

BILL ANALYSIS

Senate Research Center
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S.B. 96
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 96: (1) lowers the rollback rate from eight percent to four percent for the largest taxing units in the state; (2) requires an automatic tax ratification election if the rollback rate is exceeded in those taxing units; (3) makes information about the tax rates proposed by local taxing units more accessible to property owners and more timely; and (4) makes it easier for property owners to express their opinions about proposed tax rates to local elected officials before tax rates are adopted.

Under current law, voters in any taxing unit may petition for a rollback election when the taxing unit adopts a total tax rate that includes an increase of more than eight percent in the effective maintenance and operations rate. For taxing units that propose to collect more than \$20 million in property tax revenue, S.B. 96 lowers the eight percent threshold to four percent and requires an automatic rollback election if the taxing unit adopts a tax that exceeds the four percent threshold. Taxing units that propose to collect no more than \$20 million in property tax revenue remain at the current eight percent threshold and retain the current petition requirement for a rollback election.

S.B. 96 renames the effective tax rate as the "equivalent tax rate" so that property owners and local elected officials can better understand and utilize this benchmark for evaluating the tax rates proposed by local taxing units. The calculation, currently referred to as the effective tax rate, and which S.B. 96 renames the equivalent tax rate, is required by Article VIII, Section 21, of the Texas Constitution.

S.B. 96 creates a new, online "real-time tax rate notice" to inform property owners of the tax rates proposed by their local taxing units. The real-time tax rate notice is analogous to the notice of appraised value that property owners receive each spring under current law and will be available at a website that allows property owners to enter their address and then view a tax rate notice customized to their property. The notice will display each taxing unit in which the property is located, as well as the proposed tax rate, equivalent tax rate, and rollback tax rate for each taxing unit. The notice will also display the taxable value of the property and will calculate the amount of property tax that would be imposed on the property at the proposed tax rate, the equivalent tax rate and the rollback tax rate. The real-time tax rate notice will provide an email address for each local government within which a property is located so that property owners can express their support or opposition for the tax rates proposed by those local governments and, most importantly, will be available online in time for property owners to express their support or opposition for the proposed tax rates before those rates are adopted.

S.B. 96 also revises and reformats the tax notice required by Section 26.06, Tax Code, to increase the understandability and usefulness of the notice to taxpayers. For example, the notice will clearly state whether or not the proposed tax rate represents a tax increase and whether or not a rollback election will be held if the taxing unit adopts the proposed tax rate. The notice will also display a table comparing, both in dollar values and percentage change, (i) the property tax on the average homestead in the taxing unit last year to (ii) the property tax that would be imposed on the average homestead in the taxing unit this year at the proposed tax rate and the equivalent tax rate, so that property owners can clearly see whether the proposed tax rate represents a tax increase or decrease and the magnitude of the change.

To ensure compliance, S.B. 96 prohibits a local taxing unit from adopting a tax rate if the unit has not complied with procedures required by law that relate to accuracy, notification, and transparency in the property tax process. S.B. 96 strengthens taxpayer remedies, in the form of an injunction, if taxing units fail to comply with those requirements.

S.B. 96 makes several reforms to the appraisal review process. In counties with populations of 1,000,000 or more, S.B. 96 establishes specialized appraisal review board (ARB) panels to hear protests for different categories of commercial properties that exceed \$50 million in value. The bill clarifies that a majority vote by ARB members is binding for decisions and thus prohibits ARB panels from requiring a unanimous vote. S.B. 96 also eliminates Sunday ARB hearings and requires evening hearings to be scheduled to begin between 5 p.m. and 7 p.m. The bill sets the statutory deadline for filing all property tax protests to May 15, regardless of the type of property, and requires all appraisal districts to follow appraisal manuals issued by the Texas comptroller of public accounts. Finally, S.B. 96 eliminates the ability of local governments to challenge the value of an entire class of properties.

S.B. 96 also creates a Property Tax Administration Advisory Board in the Office of the Comptroller of Public Accounts of the State of Texas to oversee the entire property tax process.

As proposed, S.B. 96 amends current law relating to ad valorem taxation.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas comptroller of public accounts (comptroller) in SECTION 25 (Section 26.04, Tax Code) and SECTION 32 (Section 26.05, Tax Code) of this bill.

Rulemaking authority previously granted to the comptroller is modified in SECTION 6 (Section 5.102, Tax Code) and SECTION 57 (Section 403.302, Government Code) of this bill.

Rulemaking authority previously granted to an appraisal review board is modified in SECTION 52 (Section 41.71, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Authorizes this Act to be cited as the Texas Property Tax Reform and Relief Act of 2017.

SECTION 2. Amends Chapter 5, Tax Code, by adding Section 5.01, as follows:

Sec. 5.01. PROPERTY TAX ADMINISTRATION ADVISORY BOARD. (a) Requires the Texas comptroller of public accounts (comptroller) to appoint the property tax administration advisory board (advisory board) to advise the comptroller with respect to the division or divisions within the Office of the Comptroller of Public Accounts of the State of Texas with primary responsibility for state administration of property taxation and state oversight of appraisal districts and local tax offices. Authorizes the advisory board to make recommendations to the comptroller regarding improving the effectiveness and efficiency of the property tax system, best practices, and complaint resolution procedures.

(b) Provides that the advisory board is composed of at least six members appointed by the comptroller and provides that the members of the advisory board should include certain persons.

(c) Provides that the members of the advisory board serve at the pleasure of the comptroller.

(d) Requires that any advice to the comptroller relating to a matter described by Subsection (a) that is provided by a member of the advisory board be provided at a meeting called by the comptroller.

(e) Provides that Chapter 2110 (State Agency Advisory Committees), Government Code, does not apply to the advisory board.

SECTION 3. Amends Section 5.05, Tax Code, by adding Subsection (c-1), to require an appraisal district to appraise property in accordance with any appraisal manuals prepared and issued by the comptroller under this section (Appraisal Manuals and Other Materials).

SECTION 4. Amends Section 5.07, Tax Code, by adding Subsections (f), (g), (h), and (i), as follows:

(f) Requires the comptroller, in conjunction with prescribing a uniform record system to be used by all appraisal districts as required by Subsection (c) (relating to the prescription for and required contents of a uniform record system to be used by all appraisal districts), to prescribe tax rate calculation forms to be used by the designated officer or employee of each:

(1) taxing unit other than a school district to calculate and submit the equivalent tax rate and the rollback tax rate for the unit as required by Chapter 26 (Assessment); and

(2) school district to calculate and submit the equivalent tax rate, the rollback tax rate, and the rate to maintain the same amount of state and local revenue per weighted student that the school district received in the school year beginning in the preceding tax year as required by Chapter 26.

(g) Requires that the forms described by Subsection (f) be in an electronic format and:

(1) have blanks that can be filled in electronically;

(2) be capable of being certified by the designated officer or employee after completion as accurately calculating the applicable tax rates and using values that are the same as the values shown in the taxing unit's certified appraisal roll; and

(3) be capable of being electronically incorporated into the real-time tax rate database maintained by the tax rate officer of each appraisal district and submitted electronically to the county assessor-collector of each county in which all or part of the territory of the taxing unit is located.

(h) Requires the comptroller, for purposes of Subsections (f) and (g), to use the forms published on the comptroller's Internet website as of January 1, 2017, as modified as necessary to comply with the requirements of those subsections. Authorizes the forms to be updated at the discretion of the comptroller to reflect any change in the values used to calculate a tax rate, including the changes resulting from the implementation in the 2018 tax year of S.B. 1, Acts of the 85th Legislature, 1st Called Session, 2017, or similar legislation enacted at that session, or a change in a subsequent tax year resulting from a statutory change in a value used to calculate a tax rate. Authorizes the forms to also be updated at the discretion of the comptroller to reflect formatting or other nonsubstantive changes.

(i) Authorizes the comptroller to revise the forms to reflect statutory changes other than those described by Subsection (h) or on receipt of a request in writing. Requires that a revision under this subsection be approved by the agreement of a majority of the members of a committee selected by the comptroller who are present at a committee meeting at which a quorum is present. Requires that the members of the committee represent, equally, taxpayers and either taxing units or persons designated by taxing units. Requires the person requesting the revision, in the case of a revision for which the comptroller receives a request in writing, to pay the costs of mediation if the comptroller determines that mediation is required.

SECTION 5. Amends Section 5.091, Tax Code, as follows:

Sec. 5.091. STATEWIDE LIST OF TAX RATES. (a) Requires the comptroller to prepare a list each year that includes the total tax rate imposed by each taxing unit in this state, as reported to the comptroller by each appraisal district, for the year in which the list is prepared, rather than prepare a list that includes the total tax rate imposed by each taxing unit in this state, other than a school district, if the tax rate is reported to the comptroller for the year preceding the year in which the list is prepared. Requires the comptroller to:

(1) prescribe the manner in which and deadline by which appraisal districts are required to submit the tax rates to the comptroller; and

(2) list the tax rates alphabetically according to the county or counties in which each taxing unit is located and the name of each taxing unit. Creates this subdivision from existing text.

Deletes existing text requiring the comptroller to list the tax rates in descending order.

(b) Requires the comptroller, not later than January 1 of the following year, rather than not later than December 31 of each year, to publish on the comptroller's Internet website the list required by Subsection (a).

SECTION 6. Amends Sections 5.102(a) and (c), Tax Code, as follows:

(a) Requires the comptroller, at least once every two years, to 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. Authorizes the comptroller, by rule, after consultation with the advisory board, rather than a certain committee, to establish procedures and standards for conducting and scoring the review.

(c) Requires the comptroller, 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, to deliver a report that details the comptroller's findings and recommendations for improvement to certain persons and entities.

SECTION 7. Amends Section 5.13(d), Tax Code, as follows:

(d) Requires the comptroller, in conducting a general audit, to consider and report on, among certain other matters, 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. Makes a nonsubstantive change.

SECTION 8. Amends Section 6.035(a-1), Tax Code, to provide that an individual is ineligible to serve on an appraisal district board of directors if the individual has engaged in certain practices at any time during the preceding three, rather than five, years.

SECTION 9. Amends Section 6.05, Tax Code, by adding Subsection (k), as follows:

(k) Requires the chief appraiser to establish an office of tax rate notices in the appraisal district and provides that the office is responsible for delivering a certain required notice and creating and maintaining a certain required database. Provides that the office is administered by the tax rate officer, who is appointed by and serves at the pleasure of the chief appraiser. Authorizes the chief appraiser to designate other personnel to assist the

tax rate officer in performing the functions of the office. Requires the office, in all communications, to identify itself as the "(insert name of county in which appraisal district is established) County Office of Tax Rate Notices" rather than as the appraisal district.

SECTION 10. Amends Section 6.15, Tax Code, by adding Subsection (c-1), to provide that certain subsections do not prohibit a member of the board of directors of an appraisal district from transmitting to the chief appraiser without comment a complaint by a property owner or taxing unit about the appraisal of a specific property, provided that the transmission is in writing.

SECTION 11. Amends Section 6.41, Tax Code, by amending Subsections (b) and (d-9) and adding Subsections (b-1), (b-2), and (d-10), as follows:

(b) Provides that, except as provided by Subsection (b-1) or (b-2), an appraisal review board (ARB) consists of three members. Makes a nonsubstantive change.

(b-1) Creates this subsection from existing text. Authorizes an appraisal district board of directors by resolution of a majority of the board's members to increase the size of the district's ARB to the number of members the board of directors considers appropriate, rather than authorizes, however, the district board of directors by resolution of a majority of its members to increase the size of the ARB to the number of members the board of directors considers appropriate.

(b-2) Requires an appraisal district board of directors for a district established in a county with a population of one million or more by resolution of a majority of the board's members to increase the size of the district's ARB to the number of members the board of directors considers appropriate to manage the duties of the ARB, including the duties of each special panel established under Section 6.425, which is added by this Act.

(d-9) Requires the local administrative district judge, in selecting individuals who are to serve as members of the ARB for an appraisal district described by Subsection (b-2), to select an adequate number of qualified individuals to permit the chairman of the ARB to fill the positions on each special panel established under Section 6.425.

(d-10) Creates this subsection from existing text and makes no further changes to this subsection.

SECTION 12. Amends Section 6.414(d), Tax Code, as follows:

(d) Prohibits an auxiliary board member from hearing taxpayer protests before a special panel established under Section 6.425 unless the member is eligible to be appointed to the special panel. Provides that, if one or more auxiliary board members sit on a panel established under Section 6.425 or 41.45 (Hearing on Protest) to conduct a protest hearing, the number of regular ARB members required by that section to constitute the panel is reduced by the number of auxiliary board members sitting.

SECTION 13. Amends Section 6.42, Tax Code, by adding Subsection (d), to provide that the concurrence of a majority of the members of the ARB or a panel of the ARB present at a meeting of the ARB or panel is sufficient for a recommendation, determination, decision, or other action by the ARB or panel, and prohibit the concurrence of more than a majority of the members of the ARB or panel from being required.

SECTION 14. Amends Subchapter C, Chapter 6, Tax Code, by adding Section 6.425, as follows:

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

(b) Requires the ARB to establish special panels to conduct protest hearings under Chapter 41 (Local Review) relating to property that:

(1) has an appraised value of \$50 million or more as determined by the appraisal district; and

(2) is included in one of certain classifications.

(c) Provides that each special panel described by this section consists of three members of the ARB appointed by the chairman of the ARB.

(d) Requires an ARB member, to be eligible to be appointed to a special panel described by this section, to meet certain criteria.

(e) Authorizes the ARB chairman, notwithstanding Subsection (d), to appoint to a special panel described by this section a member of the ARB who does not meet the qualifications prescribed by that subsection if:

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

(2) the ARB member being appointed to the panel holds a bachelor's degree in any field.

(f) Authorizes a special panel, in addition to conducting protest hearings relating to property described by Subsection (b) of this section, to conduct protest hearings under Chapter 41 relating to property not described by Subsection (b) of this section as assigned by the ARB chairman.

SECTION 15. Amends Section 11.4391(a), Tax Code, to require the chief appraiser to accept and approve or deny an application for an exemption for freeport goods under Section 11.251 (Tangible Personal Property Exempt) after the deadline for filing it has passed if it is filed not later than June 1, rather than if it is filed before the date the ARB approves the appraisal records.

SECTION 16. Amends Section 22.23, Tax Code, as follows:

Sec. 22.23. FILING DATE. (a) Requires that rendition statements and property reports be delivered to the chief appraiser after January 1 and not later than April 1, rather than April 15, except as provided by Section 22.02 (Rendition of Property Losing Exemption During Tax Year or for Which Exemption Application is Denied).

(b) Requires the chief appraiser, on written request by the property owner, to extend a deadline for filing a rendition statement or property report to a date not later than May 1, rather than extend a deadline for filing a rendition statement or property report to May 15.

(c) Requires that rendition statements and property reports for property regulated by certain entities, notwithstanding any other provision of this section, be delivered to the chief appraiser not later than April 30, except as provided by Section 22.02. Authorizes the chief appraiser to extend the filing deadline 15 days for good cause shown in writing by the property owner.

SECTION 17. Amends Section 23.01(b), Tax Code, to require that the market value of property 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.

SECTION 18. Amends Sections 25.19(a) and (g), Tax Code, as follows:

(a) Requires the chief appraiser, by April 15 or as soon thereafter as practicable, to deliver a clear and understandable written notice to a property owner of the appraised

value of the property owner's property under certain circumstances. Deletes existing text requiring the chief appraiser, by April 1 or as soon thereafter as practicable if the property is a single-family residence that qualifies for an exemption under Section 11.13 (Residence Homestead), or by May 1 or as soon thereafter as practicable in connection with any other property, to deliver a clear and understandable written notice to a property owner of the appraised value of the property owner's property under certain circumstances.

(g) Makes conforming changes.

SECTION 19. Amends Section 25.19, Tax Code, effective January 1, 2019, by adding Subsections (b-3) and (b-4), as follows:

(b-3) Provides that this subsection applies only to an appraisal district described by Section 6.41(b-2). Requires the chief appraiser, in addition to the information required by Subsection (b), to state in a notice of appraised value of property 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 ARB.

(b-4) Provides that Subsection (b)(5) (relating to requiring the notice to have a certain statement) applies only to a notice of appraised value required to be delivered by the chief appraiser of an appraisal district established in a county with a population of less than 120,000. Provides that this subsection expires January 1, 2020.

SECTION 20. Amends Sections 25.19(b) and (i), Tax Code, effective January 1, 2020, as follows:

(b) Deletes existing Subdivision (5) requiring the chief appraiser to separate real from personal property and include in the notice for each, if the appraised value is greater than it was in the preceding year, the amount of tax that would be imposed on the property on the basis of the tax rate for the preceding year. Redesignates existing Subdivisions (6) through (9) as Subdivisions (5) through (8).

(i) Changes a reference to Subsection (b)(7) to Subsection (b)(6) (relating to requiring the chief appraiser to include in a certain notice a detailed explanation of the time and procedure for protesting the value of property).

SECTION 21. Amends Section 25.22(a), Tax Code, to require the chief appraiser, by May 1, rather than May 15, or as soon thereafter as practicable, to submit the completed appraisal records to the ARB for review and determination of protests.

SECTION 22. Amends Sections 26.01(a) and (e), Tax Code, as follows:

(a) Requires the chief appraiser, by July 10, rather than by July 25, to 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.

(e) Requires the chief appraiser, except as provided by Subsection (f) (relating to providing that Subsection (e) does not apply to a certain county or municipality), not later than May 15, rather than April 30, to 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.

SECTION 23. Amends Section 26.012, Tax Code, by amending Subdivisions (9) and (10) and adding Subdivision (19), as follows:

(9) Defines "equivalent maintenance and operations rate," rather than "effective maintenance and operations rate."

(10) Redefines "excess collections."

(19) Defines “small taxing unit.”

SECTION 24. Amends the heading to Section 26.04, Tax Code, to read as follows:

Sec. 26.04. SUBMISSION OF ROLL TO GOVERNING BODY; EQUIVALENT AND ROLLBACK TAX RATES.

SECTION 25. Amends Section 26.04, Tax Code, by amending Subsections (b), (c), (d), (e), (e-1), (f), (g), (i), and (j) and adding Subsections (c-1), (d-1), (d-2), (d-3), (e-2), (e-3), (e-4), (e-5), (h-1), and (h-2), as follows:

(b) Requires the assessor to 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, rather than by August 1, or as soon thereafter as practicable. Requires the taxing unit's collector, by July 15, rather than August 1, or as soon thereafter as practicable, to certify the anticipated collection rate as calculated under Subsections (h) (relating to the anticipated collection rate of a taxing unit), (h-1), and (h-2) for the current year to the governing body, rather than to certify an estimate of the collection rate for the current year to the governing body.

(c) Requires an officer or employee designated by the governing body, after the assessor for the unit submits the appraisal roll for the unit to the governing body of the unit as required by Subsection (b), to calculate the equivalent tax rate and the rollback tax rate for the unit, rather than requires an officer or employee designated by the governing body to calculate the effective tax rate and the rollback tax rate for the unit, where certain definitions are employed.

(c-1) Authorizes the governing body of a taxing unit other than a small taxing unit, notwithstanding any other provision of this section, to direct the designated officer or employee to calculate the rollback tax rate of the unit in the manner provided for a small taxing unit if any part of the 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.

(d) Makes conforming changes.

(d-1) Requires the designated officer or employee to use the tax rate calculation forms prescribed by the comptroller under Section 5.07 (Property Tax Forms and Records Systems) in calculating the equivalent tax rate and the rollback tax rate.

(d-2) Prohibits the designated officer or employee from submitting the equivalent tax rate and the rollback tax rate to the governing body of the taxing unit and prohibits the unit from adopting a tax rate until the designated officer or employee certifies on the tax rate calculation forms that the designated officer or employee has accurately calculated the tax rates and has used values that are the same as the values shown in the unit's certified appraisal roll in performing the calculations.

(d-3) Requires the designated officer or employee, as soon as practicable after the designated officer or employee calculates the equivalent tax rate and the rollback tax rate of the taxing unit, to submit the worksheets used in calculating the rates to the county assessor-collector for each county in which all or part of the territory of the unit is located.

(e) Requires the designated officer or employee, by July 22, rather than August 7, or as soon thereafter as practicable, to submit the rates to the governing body. Requires the designated officer or employee, by July 27, to deliver by mail to each property owner in the unit, publish in a newspaper, or post prominently on the home page of the unit's Internet website, if applicable, in the form prescribed by the comptroller certain information. Deletes existing text requiring him to deliver by mail to each property owner

in the unit or publish in a newspaper in the form prescribed by the comptroller certain information. Makes conforming and nonsubstantive changes.

(e-1) Provides that the tax rate certification requirements imposed by Subsection (d-2) and certain notice requirements do not apply to a school district.

(e-2) Requires the tax rate officer of each appraisal district, by July 22 or as soon thereafter as practicable, to deliver by regular mail or e-mail to each owner of property located in the appraisal district a notice that the estimated amount of taxes to be imposed on the owner's property by each taxing unit in which the property is located may be found in the real-time tax rate database maintained by the tax rate officer under Section 26.17, which is added by this Act. Requires that the notice include certain information.

(e-3) Requires that the heading of the statement described by Subsection (e-2)(1) (relating to a certain required statement included in the notice) be in bold, capital letters in typeset larger than that used in the other provisions of the notice.

(e-4) Authorizes the comptroller to adopt rules regarding the format and delivery of the notice required by Subsection (e-2).

(e-5) Requires the governing body of a taxing unit to include as an appendix to the unit's budget for a fiscal year the worksheets used by the designated officer or employee of the unit to calculate the equivalent tax rate and the rollback tax rate of the unit for the tax year in which the fiscal year begins.

(f) Provides that, if as a result of consolidation of taxing units a taxing unit includes territory that was in two or more taxing units in the preceding year, the amount of taxes imposed in each in the preceding year is combined for purposes of calculating the equivalent and rollback tax rates, rather than the effective and rollback tax rates, under this section.

(g) Provides that a person who owns taxable property is entitled to an injunction prohibiting the taxing unit in which the property is taxable from adopting a tax rate if the assessor or designated officer or employee of the unit, the tax rate officer of the applicable appraisal district, or the taxing unit, as applicable, has not complied with the computation, publication, or posting requirements of this section or Section 26.16, 26.17, or 26.18, rather than entitled to an injunction prohibiting the taxing unit in which the property is taxable from adopting a tax rate if the assessor or designated officer or employee of the unit, as applicable, has not complied with the computation or publication requirements of this section and the failure to comply was not in good faith.

(h-1) Provides that, notwithstanding Subsection (h), if the anticipated collection rate of a taxing unit as calculated under that subsection is lower than the lowest actual collection rate of the taxing unit for any of the preceding three years, the anticipated collection rate of the taxing unit for purposes of this section is equal to the lowest actual collection rate of the taxing unit for any of the preceding three years.

(h-2) Provides that the anticipated collection rate of a taxing unit for purposes of this section is the rate calculated under Subsection (h) as modified by Subsection (h-1), if applicable, regardless of whether that rate exceeds 100 percent.

(i) Changes references to effective maintenance and operations rate to equivalent maintenance and operations rate.

(j) Makes conforming changes.

SECTION 26. Amends Section 26.041, Tax Code, by amending Subsections (a), (b), (c), (e), (g), and (h) and adding Subsection (c-1), as follows:

(a) Provides that, in the first year in which an additional sales and use tax is required to be collected, the equivalent tax rate and rollback tax rate, rather than the effective tax rate and rollback tax rate, for the unit are calculated according to certain formulas. Sets forth the amended formulas.

(b) Provides that, except as provided by Subsections (a) and (c), 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 a certain applicable formula, regardless of whether the unit levied a property tax in the preceding year. Sets forth the amended formula. Makes a nonsubstantive change.

(c) Makes conforming and nonsubstantive changes. Sets forth the amended formulas applicable to this subsection.

(c-1) Authorizes the governing body of a taxing unit other than a small taxing unit, notwithstanding any other provision of this section (Tax Rate of Unit Imposing Additional Sales and Use Tax), to direct the designated officer or employee to calculate the rollback tax rate of the unit in the manner provided for a small taxing unit if any part of the 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) Makes a conforming change.

(g) Changes a reference to officer to designated officer. Makes conforming and nonsubstantive changes.

(h) Makes conforming and nonsubstantive changes.

SECTION 27. Amends the heading to Section 26.043, Tax Code, to read as follows:

Sec. 26.043. ROLLBACK AND EQUIVALENT TAX RATES IN CITY IMPOSING MASS TRANSIT SALES AND USE TAX.

SECTION 28. Amends Sections 26.043(a) and (b), Tax Code, as follows:

(a) Requires the representative, if a certain election is determined in favor of the imposition of the tax, to subtract from the city's rollback and equivalent tax rates, rather than the city's rollback and effective tax rates, the amount that, if applied to the city's current total value, would impose an amount equal to the amount of property taxes budgeted in the current tax year to pay for expenses related to mass transit services.

(b) Makes a conforming change.

SECTION 29. Amends the heading to Section 26.044, Tax Code, to read as follows:

Sec. 26.044. EQUIVALENT TAX RATE TO PAY FOR STATE CRIMINAL JUSTICE MANDATE.

SECTION 30. Amends Sections 26.044(a), (b), and (c), Tax Code, as follows:

(a) Provides that the first time that a county adopts a tax rate after September 1, 1991, in which the state criminal justice mandate applies to the county, the equivalent maintenance and operation rate for the county, rather than the effective maintenance and operation rate for the county, is increased by the rate calculated according to a certain formula.

(b) Makes a conforming change.

(c) Makes conforming and nonsubstantive changes.

SECTION 31. Amends Sections 26.0441(a), (b), and (c), Tax Code, as follows:

(a) Provides that, in the first tax year in which a taxing unit adopts a tax rate after January 1, 2000, and in which the enhanced minimum eligibility standards for indigent health care established under Section 61.006 (Standards and Procedures), Health and Safety Code, apply to the taxing unit, the equivalent maintenance and operations rate, rather than the effective maintenance and operations rate, for the taxing unit is increased by the rate computed according to a certain formula.

(b) and (c) Makes conforming changes.

SECTION 32. Amends Section 26.05, Tax Code, by amending Subsections (a), (b), (c), (d), (e), and (g) and adding Subsections (d-1), (d-2), and (e-1), as follows:

(a) Requires the governing body of each taxing unit to adopt a tax rate for the current tax year and to notify the assessor for the unit of the rate adopted, rather than requires 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, to adopt a tax rate for the current tax year and to notify the assessor for the unit of the rate adopted. Requires the governing body to 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 is required to adopt a tax rate that exceeds the rollback tax rate before August 15.

(b) Requires that the vote on the ordinance, resolution, or order setting a tax rate that exceeds the equivalent tax rate, rather than the effective tax rate, for a taxing unit other than a school district, be a record vote, and requires that at least 60 percent of the members of the governing body vote in favor of the ordinance, resolution, or order. Makes conforming changes. Requires the taxing unit, if the ordinance, resolution, or order sets a tax rate that, if applied to the total taxable value, will impose an amount of taxes to fund maintenance and operation expenditures of the taxing unit that exceeds the amount of taxes imposed for that purpose in the preceding year, to:

(1) makes conforming changes; and

(2) include certain information on the home page of the Internet website of the unit, rather than include certain information on the home page of any Internet website operated by the unit. Makes conforming changes.

(c) and (d) Makes conforming changes.

(d-1) Prohibits the governing body of a taxing unit from holding a public hearing on a proposed tax rate or a public meeting to adopt a tax rate until the 14th day after the date the officer or employee designated by the governing body of the unit to calculate the equivalent tax rate and the rollback tax rate for the unit complies with Section 26.17.

(d-2) Prohibits the governing body of a taxing unit other than a school district, notwithstanding Subsection (a), from adopting a tax rate until:

(1) the tax rate officer of each appraisal district in which the taxing unit participates has delivered the notice required by Section 26.04(e-2);

(2) the designated officer or employee of the taxing unit has taken certain actions; and

(3) the taxing unit has posted the information described by Section 26.18, which is added by this Act, on the Internet website used by the taxing unit for that purpose.

(e) Provides that person who owns taxable property is entitled to an injunction restraining the collection of taxes by a taxing unit in which the property is taxable if the taxing unit has not complied with the requirements of this section or Section 26.04, rather than if the taxing unit has not complied with the requirements of this section and the failure to comply was not in good faith. Requires that an action to enjoin the collection of taxes be filed not later than the 15th day after the date the taxing unit adopts a tax rate, rather than be filed prior to the date a taxing unit delivers substantially all of its tax bills. Provides that a property owner is not required to pay the taxes imposed by a taxing unit on the owner's property while an action filed by the property owner to enjoin the collection of taxes imposed by the taxing unit on the owner's property is pending. Provides that, if the property owner pays the taxes and subsequently prevails in the action, the property owner is entitled to a refund of the taxes paid, together with reasonable attorney's fees and court costs. Provides that the property owner is not required to apply to the collector for the taxing unit to receive the refund, rather than to receive a refund prior to the date a taxing unit delivers substantially all of its tax bills.

(e-1) Prohibits the governing body of a taxing unit that imposes an additional sales and use tax from adopting the component of the tax rate of the unit described by Subsection (a)(1) (relating to a certain component rate for a taxing unit other than a school district) until the chief financial officer or the auditor for the unit submits to the governing body of the unit a written certification that the amount of additional sales and use tax revenue that will be used to pay debt service has been deducted from a certain required amount. Requires the comptroller to adopt rules governing the form of the certification required by this subsection and the manner in which it is required to be submitted.

(g) Makes a conforming change.

SECTION 33. Amends Sections 26.052(c) and (e), Tax Code, as follows:

(c) Authorizes a taxing unit to which this section applies to provide public notice of its proposed tax rate in one, rather than either, of the following methods not later than the seventh day before the date on which the tax rate is adopted:

(1) and (2) makes nonsubstantive changes; and

(3) posting notice of the proposed tax rate prominently on the home page of the Internet website maintained by the taxing unit, if applicable.

(e) Requires that public notice under Subsection (c) specify, among certain other information, a certain statement if the proposed tax rate for the taxing unit exceeds the unit's equivalent tax rate, rather than the effective tax rate, calculated as provided by Section 26.04. Makes a conforming change.

SECTION 34. Amends Section 26.06, Tax Code, by amending Subsections (b), (c), (d), and (e) and adding Subsections (b-1), (b-2), (b-3), (b-4), (b-5), (b-6), and (b-7), as follows:

(b) Deletes existing text setting forth the language required in a "Notice of a Public Hearing on Tax Increase."

(b-1) Provides that this subsection and Subsections (b-2) and (b-3) apply only to a small taxing unit. Requires that the notice, if the proposed tax rate exceeds the equivalent tax rate and the rollback tax rate of the taxing unit, contain a statement in a certain form. Sets forth the required language of the statement.

(b-2) Requires that the notice, if the proposed tax rate exceeds the equivalent tax rate but does not exceed the rollback tax rate of the taxing unit, contain a statement in a certain form. Sets forth the required language of the statement.

(b-3) Requires that the notice, if the proposed tax rate does not exceed the equivalent tax rate but exceeds the rollback tax rate of the taxing unit, contain a statement in a certain form. Sets forth the required language of the statement.

(b-4) Provides that this subsection and Subsections (b-5) and (b-6) apply only to a taxing unit other than a small taxing unit. Requires that the notice, if the proposed tax rate exceeds the equivalent tax rate and the rollback tax rate of the taxing unit, contain a statement in a certain form. Sets forth the required language of the statement.

(b-5) Requires that the notice, if the proposed tax rate exceeds the equivalent tax rate but does not exceed the rollback tax rate of the taxing unit, contain a statement in a certain form. Sets forth the required language of the statement.

(b-6) Requires that the notice, if the proposed tax rate does not exceed the equivalent tax rate but exceeds the rollback tax rate of the taxing unit, contain a statement in a certain form. Sets forth the required language of the statement.

(b-7) Requires that the notice, in addition to including the information described by Subsection (b-1), (b-2), (b-3), (b-4), (b-5), or (b-6), as applicable, include the information described by Section 26.062.

(c) Authorizes the notice of a public hearing under this section to be delivered by mail to each property owner in the unit, published in a newspaper, or posted prominently on the home page of the Internet website of the unit, rather than be delivered by mail to each property owner in the unit, or be published in a newspaper. Requires that the notice, if the taxing unit posts the notice on an Internet website operated by the unit, rather than if the taxing unit operates an Internet website, be posted on the website from the date the notice is first posted, rather than published, until the second public hearing is concluded.

(d) Requires the governing body, after each public hearing, give notice of the meeting at which it will vote on the proposed tax rate and requires that the notice be in the same form as prescribed by Subsections (b) and (c), except that it is required to state certain language. Sets forth the amended language.

(e) Prohibits the meeting to vote on the tax increase from being earlier than the third day or later than the seventh, rather than 14th, day after the date of the second public hearing. Requires the governing body, if the governing body does not adopt a tax rate that exceeds the lower of the rollback tax rate or the equivalent tax rate by the seventh day, rather than 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 14th day, to give a new notice under Subsection (d) before it may adopt a rate that exceeds the lower of the rollback tax rate or the equivalent tax rate. Makes a conforming change.

SECTION 35. Amends Chapter 26, Tax Code, by adding Sections 26.061 and 26.062, as follows:

Sec. 26.061. NOTICE OF MEETING TO VOTE ON PROPOSED TAX RATE THAT DOES NOT EXCEED LOWER OF EQUIVALENT OR ROLLBACK TAX RATE. (a) Provides that this section applies only to the governing body of a taxing unit other than a school district that proposes to adopt a tax rate that does not exceed the lower of the equivalent tax rate or the rollback tax rate calculated as provided by this chapter.

(b) Requires that the notice of the meeting at which the governing body of the taxing unit will vote on the proposed tax rate contain a statement in a certain form. Sets forth the required language of the statement.

(c) Requires that the notice, in addition to including the information described by Subsection (b), include the information described by Section 26.062.

Sec. 26.062. ADDITIONAL INFORMATION TO BE INCLUDED IN TAX RATE NOTICE. (a) Requires that, in addition to the information described by Section 26.06(b-1), (b-2), (b-3), (b-4), (b-5), or (b-6) or 26.061, as applicable, a notice required by that provision include at the end of the notice:

(1) a statement in a certain form;

(2) a table in the form required by this section following the statement described by Subdivision (1); and

(3) a statement in a certain form following the table.

(b) Requires that the table contain five rows and four columns.

(c) Sets forth the requirements for the first row of the table.

(d) Sets forth the requirements for the second row of the table.

(e) Sets forth the requirements for the third row of the table.

(f) Sets forth the requirements for the fourth row of the table.

(g) Sets forth the requirements for the fifth row of the table.

(h) Requires that, in calculating the average taxable value of a residence homestead in the taxing unit for the preceding tax year and the current tax year for purposes of Subsections (e) and (f), any residence homestead exemption available only to disabled persons, persons 65 years of age or older, or their surviving spouses be disregarded.

SECTION 36. Amends Section 26.065(b), Tax Code, as follows:

(b) Requires the taxing unit to post notice of the public hearing prominently on the home page of the Internet website of the unit continuously for at least seven days immediately before the public hearing on the proposed tax rate increase and at least seven days immediately before the date of the vote proposing the increase in the tax rate. Deletes existing text requiring the taxing unit, if the taxing unit owns, operates, or controls an Internet website, to post notice of the public hearing on the website continuously for at least seven days immediately before the public hearing on the proposed tax rate increase and at least seven days immediately before the date of the vote proposing the increase in the tax rate.

SECTION 37. Amends the heading to Section 26.07, Tax Code, to read as follows:

Sec. 26.07. ELECTION TO REDUCE TAX RATE OF SMALL TAXING UNIT.

SECTION 38. Amends Sections 26.07(a) and (b), Tax Code, as follows:

(a) Authorizes the qualified voters of the taxing unit by petition, if the governing body of a small taxing adopts a tax rate that exceeds the taxing unit's rollback tax rate calculated as provided by this chapter, rather than if the governing body of a taxing unit other than a school district adopts a tax rate that exceeds the rollback tax rate calculated as provided by this chapter, to require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate calculated as provided by this chapter.

(b) Provides that a petition is valid only if, among certain other conditions, it is signed by a number of registered voters of the taxing unit equal to at least 10 percent of the number of registered voters of the taxing unit who voted in the most recent gubernatorial election, rather than it is signed by a number of registered voters of the taxing unit equal to at least

seven percent or 10 percent of the number of registered voters depending on certain documentation.

SECTION 39. Amends the heading to Section 26.08, Tax Code, to read as follows:

Sec. 26.08. ELECTION TO APPROVE TAX RATE OF TAXING UNIT OTHER THAN SMALL TAXING UNIT.

SECTION 40. Amends Section 26.08, Tax Code, by amending Subsections (a), (b), (d), (d-1), (d-2), (e), (g), (h), (n), and (p) and adding Subsection (r), as follows:

(a) Requires that the registered voters of the taxing unit, rather than the district, at an election held for a certain purpose, if the governing body of a taxing unit other than a small taxing unit adopts a tax rate that exceeds the taxing unit's rollback tax rate, rather than if the governing body of a school district adopts a tax rate that exceeds the district's rollback tax rate, determine whether to approve the adopted tax rate. Changes references to school district to taxing unit.

(b) Requires the governing body to order that the election be held in the taxing unit on the uniform election date prescribed by Section 41.001 (Uniform Election Dates), Election Code, that occurs in November of the applicable tax year, rather than be held in the school district on a date not less than 30 or more than 90 days after the day on which it adopted the tax rate. Prohibits the order calling the election from being issued later than August 15, rather than provides that Section 41.001, Election Code, does not apply to the election unless a date specified by that section falls within the time permitted by this section. Requires that the ballots at the election be prepared to permit voting for or against a certain proposition. Sets forth the amended proposition.

(d) Prohibits the governing body, if the proposition is not approved as provided by Subsection (c) (relating to the tax rate for the current year being the tax rate that was adopted by the governing body if an election yields a certain result), from adopting a tax rate for the taxing unit, rather than the school district, for the current year that exceeds the taxing unit's, rather than school district's, rollback tax rate.

(d-1) Makes conforming changes.

(d-2) Makes conforming and nonsubstantive changes.

(e) Requires that certain local tax funds, for purposes of this section, be eliminated from the calculation of the tax rate adopted by the governing body of a school district, rather than the school district.

(g) Provides that, in a school district that received distributions from an equalization tax imposed under former Chapter 18 (Job Corps Diploma Programs), Education Code, the equivalent tax rate of that tax, rather than the effective tax rate of that tax, as of the date of the county unit system's abolition is added to the district's rollback tax rate.

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

(n) Provides that, for purposes of this section, the rollback tax rate of a school district whose maintenance and operations tax rate for the 2005 tax year was \$1.50 or less per \$100 of taxable value is:

(1) makes no changes to this subdivision;

(2) for the 2007 and subsequent tax years, the lesser of the following:

(A) makes no changes to this paragraph; or

(B) the sum of the following:

(i) the equivalent maintenance and operations tax rate of the district as computed under Subsection (i), rather than the effective maintenance and operations tax rate of the district as computed under Subsection (i) or (k), as applicable;

(ii) and (iii) makes no changes to these subparagraphs.

(p) Makes conforming changes.

(r) Provides that, except as otherwise expressly provided by law, this section does not apply to a tax imposed by a taxing unit if a provision of an uncodified local or special law enacted by the 85th Legislature, Regular Session, 2017, or by an earlier legislature provides that former Section 26.07 (Election to Repeal Increase) does not apply to a tax imposed by the taxing unit.

SECTION 41. Amends Section 26.08(i), Tax Code, as effective September 1, 2017, to provide that, for purposes of this section, the equivalent maintenance and operations tax rate, rather than the effective maintenance and operations tax rate, of a school district is the tax rate that, applied to the current total value for the district, would impose taxes in a certain amount.

SECTION 42. Amends the heading to Section 26.16, Tax Code, to read as follows:

Sec. 26.16. POSTING OF TAX-RELATED INFORMATION ON COUNTY'S INTERNET WEBSITE.

SECTION 43. Amends Section 26.16, Tax Code, by amending Subsections (a) and (d) and adding Subsections (a-1), (d-1), and (d-2), as follows:

(a) Requires each county to maintain an Internet website. Requires the county assessor-collector for each county to post on the Internet website maintained by the county the following information for the most recent five tax years beginning with the 2012 tax year for each taxing unit all or part of the territory of which is located in the county, rather than requires the county-assessor-collector for each county that maintains an Internet website to post on the website of the county the following information for the most recent five tax years beginning with the 2012 tax year for each taxing unit all or part of the territory of which is located in the county:

(1) through (3) makes no changes to these subdivisions;

(4) the equivalent tax rate, rather than the effective tax rate;

(5) makes a conforming change; and

(6) makes no changes to this subdivision.

(a-1) Provides that, for purposes of Subsection (a), a reference to the equivalent tax rate or the equivalent maintenance and operations rate includes the equivalent effective tax rate or effective maintenance and operations rate for a preceding year. Provides that this subsection expires January 1, 2024.

(d) Requires the county assessor-collector to post immediately below the table prescribed by Subsection (c) (relating to requiring certain information to be presented in the form of a table under the heading "Truth in Taxation Summary") a certain statement and sets forth the language of the amended statement.

(d-1) Requires the county assessor-collector, in addition to posting the information described by Subsection (a), to post on the Internet website of the county for each taxing unit all or part of the territory of which is located in the county:

(1) the worksheets used by the designated officer or employee of each taxing unit to calculate the equivalent and rollback tax rates of the unit for the most recent five tax years beginning with the 2018 tax year, as certified by the county assessor-collector under Section 26.04(d-1); and

(2) the name and official contact information for each member of the governing body of the taxing unit.

(d-2) Requires the county assessor-collector, not later than August 1, to post on the website the worksheets described by Subsection (d-1)(1) for the current tax year.

SECTION 44. Amends Chapter 26, Tax Code, by adding Sections 26.17 and 26.18, as follows:

Sec. 26.17. REAL-TIME TAX RATE DATABASE. (a) Requires the tax rate officer of each appraisal district to create and maintain a database that meets certain criteria.

(b) Requires that the database be capable of generating, with respect to each property listed on the appraisal roll for the appraisal district, a real-time tax rate notice that includes certain information.

(c) Requires that the address of the Internet website at which the information contained in the database may be found be in a certain form.

(d) Requires that the database provide a link to the Internet website used by each taxing unit in which the property is located to post the information described by Section 26.18.

(e) Requires the officer or employee designated by the governing body of each taxing unit to calculate the equivalent tax rate and the rollback tax rate for the unit to electronically:

(1) enter in the database the information described by Subsection (b) as the information becomes available; and

(2) incorporate into the database the completed tax rate calculation forms prepared under Section 26.04(d-1) at the same time the designated officer or employee submits the tax rates to the governing body of the unit under Section 26.04(e).

(f) Requires that each taxing unit establish an e-mail address for the purpose described by Subsection (b)(14) (relating to an e-mail address at which the taxing unit is capable of receiving certain written comments).

Sec. 26.18. POSTING OF TAX RATE AND BUDGET INFORMATION BY TAXING UNIT ON WEBSITE. Requires that each taxing unit maintain an Internet website or have access to a generally accessible Internet website that may be used for the purposes of this section. Requires that each taxing unit post or cause to be posted on the Internet website certain information in a format prescribed by the comptroller. Sets forth the required information.

SECTION 45. Amends Sections 31.12(a) and (b), Tax Code, as amended by S.B. 2242, Acts of the 85th Legislature, Regular Session, 2017, as follows:

(a) Provides that, if a refund of a tax provided by certain sections, including Section 26.08(d-2), 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.

(b) Provides that, for purposes of this section (Payment of Tax Refunds; Interest), liability for a refund arises, among certain other conditions, if the refund is required by Section 26.08(d-2), on the date the subsequent tax rate is adopted. Redesignates existing Subdivisions (3) through (6) as Subdivisions (4) through (7).

SECTION 46. Amends Section 33.08(b), Tax Code, to authorize the governing body of the taxing unit or appraisal district, in the manner required by law for official action, to provide that taxes that become delinquent on or after June 1 under certain sections, including Section 26.08(d-1), incur an additional penalty to defray costs of collection.

SECTION 47. Amends Section 41.03(a), Tax Code, as follows:

(a) Deletes existing Subdivision (1) providing that a taxing unit is entitled to challenge before the ARB 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. Redesignates existing Subdivisions (2) through (5) as Subdivisions (1) through (4).

SECTION 48. Amends Section 41.12(a), Tax Code, to require the ARB to take certain actions by July 5, rather than by July 20.

SECTION 49. Amends Sections 41.44(a), (c), and (d), Tax Code, as follows:

(a) Requires the property owner initiating the protest, except as provided by certain subsections excluding Subsection (b-1) (relating to a certain property owner to a hearing ad determination of protest), to be entitled to a hearing and determination of a protest, to file a written notice of the protest with the ARB having authority to hear the matter protested:

(1) not later than the later of May 15 or the 30th day after the date that notice to the property owner was delivered to the property owner as provided by Section 25.19 (Notice of Appraised Value), rather than before May 1 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) deletes text of existing Subdivision (2) and redesignates Subdivision (3) as Subdivision (2);

(3) and (4) redesignates existing Subdivisions (4) and (5) as Subdivisions (3) and (4) and makes no further changes to these subdivisions.

(c) Changes a reference to Subsection (a)(4) (relating to the 30th day after the date notice of the determination is delivered to the property owner) to Subsection (a)(3).

(d) Requires that the required form prescribed by the comptroller 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 ARB to which that section applies and the property is included in a classification described by Section 6.425(b).

SECTION 50. Amends Section 41.45, Tax Code, by amending Subsection (d) and adding Subsections (d-1), (d-2), and (d-3), as follows:

(d) Provides that this subsection does not apply to a special panel established under Section 6.425. Authorizes the ARB, if the recommendation of a panel is not accepted by the ARB, to refer the matter for rehearing to a panel composed of members who did not hear the original protest, rather than the original hearing, or, if there are not at least three members who did not hear the original protest, the ARB is authorized to determine the protest. Deletes existing text requiring, however, that the determination of a protest heard by a panel be made by the ARB. Deletes existing text requiring the ARB, before

determining a protest or conducting a rehearing before a new panel or ARB, to deliver notice of the hearing or meeting to determine the protest in accordance with the provisions of this subchapter (Taxpayer Protest).

(d-1) Requires that an ARB to which Section 6.425 applies sit in special panels established under that section to conduct protest hearings. Authorizes a special panel to conduct a protest hearing relating to property only if the property is described by Section 6.425(b) and the property owner has requested that a special panel conduct the hearing or if the protest is assigned to the special panel under Section 6.425(f). Authorizes the ARB, if the recommendation of a special panel is not accepted by the ARB, to refer the matter for rehearing to another special panel composed of members who did not hear the original protest or, if there are not at least three other special panel members who did not hear the original protest, the ARB is authorized to determine the protest.

(d-2) Requires that the determination of a protest heard by a panel under Subsection (d) or (d-1) be made by the ARB.

(d-3) Requires the ARB to 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 51. Amends Section 41.66, Tax Code, by amending Subsection (k) and adding Subsection (k-1), as follows:

(k) Provides that this subsection does not apply to a special panel established under Section 6.425.

(k-1) Requires an ARB to which Section 6.425 applies, on the request of a property owner, to assign a protest relating to property described by Section 6.425(b) to a special panel. Authorizes the ARB chairman, in addition, to assign a protest relating to property not described by Section 6.425(b) to a special panel as authorized by Section 6.425(f). Requires that protests assigned to special panels be randomly assigned to those panels. Prohibits a protest, if the protest is scheduled to be heard by a particular special panel, from being reassigned to another special panel without the consent of the property owner or designated agent. Authorizes a property owner or designated agent, if the ARB has cause to reassign a protest to another special panel, to agree to reassignment of the protest or to request that the hearing on the protest be postponed. Requires the ARB to postpone the hearing on that request. Provides that 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 52. Amends Section 41.71, Tax Code, as follows:

Sec. 41.71. EVENING AND WEEKEND HEARINGS. (a) Creates this subsection from existing text. Requires an ARB, by rule, to provide for hearings on protests on a Saturday or after 5 p.m. on a weekday, rather than provide for hearings on protests in the evening or on a Saturday or Sunday.

(b) Prohibits the ARB from scheduling the first hearing on a protest held on a weekday evening to begin after 7 p.m. or scheduling a hearing on a protest on a Sunday.

SECTION 53. Amends Sections 41A.07(e), (f), and (g), Tax Code, as effective September 1, 2017, as follows:

(e) Requires the arbitrator, to be eligible for appointment as an arbitrator under this section (Appointment of Arbitrator), to reside in this state, rather than in the county in which the property that is the subject of the appeal is located or in this state if no available arbitrator on the registry resides in that county. Changes a reference to

Subsection (a) (relating to the appointment of an initial arbitrator by the comptroller) to this section.

(f) and (g) Makes conforming changes.

SECTION 54. Amends Section 41A.07, Tax Code, by adding Subsection (h), as follows:

(h) Requires the comptroller, in appointing an initial arbitrator under Subsection (a), to appoint an arbitrator who resides in the county in which the property that is the subject of the appeal is located if there is an available arbitrator who resides in that county. Provides that, in appointing a substitute arbitrator under Subsection (d) (relating to requiring the comptroller to appoint a substitute arbitrator promptly after receiving a certain required notice), the comptroller is not required to appoint an arbitrator who resides in the county in which the property that is the subject of the appeal is located regardless of whether there is an available arbitrator who resides in that county.

SECTION 55. Amends Section 45.105(e), Education Code, to prohibit the amount of local tax funds derived from the percentage of the local tax levy dedicated to a junior college district from a tax levy from exceeding the amount that would be levied by five percent of the equivalent tax rate, rather than the effective tax rate, for the tax year calculated as provided by Section 26.04, Tax Code, on all property taxable by the school district.

SECTION 56. Amends Section 130.016(b), Education Code, as follows:

(b) Authorizes a junior college district, 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 (Petition and Election to Divest School Board of Authority) was authorized by Section 45.105(e) (relating to the dedication of a specific percentage of the local tax levy by the governing body of a certain independent school district for certain purposes) or under former Section 20.48(e), rather than under section 130.017 of this code was authorized by Subsection (e) of Section 20.48 of this code, to dedicate a portion of its tax levy to the junior college district before the divestment, to levy an ad valorem tax from and after the divestment. Provides that, in subsequent years, the tax rate of the junior college district is subject to Section 26.07 or 26.08, Tax Code, as applicable. Makes conforming changes.

SECTION 57. Amends Section 403.302(o), Government Code, to require the comptroller to adopt rules governing the conduct of a certain required study after consultation with the comptroller's advisory board, rather than with the Comptroller's Property Value Study Advisory Committee.

SECTION 58. Amends Sections 281.124(d) and (e), Health and Safety Code, as follows:

(d) Provides that, 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 26.07 or 26.08, Tax Code. Requires the board of hospital managers of a hospital district (board) to adopt the tax rate as provided by Chapter 26, Tax Code, as applicable.

(e) Prohibits the board, if the proposition is not approved as provided by Subsection (c) (relating to the procedures for a required election), from adopting a tax rate for the hospital district for the specified tax year that exceeds the rate that was not approved, and provides that Section 26.07 or 26.08, Tax Code, as applicable, applies to the adopted rate if that rate exceeds the district's rollback tax rate.

SECTION 59. Amends Section 102.007(d), Local Government Code, as follows:

(d) Requires that an adopted budget contain a cover page that includes:

(1) and (2) makes no changes to these subdivisions;

(3) the municipal property tax rates for the preceding fiscal year, and each municipal property tax rate that has been adopted or calculated for the current fiscal year, including:

(A) makes no changes to this paragraph;

(B) the equivalent tax rate, rather than the effective tax rate;

(C) the equivalent maintenance and operations tax rate, rather than the effective maintenance and operations tax rate;

(D) and (E) makes no changes to these paragraphs; and

(4) makes no changes to this subdivision.

SECTION 60. Amends Section 111.008(d), Local Government Code, as follows:

(d) Requires that an adopted budget contain a cover page that includes:

(1) and (2) makes no changes to these subdivisions;

(3) the county property tax rates for the preceding fiscal year, and each county property tax rate that has been adopted or calculated for the current fiscal year, including:

(A) makes no changes to this paragraph;

(B) the equivalent tax rate, rather than the effective tax rate;

(C) the equivalent maintenance and operations tax rate, rather than the effective maintenance and operations tax rate;

(D) and (E) makes no changes to these paragraphs; and

(4) makes no changes to this subdivision.

SECTION 61. Amends Section 111.039(d), Local Government Code, as follows:

(d) Requires that an adopted budget contain a cover page that includes:

(1) and (2) makes no changes to these subdivisions;

(3) the county property tax rates for the preceding fiscal year, and each county property tax rate that has been adopted or calculated for the current fiscal year, including:

(A) makes no changes to this paragraph;

(B) the equivalent tax rate, rather than the effective tax rate;

(C) the equivalent maintenance and operations tax rate, rather than the effective maintenance and operations tax rate;

(D) and (E) makes no changes to these paragraphs; and

(4) makes no changes to this subdivision.

SECTION 62. Amends Section 111.068(c), Local Government Code, as follows:

(c) Requires that an adopted budget contain a cover page that includes:

(1) and (2) makes no changes to these subdivisions;

(3) the county property tax rates for the preceding fiscal year, and each county property tax rate that has been adopted or calculated for the current fiscal year, including:

(A) makes no changes to this paragraph;

(B) the equivalent tax rate, rather than the effective tax rate;

(C) the equivalent maintenance and operations tax rate, rather than the effective maintenance and operations tax rate;

(D) and (E) makes no changes to these paragraphs; and

(4) makes no changes to this subdivision.

SECTION 63. Amends Section 1122.2522, Special District Local Laws Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Authorizes the qualified voters of the Hidalgo County Healthcare District by petition, if in any year the board of directors of the district (district board) adopts a tax rate that exceeds the rollback tax rate calculated as provided by Chapter 26, Tax Code, and the district is a small taxing unit as defined by Section 26.012 (Definitions) of that code, to require that an election be held to determine whether or not to reduce the tax rate adopted by the district board for that year to the rollback tax rate.

(a-1) Requires that an election, if in any year the district board adopts a tax rate that exceeds the rollback tax rate calculated as provided by Chapter 26, Tax Code, and the district is not a small taxing unit as defined by Section 26.012 of that code, be held to determine whether or not to approve the tax rate adopted by the district board for that year.

SECTION 64. Amends Sections 3828.157 and 8876.152, Special District Local Laws Code, as follows:

Sec. 3828.157. INAPPLICABILITY OF CERTAIN TAX CODE PROVISIONS. Includes Section 26.08, Tax Code, among certain sections that do not apply to a tax imposed under Section 3828.153 (Maintenance and Operation Tax; Election) or 3828.156 (Taxes for Bonds and Other Obligations).

Sec. 8876.152. APPLICABILITY OF CERTAIN TAX PROVISIONS. (a) Includes Sections 26.061 and 26.08, Tax Code, among certain sections that do not apply to a tax imposed by the Reeves County Groundwater Conservation District.

(b) Provides that Sections 49.236(a)(1) (relating to requiring that a certain required notice contain a certain statement) and (2) (relating to requiring that a certain required notice contain certain information) and (b) (relating to certain required criteria for notice of the hearing), Water Code, apply to the Reeves County Groundwater Conservation District, rather than Section 49.236 (Notice of Tax Hearing), Water Code, as added by Chapter 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session, 2003, applies to the Reeves County Groundwater Conservation District.

SECTION 65. Amends Section 49.107(g), Water Code, to include Sections 26.061 and 26.08, Tax Code, among certain sections that do not apply to a tax levied and collected under this section (Operation and Maintenance Tax) or an ad valorem tax levied and collected for the payment of the interest on and principal of bonds issued by a district.

SECTION 66. Amends Section 49.108(f), Water Code, to include Sections 26.061 and 26.08, Tax Code, among certain sections do not apply to a tax levied and collected for payments made under a contract approved in accordance with this section.

SECTION 67. Amends Section 49.236(a), Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, as follows:

(a) Requires that a required notice given by the governing body of a certain district:

(1) contain a statement in substantially a certain form. Sets forth the amended language in the statement;

(2) contain the following information:

(A) through (F) makes no changes to these paragraphs;

(G) if the proposed combined debt service, operation and maintenance, and contract tax rate would authorize the qualified voters of the district by petition to require a rollback election to be held in the district, a description of the purpose of the proposed tax increase; and

(3) contain a statement in substantially a certain form. Sets forth the required language of the statement.

SECTION 68. Repealers: Sections 403.302(m-1) (relating to the creation and composition of the Comptroller's Property Value Study Advisory Committee) and (n) (relating to an exception of certain details of the Comptroller's Property Value Study Advisory Committee), Government Code.

Repealer: Section 140.010 (Proposed Property Tax Rate Notice for Counties and Municipalities), Local Government Code.

Repealer: Section 49.236 (Notice of Tax Hearing), Water Code, as added by Chapter 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session, 2003.

Repealer: Section 49.2361 (Additional Notice for Certain Tax Increases), Water Code.

Repealer: Section 1 (relating to certain required actions of the chief appraiser), H.B. 2228, Acts of the 85th Legislature, Regular Session, 2017, which amended Section 11.4391(a), Tax Code.

Repealer: Section 3 (relating to the delivery of certain documents), H.B. 2228, Acts of the 85th Legislature, Regular Session, 2017, which added Sections 22.23(c) and (d), Tax Code.

Repealer: Section 5 (relating to a hearing and determination of protest), H.B. 2228, Acts of the 85th Legislature, Regular Session, 2017, which amended Sections 41.44(a) and (c), Tax Code.

SECTION 69. Makes application of Sections 5.05, 5.102, 5.13, and 23.01, Tax Code, as amended by this Act, prospective to January 1, 2018.

SECTION 70. (a) Requires the comptroller to comply with Sections 5.07(f), (g), (h), and (i), Tax Code, as added by this Act, as soon as practicable after January 1, 2018.

(b) Requires the comptroller to comply with Section 5.091, Tax Code, as amended by this Act, not later than January 1, 2019.

SECTION 71. Provides that Section 6.41(d-9), Tax Code, as amended by this Act, applies only to the appointment of ARB members to terms beginning on or after January 1, 2019.

SECTION 72. Makes application of Section 6.42(d), Tax Code, as added by this Act, prospective to January 1, 2018, regarding, a recommendation, determination, decision, or other action by an ARB or a panel of such an ARB.

SECTION 73. Provides that Sections 11.4391(a) and 22.23, Tax Code, as amended by this Act, apply only to ad valorem taxes imposed for a tax year beginning on or after January 1, 2018.

SECTION 74. (a) Requires an appraisal district established in a county with a population of 120,000 or more and each taxing unit located wholly or partly in such an appraisal district to comply with Sections 26.04(e-2), 26.05(d-1) and (d-2), 26.17, and 26.18, Tax Code, as added by this Act, beginning with the 2019 tax year.

(b) Requires an appraisal district established in a county with a population of less than 120,000 and each taxing unit located wholly in such an appraisal district to comply with Sections 26.04(e-2), 26.05(d-1) and (d-2), 26.17, and 26.18, Tax Code, as added by this Act, beginning with the 2020 tax year.

SECTION 75. Provides that, not later than the 30th day after the effective date of this section:

(1) the designated officer or employee of each taxing unit is required to submit to the county assessor-collector for each county in which all or part of the territory of the taxing unit is located the worksheets used by the designated officer or employee to calculate the effective and rollback tax rates of the unit for the 2013-2017 tax years; and

(2) the county assessor-collector for each county is required to post the worksheets submitted to the county assessor-collector under Subdivision (1) on the Internet website of the county.

SECTION 76. Provides that a taxing unit that does not own, operate, or control an Internet website is not required to comply with Sections 26.05(b)(2) and 26.065(b), Tax Code, as amended by this Act, until the first tax year in which the unit is required by law to maintain or have access to an Internet website.

SECTION 77. Makes application of Section 33.08(b), Tax Code, as amended by this Act, prospective to January 1, 2018.

SECTION 78. Makes application of Section 41.03(a), Tax Code, as amended by this Act, prospective to January 1, 2018, regarding a challenge under Chapter 41, Tax Code.

SECTION 79. Makes application of Sections 41.45 and 41.66, Tax Code, as amended by this Act, prospective to January 1, 2019, regarding a protest filed under Chapter 41, Tax Code.

SECTION 80. Makes application of Section 41.71, Tax Code, as amended by this Act, prospective to January 1, 2018, regarding a hearing on a protest under Chapter 41, Tax Code.

SECTION 81. Provides that Section 41A.07, Tax Code, as amended by this Act, applies only to a request for binding arbitration received by the comptroller from an appraisal district on or after January 1, 2018.

SECTION 82. (a) Effective date, except as otherwise provided by this Act: January 1, 2018.

(b) Effective date, Section 75 of this Act: upon passage or on the 91st day after the last day of the legislative session.

(c) Effective date, the following provisions: 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 41.44(d), Tax Code, as amended by this Act;
- (6) Section 41.45(d), Tax Code, as amended by this Act;
- (7) Sections 41.45(d-1), (d-2), and (d-3), Tax Code, as added by this Act;
- (8) Section 41.66(k), Tax Code, as amended by this Act; and
- (9) Section 41.66(k-1), Tax Code, as added by this Act.

(d) Effective date, the following provisions: January 1, 2019:

- (1) Sections 26.04(d-1), (d-2), (d-3), (e-2), (e-3), (e-4), and (e-5), Tax Code, as added by this Act;
- (2) Sections 26.04(e-1) and (g), Tax Code, as amended by this Act;
- (3) Sections 26.05(d-1) and (d-2), Tax Code, as added by this Act; and
- (4) Section 26.05(e), Tax Code, as amended by this Act.