2018, is governed by the law as it existed
25 immediately before that date, and that law is continued in effect
26 for that purpose.

27 SECTION 52. Section [11.145](#), Tax Code, as amended by this

1 Act, applies only to ad valorem taxes imposed for a tax year
2 beginning on or after January 1, 2018.

3 SECTION 53. Section 25.19(b-3), Tax Code, as added by this
4 Act, applies only to a notice of appraised value for a tax year
5 beginning on or after January 1, 2019. A notice of appraised value
6 for a tax year beginning before January 1, 2019, is governed by the
7 law in effect immediately before that date, and that law is
8 continued in effect for that purpose.

9 SECTION 54. Section 41.03(a), Tax Code, as amended by this
10 Act, applies only to a challenge under Chapter 41, Tax Code, for
11 which a challenge petition is filed on or after January 1, 2018. A
12 challenge under Chapter 41, Tax Code, for which a challenge
13 petition was filed before January 1, 2018, is governed by the law in
14 effect on the date the challenge petition was filed, and the former
15 law is continued in effect for that purpose.

16 SECTION 55. Sections 41.45 and 41.66, Tax Code, as amended
17 by this Act, apply only to a protest filed under Chapter 41, Tax
18 Code, on or after January 1, 2019. A protest filed under that
19 chapter before January 1, 2019, is governed by the law in effect on
20 the date the protest was filed, and the former law is continued in
21 effect for that purpose.

22 SECTION 56. Section 41.71, Tax Code, as amended by this Act,
23 applies only to a hearing on a protest under Chapter 41, Tax Code,
24 that is scheduled on or after January 1, 2018. A hearing on a
25 protest under Chapter 41, Tax Code, that is scheduled before
26 January 1, 2018, is governed by the law in effect on the date the
27 hearing was scheduled, and that law is continued in effect for that

1 purpose.

2 SECTION 57. Sections 41A.01, 41A.03, and 41A.06, Tax Code,
3 as amended by this Act, apply only to a request for binding
4 arbitration under Chapter 41A, Tax Code, that is filed on or after
5 January 1, 2018. A request for binding arbitration under Chapter
6 41A, Tax Code, that is filed before January 1, 2018, is governed by
7 the law in effect on the date the request is filed, and the former
8 law is continued in effect for that purpose.

9 SECTION 58. (a) Except as provided by Subsection (b) of
10 this section, this Act takes effect January 1, 2018.

11 (b) The following provisions take effect September 1, 2018:

12 (1) Sections 6.41(b) and (d-9), Tax Code, as amended
13 by this Act;

14 (2) Sections 6.41(b-1), (b-2), and (d-10), Tax Code,
15 as added by this Act;

16 (3) Section 6.414(d), Tax Code, as amended by this
17 Act;

18 (4) Section 6.425, Tax Code, as added by this Act;

19 (5) Section 25.19(b-3), Tax Code, as added by this
20 Act;

21 (6) Section 41.44(d), Tax Code, as amended by this
22 Act;

23 (7) Section 41.45(d), Tax Code, as amended by this
24 Act;

25 (8) Sections 41.45(d-1), (d-2), and (d-3), Tax Code,
26 as added by this Act;

27 (9) Section 41.66(k), Tax Code, as amended by this

1 Act; and

2 (10) Section [41.66\(k-1\)](#), Tax Code, as added by this

3 Act.