

85R4849 SMH/TJB/CJC/LHC-D

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

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

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

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

(8) computer hardware and software needs for:

(A) 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;

(B) appraisal districts; and

(C) local tax offices; and

(9) other property tax operational matters.

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

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

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

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

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

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

(h) The comptroller's staff shall provide assistance to the

advisory board in performing its duties.

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

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

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

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

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

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

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

(a) At least once every two years, the comptroller shall review the governance of each appraisal district, taxpayer assistance provided, and the operating and appraisal standards, procedures, and methodology used by each appraisal district, to determine compliance with generally accepted standards, procedures, and methodology, including compliance with standards, procedures, and methodology prescribed by appraisal manuals prepared and issued by the comptroller. After consultation with the property tax administration advisory board [~~committee created under Section 403.302, Government Code~~], the comptroller by rule may establish procedures and standards for conducting and scoring the review.

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

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

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

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

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

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

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

(3) duplication of effort and efficiency of operation;

(4) the general efficiency, quality of service, and

qualification of appraisal district personnel; and

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

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

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

(1) be a resident of the district;

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

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

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

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

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

(b-2) An appraisal district board of directors for a district established in a county described by Subsection (d-1) by resolution of a majority of the board's members shall increase the size of the district's appraisal review board to the number of members the board of directors considers appropriate to manage the duties of the appraisal review board, including the duties of each special panel established under Section 6.425.

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

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

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

(d) An auxiliary board member may hear taxpayer protests before the appraisal review board. An auxiliary board member may not hear taxpayer protests before a special panel established under

Section 6.425 unless the member is eligible to be appointed to the special panel. If one or more auxiliary board members sit on a panel established under Section 6.425 or 41.45 to conduct a protest hearing, the number of regular appraisal review board members required by that section to constitute the panel is reduced by the number of auxiliary board members sitting. An auxiliary board member sitting on a panel is considered a regular board member for all purposes related to the conduct of the hearing.

SECTION 9. Section 6.42, Tax Code, is amended by adding Subsection (d) to read as follows:

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

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

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

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

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

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

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

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

- (1) hold a juris doctor or equivalent degree;
- (2) hold a master of business administration degree;
- (3) be licensed as a certified public accountant under Chapter 901, Occupations Code;
- (4) be accredited by the American Society of Appraisers as an accredited senior appraiser;
- (5) possess an MAI professional designation from the Appraisal Institute;
- (6) possess a Certified Assessment Evaluator (CAE) professional designation from the International Association of Assessing Officers; or
- (7) have at least 20 years of experience in property tax appraisal or consulting.

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

- (1) the number of persons appointed to the board by the local administrative district judge who meet those qualifications

is not sufficient to fill the positions on each special panel; and
(2) the board member being appointed to the panel:
(A) holds a bachelor's degree in any field; or
(B) is licensed as a real estate broker or sales
agent under Chapter 1101, Occupations Code.

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

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

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

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

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

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

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

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

(b) The market value of property shall be determined by the application of generally accepted appraisal methods and techniques, including appraisal methods and techniques prescribed by appraisal manuals prepared and issued by the comptroller. If the appraisal district determines the appraised value of a property using mass appraisal standards, the mass appraisal standards must comply with the Uniform Standards of Professional Appraisal Practice. The same or similar appraisal methods and techniques shall be used in appraising the same or similar kinds of property. However, each property shall be appraised based upon the individual characteristics that affect the property's market value, and all available evidence that is specific to the value of the property shall be taken into account in determining the property's market value.

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

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

- (1) the appraised value of the property is greater than it was in the preceding year;
- (2) the appraised value of the property is greater than the value rendered by the property owner;
- (3) the property was not on the appraisal roll in the preceding year; or
- (4) an exemption or partial exemption approved for the property for the preceding year was canceled or reduced for the current year.

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

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

- (1) the appraised value of the property in the preceding year;
- (2) the appraised value of the property for the current year and the kind of each partial exemption, if any, approved for the current year;
- (3) a detailed explanation of the time and procedure for protesting the value; and
- (4) the date and place the appraisal review board will begin hearing protests.

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

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

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

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

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

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

- (b) The assessor shall submit the appraisal roll for the

unit showing the total appraised, assessed, and taxable values of all property and the total taxable value of new property to the governing body of the unit by July 15 ~~[August 1]~~ or as soon thereafter as practicable. By July 15 ~~[August 1]~~ or as soon thereafter as practicable, the taxing unit's collector shall certify an estimate of the collection rate for the current year to the governing body. If the collector certified an anticipated collection rate in the preceding year and the actual collection rate in that year exceeded the anticipated rate, the collector shall also certify the amount of debt taxes collected in excess of the anticipated amount in the preceding year.

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) the amount of additional sales and use tax revenue

anticipated in calculations under Section 26.041;

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

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

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

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

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

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

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

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

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

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

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

ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE \times 1.04 [~~1.00~~]) + CURRENT DEBT RATE - SALES TAX GAIN RATE

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

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

ROLLBACK TAX RATE = $\frac{[(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE} \times \text{1.04} [\text{1.00}]) / ([\text{TOTAL}] \text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})] + (\text{CURRENT DEBT RATE} - \text{SALES TAX REVENUE RATE})}{\text{where "last year's maintenance and operations expense" means the amount spent for maintenance and operations from property tax and additional sales and use tax revenues in the preceding year, and}}$

where "last year's maintenance and operations expense" means the amount spent for maintenance and operations from property tax and additional sales and use tax revenues in the preceding year, and

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

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

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

and

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

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

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

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

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

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

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

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

(e) The meeting to vote on the tax increase may not be earlier than the third day or later than the seventh ~~[14th]~~ day after the date of the second public hearing. The meeting must be held inside the boundaries of the taxing unit in a publicly owned building or, if a suitable publicly owned building is not available, in a suitable building to which the public normally has access. If the governing body does not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate

by the seventh ~~[14th]~~ day, it must give a new notice under Subsection (d) before it may adopt a rate that exceeds the lower of the rollback tax rate or the effective tax rate.

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

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

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

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

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

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

(d-1) If, after tax bills for the taxing unit ~~[school district]~~ have been mailed, a proposition to approve the taxing unit's ~~[school district's]~~ adopted tax rate is not approved by the voters of the taxing unit ~~[district]~~ at an election held under this section, on subsequent adoption of a new tax rate by the governing body of the taxing unit ~~[district]~~, the assessor for the taxing unit ~~[school]~~ shall prepare and mail corrected tax bills. The assessor shall include with each bill a brief explanation of the reason for and effect of the corrected bill. The date on which the taxes become delinquent for the year is extended by a number of days equal to the number of days between the date the first tax bills were sent and the date the corrected tax bills were sent.

(d-2) If a property owner pays taxes calculated using the originally adopted tax rate of the taxing unit ~~[school district]~~ and the proposition to approve the adopted tax rate is not approved by the voters, the taxing unit ~~[school district]~~ shall refund the difference between the amount of taxes paid and the amount due under the subsequently adopted rate if the difference between the amount

of taxes paid and the amount due under the subsequent rate is \$1 or more. If the difference between the amount of taxes paid and the amount due under the subsequent rate is less than \$1, the taxing unit ~~[school district]~~ shall refund the difference on request of the taxpayer. An application for a refund of less than \$1 must be made within 90 days after the date the refund becomes due or the taxpayer forfeits the right to the refund.

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

(h) For purposes of this section, increases in taxable values and tax levies occurring within a reinvestment zone under Chapter 311 (Tax Increment Financing Act), in which a school ~~[the]~~ district is a participant, shall be eliminated from the calculation of the tax rate adopted by the governing body of the school district.

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

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

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

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

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

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

"The effective tax rate is the tax rate that would generate the same amount of revenue in the current tax year as was generated by a taxing unit's adopted tax rate in the preceding tax year from property that is taxable in both the current tax year and the preceding tax year.

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

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

SECTION 25. Sections 31.12(a) and (b), Tax Code, are amended to read as follows:

(a) If a refund of a tax provided by Section 11.431(b), 26.08(d-2) ~~[26.07(g)]~~, 26.15(f), 31.11, or 31.111 is paid on or

before the 60th day after the date the liability for the refund arises, no interest is due on the amount refunded. If not paid on or before that 60th day, the amount of the tax to be refunded accrues interest at a rate of one percent for each month or part of a month that the refund is unpaid, beginning with the date on which the liability for the refund arises.

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

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

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

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

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

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

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

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

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

(b) The governing body of the taxing unit or appraisal district, in the manner required by law for official action, may provide that taxes that become delinquent on or after June 1 under Section 26.08(d-1) [~~26.07(f)~~], 26.15(e), 31.03, 31.031, 31.032, 31.04, or 42.42 incur an additional penalty to defray costs of collection. The amount of the penalty may not exceed the amount of the compensation specified in the applicable contract with an attorney under Section 6.30 to be paid in connection with the collection of the delinquent taxes.

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

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

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

~~[(2)]~~ an exclusion of property from the appraisal records;

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

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

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

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

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

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

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

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

- (1) hear and determine all or substantially all timely filed protests;
- (2) determine all timely filed challenges;
- (3) submit a list of its approved changes in the records to the chief appraiser; and
- (4) approve the records.

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

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

(1) before May 15 ~~[4]~~ or not later than the 30th day after the date that notice to the property owner was delivered to the property owner as provided by Section 25.19, ~~[if the property is a single family residence that qualifies for an exemption under Section 11.13,]~~ whichever is later;

(2) ~~[before June 1 or not later than the 30th day after the date that notice was delivered to the property owner as provided by Section 25.19 in connection with any other property, whichever is later,~~

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

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

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

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

(c) A property owner who files notice of a protest authorized by Section 41.411 is entitled to a hearing and determination of the protest if the property owner files the notice prior to the date the taxes on the property to which the notice applies become delinquent. An owner of land who files a notice of protest under Subsection (a)(3) ~~[(a)(4)]~~ is entitled to a hearing and determination of the protest without regard to whether the appraisal records are approved.

(d) A notice of protest is sufficient if it identifies the protesting property owner, including a person claiming an ownership interest in the property even if that person is not listed on the appraisal records as an owner of the property, identifies the

property that is the subject of the protest, and indicates apparent dissatisfaction with some determination of the appraisal office. The notice need not be on an official form, but the comptroller shall prescribe a form that provides for more detail about the nature of the protest. The form must permit a property owner to include each property in the appraisal district that is the subject of a protest. The form must permit a property owner to request that the protest be heard by a special panel established under Section 6.425 if the protest will be determined by an appraisal review board to which that section applies and the property is included in a classification described by that section. The comptroller, each appraisal office, and each appraisal review board shall make the forms readily available and deliver one to a property owner on request.

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

(d) This subsection does not apply to a special panel established under Section 6.425. An appraisal review board consisting of more than three members may sit in panels of not fewer than three members to conduct protest hearings. ~~[However, the determination of a protest heard by a panel must be made by the board.]~~ If the recommendation of a panel is not accepted by the board, the board may refer the matter for rehearing to a panel composed of members who did not hear the original hearing or, if there are not at least three members who did not hear the original protest, the board may determine the protest. ~~[Before determining a protest or conducting a rehearing before a new panel or the board, the board shall deliver notice of the hearing or meeting to determine the protest in accordance with the provisions of this subchapter.]~~

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

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

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

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

(k) This subsection does not apply to a special panel established under Section 6.425. If an appraisal review board sits in panels to conduct protest hearings, protests shall be randomly assigned to panels, except that the board may consider the type of property subject to the protest or the ground of the protest for the purpose of using the expertise of a particular panel in hearing protests regarding particular types of property or based on particular grounds. If a protest is scheduled to be heard by a particular panel, the protest may not be reassigned to another panel without the consent of the property owner or designated agent. If the appraisal review board has cause to reassign a protest to another panel, a property owner or designated agent may agree to reassignment of the protest or may request that the hearing on the protest be postponed. The board shall postpone the hearing

on that request. A change of members of a panel because of a conflict of interest, illness, or inability to continue participating in hearings for the remainder of the day does not constitute reassignment of a protest to another panel.

(k-1) On the request of a property owner, an appraisal review board to which Section 6.425 applies shall assign a protest relating to property included in a classification described by that section to the special panel established to conduct protest hearings relating to property included in that classification. If the board has established more than one special panel to conduct protest hearings relating to property included in a particular classification, protests relating to property included in that classification shall be randomly assigned to those special panels. If a protest is scheduled to be heard by a particular special panel, the protest may not be reassigned to another special panel without the consent of the property owner or designated agent. If the board has cause to reassign a protest to another special panel, a property owner or designated agent may agree to reassignment of the protest or may request that the hearing on the protest be postponed. The board shall postpone the hearing on that request. A change of members of a special panel because of a conflict of interest, illness, or inability to continue participating in hearings for the remainder of the day does not constitute reassignment of a protest to another special panel.

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

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

(b) The board may not schedule:

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

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

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

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

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

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

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

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

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

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

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

(B) \$500, if the property qualifies as the owner's residence homestead under Section 11.13 and the appraised

or market value, as applicable, of the property is more than \$500,000, as determined by the order;

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

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

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

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

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

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

(1) meet the following requirements, as applicable:

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

(B) have:

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

(ii) been licensed or certified continuously during the five years preceding the date the person agrees to serve as an arbitrator as:

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

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

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

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

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

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

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

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

(E) \$1,000, if the property does not qualify as the owner's residence homestead under Section 11.13 and the

appraised or market value, as applicable, of the property is more than \$2 million but not more than \$3 million, as determined by the order; or

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

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

(b) If the board of trustees of an independent school district that divests itself of the management, control, and operation of a junior college district under this section or under Section 130.017 ~~[of this code]~~ was authorized by ~~[Subsection (e) of]~~ Section 45.105(e) or under former Section 20.48(e) ~~[20.48 of this code]~~ to dedicate a portion of its tax levy to the junior college district before the divestment, the junior college district may levy an ad valorem tax from and after the divestment. In the first two years in which the junior college district levies an ad valorem tax, the tax rate adopted by the governing body may not exceed the rate that, if applied to the total taxable value submitted to the governing body under Section 26.04, Tax Code, would impose an amount equal to the amount of taxes of the school district dedicated to the junior college under ~~[Subsection (e) of]~~ Section 45.105(e) or former Section 20.48(e) ~~[20.48 of this code]~~ in the last dedication before the divestment. In subsequent years, the tax rate of the junior college district is subject to Section 26.08 ~~[26.07]~~, Tax Code.

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

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

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

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

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

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

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

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

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

PROPOSED TAX RATE \$_____ per \$100

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

EFFECTIVE TAX RATE \$_____ per \$100

"The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for (insert name of county or municipality) from the same properties in both the (insert

preceding tax year) tax year and the (insert current tax year) tax year.

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

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)"

(e) A county or municipality that proposes a property tax rate that exceeds the ~~[lower of the effective tax rate or the]~~ rollback tax rate shall provide the following notice:

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

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

PROPOSED TAX RATE\$_____ per \$100

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

EFFECTIVE TAX RATE\$_____ per \$100

ROLLBACK TAX RATE\$_____ per \$100

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

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

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

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:

Sec. 1122.2522. ROLLBACK TAX RATE PROVISIONS APPLICABLE. ~~[(a)]~~ If in any year the board adopts a tax rate that exceeds the rollback tax rate calculated as provided by Chapter 26, Tax Code, ~~[the qualified voters of the district by petition may require that]~~ an election under Section 26.08 of that code must be held to determine whether or not to approve [reduce] the tax rate adopted by the board for that year ~~[to the rollback tax rate]~~.

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

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

Sec. 8876.152. APPLICABILITY OF CERTAIN TAX PROVISIONS. (a) Sections 26.04, 26.05, 26.06, and 26.08 [26.07], Tax Code, do not apply to a tax imposed by the district.

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

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

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

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

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

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

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

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

"NOTICE OF PUBLIC HEARING ON TAX RATE

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

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

(2) contain the following information:

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

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

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

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

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

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

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

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

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

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

(d) If the governing body of a district adopts a combined debt service, operation and maintenance, and contract tax rate that exceeds the rollback tax rate, ~~[would impose more than 1.08 times the amount of tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older, the qualified voters of the district by petition may require that]~~ an election must be held to determine whether ~~[or not]~~ to ratify ~~[reduce]~~ the tax rate adopted for the current year ~~[to the rollback tax rate]~~ in accordance with the procedures provided by Sections 26.08(b)-(d) ~~[26.07(b)-(g) and 26.081]~~, Tax Code. For purposes of Sections 26.08(b)-(d)

~~[26.07(b) - (g)]~~ and this section ~~[subsection]~~, the rollback tax rate is the sum of the following tax rates:

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

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

SECTION 46. The following provisions are repealed:

- (1) Sections 403.302(m-1) and (n), Government Code;
- (2) Section 1063.255, Special District Local Laws Code;
- (3) Section 26.07, Tax Code;
- (4) Section 49.236, Water Code, as added by Chapter 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session, 2003; and
- (5) Section 49.2361, Water Code.

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

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

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

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

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

SECTION 52. Section 11.145, Tax Code, as amended by this Act, applies only to ad valorem taxes imposed for a tax year beginning on or after January 1, 2018.

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

SECTION 54. Section 41.03(a), Tax Code, as amended by this Act, applies only to a challenge under Chapter 41, Tax Code, for which a challenge petition is filed on or after January 1, 2018. A

challenge under Chapter 41, Tax Code, for which a challenge petition was filed before January 1, 2018, is governed by the law in effect on the date the challenge petition was filed, and the former law is continued in effect for that purpose.

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

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

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

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

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

- (1) Sections 6.41(b) and (d-9), Tax Code, as amended by this Act;
- (2) Sections 6.41(b-1), (b-2), and (d-10), Tax Code, as added by this Act;
- (3) Section 6.414(d), Tax Code, as amended by this Act;
- (4) Section 6.425, Tax Code, as added by this Act;
- (5) Section 25.19(b-3), Tax Code, as added by this Act;
- (6) Section 41.44(d), Tax Code, as amended by this Act;
- (7) Section 41.45(d), Tax Code, as amended by this Act;
- (8) Sections 41.45(d-1), (d-2), and (d-3), Tax Code, as added by this Act;
- (9) Section 41.66(k), Tax Code, as amended by this Act; and
- (10) Section 41.66(k-1), Tax Code, as added by this Act.