SENATE JOURNAL

EIGHTY-FIFTH LEGISLATURE — REGULAR SESSION

AUSTIN, TEXAS

PROCEEDINGS

TWENTY-SEVENTH DAY
(Continued)
(Tuesday, March 21, 2017)

AFTER RECESS

The Senate met at 10:00 a.m. and was called to order by the President.

The Reverend Buddy Johnson, First Baptist Church, Buda, offered the invocation as follows:

Our Father which art in heaven, hallowed be Thy name. This day we come before You seeking Your help and guidance. Reveal who You are. Set the world right. Do what is best, as above, so below. We look to You as the one who gives good things and blesses us with all we need, as every good and perfect gift comes from You. Give to us a forgiving spirit that we may dwell together in unity, for as Your word says in Psalms 133:1, Behold, how good and how pleasant it is for us to dwell together in unity. Open our eyes to see Your love played out before us that we may likewise love openly, freely, and unconditionally even those we may not see eye to eye with. Give to these who sit upon the place of authority You have ordained wisdom, discernment, and understanding that they may rightly govern and lead in such a way that Thy will and Thine alone may be carried out. For Yours truly is the glory, the power, and the honor that is above all names. Amen.

REPORT OF COMMITTEE ON NOMINATIONS

Senator Birdwell submitted the following report from the Committee on Nominations:

We, your Committee on Nominations, to which were referred the following appointments, have had same under consideration and report them back to the Senate with a recommendation that they be confirmed:

Members, Board of Trustees, Employees Retirement System of Texas: Ira Craig Hester, Travis County; Jeanie Wyatt, Bexar County.

Members, State Pension Review Board: Stephanie Vincent Leibe, Hays County; Ernest Richards, Dallas County.

Members, Texas Board of Chiropractic Examiners: Nicholas Shelby Baucum, Nueces County; Mark Richard Bronson, Parker County; Michael Paul Henry, Travis County; Gustabo Ramirez, Smith County.

Members, Texas Board of Physical Therapy Examiners: Harvey D. Aikman, Hidalgo County; Glenda Clausell, Harris County; Liesl Lynn Stratton Olson, Lubbock County.

NOTICE OF CONSIDERATION OF NOMINATIONS

Senator Birdwell gave notice that he would tomorrow submit to the Senate for consideration nominations to agencies, boards, and commissions of the state.

SENATE RESOLUTIONS

Senator Estes offered the following resolution:

SR 426, Recognizing March 21, 2017, as Tarleton State University Day.

The resolution was read.

Senator Estes offered the following resolution:

SR 440, Recognizing March 21, 2017, as Stephenville Day.

The resolution was read.

SR 426 and **SR 440** were adopted without objection.

GUESTS PRESENTED

Senator Estes was recognized and introduced to the Senate a Tarleton State University and City of Stephenville delegation, accompanied by Tarleton State University President Dominic Dottavio and Stephenville Mayor Kenny Weldon.

The Senate welcomed its guests.

RESOLUTION SIGNED

The President announced the signing of the following enrolled resolution in the presence of the Senate: **HCR 77**.

PHYSICIAN OF THE DAY

Senator Nelson was recognized and presented Dr. Amer Shakil of Dallas as the Physician of the Day.

The Senate welcomed Dr. Shakil and thanked him for his participation in the Physician of the Day program sponsored by the Texas Academy of Family Physicians.

SENATE RESOLUTION 445

Senator West offered the following resolution:

WHEREAS, The students, alumni, and staff members of Paul Quinn College are participating in their inaugural Paul Quinn College Day at the Capitol on March 21, 2017; and

WHEREAS, Paul Quinn College was established on April 4, 1872, as a private, four-year liberal arts historically black college that was founded by and affiliated with the African Methodist Episcopal Church; and

WHEREAS, The mission of Paul Quinn College is to provide a quality, faith-based education that addresses the academic, social, and Christian development of students and prepares them to be leaders and agents of change in the global marketplace; and

WHEREAS, Paul Quinn College Day at the Capitol reinforces this mission for its participants by providing them with the opportunity to articulate their policy concerns and interests directly to Texas legislators; and

WHEREAS, The institution embraces its ethos of "WE over Me" and is dedicated to honoring the "Four Ls of Quinnite Leadership: Leave places better than you found them; Lead from wherever you are; Live a life that matters; and Love something greater than yourself"; and

WHEREAS, During the institution's 145 years, the students and alumni of Paul Quinn College have consistently demonstrated a steadfast commitment to the advancement of all Texans; now, therefore, be it

RESOLVED, That the Senate of the State of Texas, 85th Legislature, hereby celebrate the inaugural Paul Quinn College Day at the Capitol and extend to its students, alumni, and staff the most sincere best wishes for the future; and, be it further

RESOLVED, That a copy of this Resolution be prepared for the college as an expression of high regard from the Texas Senate.

SR 445 was read and was adopted without objection.

GUESTS PRESENTED

Senator West was recognized and introduced to the Senate Paul Quinn College President Michael Sorrell and students.

The Senate welcomed its guests.

SENATE RESOLUTION 447

Senator Whitmire offered the following resolution:

WHEREAS, The Senate of the State of Texas is pleased to recognize Johnny Villarreal for his distinguished service as a firefighter and for his tireless advocacy on behalf of the state's firefighters; and

WHEREAS, Firefighters are the true stewards of Texas communities, and they courageously work each day to protect and assist citizens as first responders in times of crisis; and

WHEREAS, Johnny Villarreal has served as an engine operator for the Houston Fire Department for many years; in the course of his exemplary career, he has helped save thousands of lives and prevent innumerable injuries in the face of great hazards and at the risk of his own safety; and

WHEREAS, Mr. Villarreal has been a voice for Houston firefighters as a board member of the Houston Professional Fire Fighters Association, and he has been a leading spokesman for association outreach efforts during his service as the Position 4 director; and

WHEREAS, Texas firefighters continually strive to serve the public with great courage, commitment, and compassion, and Johnny Villarreal is indeed deserving of recognition for representing the highest qualities of his profession; now, therefore, be it

RESOLVED, That the Senate of the State of Texas, 85th Legislature, hereby commend Johnny Villarreal for his selfless work on behalf of his community and colleagues in his field and extend to him best wishes for the future; and, be it further

RESOLVED, That a copy of this Resolution be prepared for him as an expression of esteem from the Texas Senate.

SR 447 was again read.

The resolution was previously adopted on Monday, March 20, 2017.

GUESTS PRESENTED

Senator Whitmire, joined by Senator Garcia, was recognized and introduced to the Senate Houston firefighter Johnny Villarreal; his son, Johnny Villarreal Jr.; his daughter, Priscilla Walker; his son-in-law, Kyle Walker; and his sister-in-law, Olga McGee.

The Senate welcomed its guests.

GUESTS PRESENTED

Senator Uresti was recognized and introduced to the Senate a Dimmit County delegation.

The Senate welcomed its guests.

(Senator Taylor of Galveston in Chair)

(President in Chair)

COMMITTEE SUBSTITUTE
SENATE BILL 2 ON SECOND READING

Senator Bettencourt moved to suspend the regular order of business to take up for consideration **CSSB 2** at this time on its second reading:

CSSB 2, Relating to ad valorem taxation.

The motion prevailed by the following vote: Yeas 18, Nays 12.

Yeas: Bettencourt, Birdwell, Buckingham, Burton, Creighton, Estes, Hall, Hancock, Huffines, Huffman, Hughes, Kolkhorst, Nelson, Nichols, Perry, Schwertner, Taylor of Galveston, Taylor of Collin.

Nays: Garcia, Hinojosa, Lucio, Menéndez, Miles, Rodríguez, Seliger, Uresti, Watson, West, Whitmire, Zaffirini.

Absent-excused: Campbell.

The bill was read second time.

Senator Bettencourt offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSSB 2** (senate committee report) as follows:
(1) Add the following appropriately numbered SECTIONS to the bill:

SECTION ____. Section 11.4391(a), Tax Code, is amended to read as follows:

(a) The chief appraiser shall accept and approve or deny an application for an exemption for freeport goods under Section 11.251 after the deadline for filing it has passed if it is filed not later than June 1 [before the date the appraisal review board approves the appraisal records].

SECTION ____. Section 21.09(b), Tax Code, is amended to read as follows:

(b) A person claiming an allocation must apply for the allocation each year the person claims the allocation. A person claiming an allocation must file a completed allocation application form before April [May] 1 and must provide the information required by the form. If the property was not on the appraisal roll in the preceding year, the deadline for filing the allocation application form is extended to the 30th [45th] day after the date of receipt of the notice of appraised value required by Section 25.19(a)(3). For good cause shown, the chief appraiser shall extend the deadline for filing an allocation application form by written order for a period not to exceed 30 [60] days.

(2) In SECTION 13 of the bill, in amended Section 22.23(b), Tax Code (page 4, line 57), between "report to" and "May 1", insert "a date not later than".

(3) In SECTION 13 of the bill, immediately following amended Section 22.23(b), Tax Code (page 4, between lines 59 and 60), insert the following:

(c) Notwithstanding any other provision of this section, rendition statements and property reports for property regulated by the Public Utility Commission of Texas, the Railroad Commission of Texas, the federal Surface Transportation Board, or the Federal Energy Regulatory Commission must be delivered to the chief appraiser not later than April 30, except as provided by Section 22.02. The chief appraiser may extend the filing deadline 15 days for good cause on written request by the property owner.

(4) In the recital to SECTION 41 of the bill (page 23, line 47), strike "(b-1),".

(5) In SECTION 41 of the bill, in amended Section 41.44(a), Tax Code (page 23, line 49), strike "(b-1)," and substitute "[(b-1),]".

(6) In SECTION 41 of the bill, strike amended Section 41.44(a)(1), Tax Code (page 23, lines 54-58), and substitute the following:

(1) not later than the later of:

(A) [before] May 15; [1] or

(B) [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];

(7) In SECTION 41 of the bill (page 24, lines 6-12), strike amended Section 41.44(b-1), Tax Code.

(8) In SECTION 61 of the bill (page 33, between lines 19 and 20), insert the following appropriately numbered subdivision and renumber subsequent subdivisions of the SECTION accordingly:

(__) Section 41.44(b-1), Tax Code;

(9) Add the following appropriately numbered SECTION to the bill:

SECTION ____. Sections 11.4391(a), 21.09(b), 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.

(10) Renumber the SECTIONS of the bill accordingly.

The amendment to **CSSB 2** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1 except as follows:

Absent-excused: Campbell.

Senator Bettencourt offered the following amendment to the bill:

Floor Amendment No. 2

Amend **CSSB 2** (senate committee printing) as follows:
(1) In SECTION 60 of the bill, in the recital to the SECTION (page 30, line 53), strike "and (k)" and substitute "(k), and (l)".
(2) In SECTION 60 of the bill, in amended Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, in added Subsection (a)(3)(A) of the section (page 31, line 45), strike "included in the appraisal roll for the district for" and substitute "in the district in".
(3) In SECTION 60 of the bill, in amended Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, in added Subsection (a)(3)(A) of the section (page 31, line 49), strike "four" and substitute "five".
(4) In SECTION 60 of the bill, in amended Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, in added Subsection (a)(3)(B) of the section (page 31, lines 54 and 55), strike "included in the appraisal roll for the district for" and substitute "in the district in".
(5) In SECTION 60 of the bill, in amended Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, in added Subsection (a)(3)(B) of the section (page 31, line 58), strike "four" and substitute "five".
(6) In SECTION 60 of the bill, in amended Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, in amended Subsection (d) of the section (page 31, lines 62 and 63), strike "included in the appraisal roll for the district for" and substitute "in the district in".
(7) In SECTION 60 of the bill, in amended Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, in added Subsection (e) of the section (page 32, lines 8 and 9), strike "included in the appraisal roll for the district for" and substitute "in the district in".
(8) In SECTION 60 of the bill, in amended Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, in added Subsection (k) of the section (page 33, line 9), strike "four" and substitute "five".

(9) In SECTION 60 of the bill, in amended Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, following added Subsection (k) of the section (page 33, between lines 13 and 14), add the following:

(l) In this section, "improvement" has the meaning assigned by Section 1.04, Tax Code.

The amendment to **CSSB 2** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 2 except as follows:

Absent-excused: Campbell.

Senator Bettencourt offered the following amendment to the bill:

Floor Amendment No. 3

Amend **CSSB 2** (senate committee printing) as follows:

(1) In SECTION 20 of the bill (page 7, lines 1 through 23), strike added Sections 26.04(d-1), (d-2), and (d-3), Tax Code, and substitute the following:

(d-1) As soon as practicable after the designated officer or employee calculates the no-new-taxes tax rate and the rollback tax rate for the taxing unit, the designated officer or employee shall submit the worksheets used in calculating the rates to the county assessor-collector for each county in which the unit is located. The county assessor-collector or an employee designated by the county assessor-collector shall determine whether the values used in the calculation of those tax rates are the same as the values shown in the unit's appraisal roll and the tax rates have otherwise been calculated correctly. If the county assessor-collector or designated employee makes such a determination, the county assessor-collector shall:

(1) execute a written certification to that effect, attach the certification to each worksheet, and submit the worksheets to the governing body of the unit; and

(2) notify the unit's designated officer or employee of the submission of the worksheets with the attached certifications to the governing body.

(d-2) The designated officer or employee of the taxing unit may not submit the no-new-taxes tax rate and the rollback tax rate to the governing body of the unit and the governing body of the unit may not adopt a tax rate until the county assessor-collector for each county in which the unit is located submits to the governing body of the unit the worksheets used to calculate each tax rate with the certification described by Subsection (d-1) attached.

(d-3) The comptroller shall adopt rules governing the form of the certification described by Subsection (d-1) and the manner in which the worksheets with the attached certifications are required to be submitted to the governing body of the taxing unit.

(2) In SECTION 35 of the bill, in added Section 26.16(d-1), Tax Code (page 22, lines 26 through 29), strike Subdivision (1) of the subsection and substitute the following:

(1) the worksheets used by the designated officer or employee of each taxing unit to calculate the no-new-taxes 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

(3) In SECTION 35 of the bill (page 22, lines 32 through 36), strike added Section 26.16(d-2), Tax Code, and substitute the following:

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

The amendment to **CSSB 2** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 3 except as follows:

Absent-excused: Campbell.

Senator Bettencourt offered the following amendment to the bill:

Floor Amendment No. 4

Amend **CSSB 2** (senate committee printing) as follows:

(1) Strike SECTION 6 of the bill (page 2, line 49, through page 3, line 5).

(2) In SECTION 12 of the bill, at the end of added Section 6.425(e)(6), Tax Code (page 4, line 35), strike "or".

(3) In SECTION 12 of the bill, in added Section 6.425(e)(7), Tax Code, between "consulting" and the underlined period (page 4, line 37), insert the following:
; or
(8) be licensed as a real estate broker or sales agent under Chapter 1101, Occupations Code

(4) In SECTION 12 of the bill, strike added Section 6.425(f)(2), Tax Code (page 4, lines 45 through 48), and substitute the following:
(2) the board member being appointed to the panel holds a bachelor's degree in any field.

(5) Strike SECTION 64 of the bill (page 33, lines 31 through 34).

(6) Renumber the SECTIONS of the bill and cross-references to those SECTIONS accordingly.

The amendment to **CSSB 2** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 4 except as follows:

Absent-excused: Campbell.

Senator Lucio offered the following amendment to the bill:

Floor Amendment No. 5

Amend **CSSB 2** (senate committee printing) as follows:

(1) In SECTION 20 of the bill, strike added Section 26.04(c-1), Tax Code (page 6, lines 59 through 64), and substitute the following:

(c-1) Notwithstanding any other provision of this section, the governing body may direct the designated officer or employee to substitute "1.08" for "1.05" in the calculation of the rollback tax rate if:

(1) 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; or

(2) in the most recent regular legislative session or in a special legislative session following the most recent regular legislative session the legislature passed a bill that became law, or a joint resolution proposing a constitutional amendment that was approved by the voters, that had a negative fiscal impact on taxing units of that type as shown by the fiscal note for the bill or joint resolution prepared by the Legislative Budget Board.

(2) In SECTION 21 of the bill, strike added Section 26.041(c-1), Tax Code (page 9, line 68, through page 10, line 4), and substitute the following:

(c-1) Notwithstanding any other provision of this section, the governing body may direct the designated officer or employee to substitute "1.08" for "1.05" in the calculation of the rollback tax rate if:

(1) 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; or

(2) in the most recent regular legislative session or in a special legislative session following the most recent regular legislative session the legislature passed a bill that became law, or a joint resolution proposing a constitutional amendment that was approved by the voters, that had a negative fiscal impact on taxing units of that type as shown by the fiscal note for the bill or joint resolution prepared by the Legislative Budget Board.

(3) In SECTION 60 of the bill, in amended Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, in added Subsection (a)(3)(A) of the section (page 31, line 49), strike "four" and substitute "five".

(4) In SECTION 60 of the bill, in amended Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, in added Subsection (a)(3)(B) of the section (page 31, line 58), strike "four" and substitute "five".

(5) In SECTION 60 of the bill, in amended Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, strike added Subsection (k) of the section (page 33, lines 8 through 13) and substitute the following:

(k) Notwithstanding any other provision of this section, the board may substitute "eight percent" for "five percent" in Subsection (a) and "1.08" for "1.05" in Subsection (d) or (e), as applicable, and Subsection (j) if:

(1) 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; or

(2) in the most recent regular legislative session or in a special legislative session following the most recent regular legislative session the legislature passed a bill that became law, or a joint resolution proposing a constitutional amendment that was approved by the voters, that had a negative fiscal impact on districts as shown by the fiscal note for the bill or joint resolution prepared by the Legislative Budget Board.

The amendment to **CSSB 2** was read.

Senator Lucio withdrew Floor Amendment No. 5.

Senator Lucio offered the following amendment to the bill:

Floor Amendment No. 6

Amend **CSSB 2** (senate committee printing) as follows:

(1) In SECTION 20 of the bill, strike amended Section 26.04(c)(2), Tax Code (page 6, lines 53 through 58), and substitute the following:

(2) "Rollback tax rate" means a rate expressed in dollars per $100 of taxable value equal to the greater of the rates calculated according to the following formulas [formula]:

ROLLBACK TAX RATE = (NO-NEW-TAXES [EFFECTIVE] MAINTENANCE AND OPERATIONS RATE x 1.05 [1.08]) + CURRENT DEBT RATE

or

ROLLBACK TAX RATE = NO-NEW-TAXES MAINTENANCE AND OPERATIONS RATE + $0.03 + CURRENT DEBT RATE

(2) In SECTION 21 of the bill, strike amended Sections 26.041(a), (b), and (c), Tax Code (page 9, lines 16 through 67), and substitute the following:

(a) In the first year in which an additional sales and use tax is required to be collected, the no-new-taxes [effective] tax rate for the unit is calculated according to the following applicable formula and the rollback tax rate for the unit is [are] calculated according to the greater of the following applicable formulas:

NO-NEW-TAXES [EFFECTIVE] TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] - SALES TAX GAIN RATE

and

ROLLBACK TAX RATE = (NO-NEW-TAXES [EFFECTIVE] MAINTENANCE AND OPERATIONS RATE x 1.05 [1.08]) + CURRENT DEBT RATE - SALES TAX GAIN RATE

or

ROLLBACK TAX RATE = NO-NEW-TAXES MAINTENANCE AND OPERATIONS RATE + $0.03 + 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 equal to the greater of the rates calculated according to the following formulas [formula], regardless of whether the unit levied a property tax in the preceding year:

ROLLBACK TAX RATE = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.05 [1.08]) / ([TOTAL] CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE - SALES TAX REVENUE RATE)

or

ROLLBACK TAX RATE = [LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + $0.03 + CURRENT DEBT RATE - SALES TAX REVENUE RATE

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 no-new-taxes [effective] tax rate for the unit is calculated according to the following applicable formula and the rollback tax rate for the unit is [are] calculated according to the greater of the following applicable formulas:

NO-NEW-TAXES [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 1.05 [1.08]) / ([TOTAL] CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT DEBT RATE

or

ROLLBACK TAX RATE = [LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + $0.03 + 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.

(3) In SECTION 60 of the bill, in amended Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, in added Subsection (a)(3)(A) of the section (page 31, line 49), strike "four [eight] percent" and substitute "the greater of five [eight] percent or $0.03 per $100 of taxable value".

(4) In SECTION 60 of the bill, in amended Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, in added Subsection (a)(3)(B) of the section (page 31, line 58), strike "four percent" and substitute "the greater of five percent or $0.03 per $100 of taxable value".

(5) In SECTION 60 of the bill, in amended Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, strike Subsections (d), (e), and (j) of the section (page 31, line 61, through page 32, line 20, and page 32, line 64, through page 33, line 7) and substitute the following:

(d) This subsection applies to a district only if there are not any new improvements included in the appraisal roll for the district for the current tax year. If the board [governing body] of the [a] district adopts a combined debt service, operation and maintenance, and contract tax rate that exceeds the greater of the rate that would impose 1.05 [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, or the rate that is equal to the sum of the rate that would impose 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, and $0.03 per $100 of taxable value, [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-2) [26.07(b)-(g) and 26.081], Tax Code.

(e) This subsection and Subsections (f)-(i) apply to a district only if there are any new improvements included in the appraisal roll for the district for the current tax year. If the board of the district adopts a combined debt service, operation and maintenance, and contract tax rate that exceeds the greater of the rate that would impose 1.05 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, or the rate that is equal to the sum of the rate that would impose 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, and $0.03 per $100 of taxable value, the qualified voters of the district by petition may require that an election be held to determine whether to ratify the tax rate adopted for the current year in accordance with the procedures provided by Subsections (f)-(i) of this section and Section 26.081, Tax Code.

(j) For purposes of an election under Subsection (d) or (e), as applicable [Sections 26.07(b)-(g) and this subsection], the rollback tax rate of a district 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 is equal to the greater of the following rates:

(A) the rate that would impose 1.05 [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; or

(B) the rate that is equal to the sum of the following rates:

(i) the rate that would impose 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; and

(ii) $0.03 per $100 of taxable value.

(6) In SECTION 60 of the bill, in amended Section 49.236, Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, in added Subsection (k) of the section (page 33, line 9), strike "four" and substitute "five".

The amendment to **CSSB 2** was read.

Senator Lucio withdrew Floor Amendment No. 6.

Senator Seliger offered the following amendment to the bill:

Floor Amendment No. 7

Amend **CSSB 2** (senate committee printing) as follows:

(1) In SECTION 20 of the bill, in amended Section 26.04, Tax Code, strike amended Subsection (c) and added Subsection (c-1) (page 6, lines 43-64) and substitute the following:

(c) An officer or employee designated by the governing body shall calculate the no-new-taxes [effective] tax rate and the rollback tax rate for the unit, where:

(1) "No-new-taxes ["Effective] tax rate" means a rate expressed in dollars per $100 of taxable value calculated according to the following formula:

NO-NEW-TAXES [EFFECTIVE] TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

; and

(2) "Rollback tax rate" means:

(A) for a county with a population of 150,000 or more, a municipality with a population of 210,000 or more, or a taxing unit other than a county or municipality, a rate expressed in dollars per $100 of taxable value calculated according to the following formula:

ROLLBACK TAX RATE = (NO-NEW-TAXES MAINTENANCE AND OPERATIONS RATE x 1.05) + CURRENT DEBT RATE

; and

(B) for a county with a population of less than 150,000 or a municipality with a population of less than 210,000, a rate expressed in dollars per $100 of taxable value calculated according to the following formula:

ROLLBACK TAX RATE = (NO-NEW-TAXES [EFFECTIVE] MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

(c-1) Notwithstanding any other provision of this section, the governing body of a county with a population of 150,000 or more, a municipality with a population of 210,000 or more, or a taxing unit other than a county or municipality may direct the designated officer or employee to substitute "1.08" for "1.05" in the calculation of the

rollback tax rate of the 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.

(2) In SECTION 21 of the bill, in amended Section 26.041, Tax Code, strike amended Subsections (a), (b), and (c) and added Subsection (c-1) (page 9, line 16, through page 10, line 4) and substitute the following:

(a) In the first year in which an additional sales and use tax is required to be collected, the no-new-taxes [effective] tax rate and rollback tax rate for the unit are calculated according to the following formulas:

NO-NEW-TAXES [EFFECTIVE] TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] - SALES TAX GAIN RATE

ROLLBACK TAX RATE FOR COUNTY WITH POPULATION OF 150,000 OR MORE, MUNICIPALITY WITH POPULATION OF 210,000 OR MORE, OR TAXING UNIT OTHER THAN COUNTY OR MUNICIPALITY = (NO-NEW-TAXES MAINTENANCE AND OPERATIONS RATE x 1.05) + CURRENT DEBT RATE - SALES TAX GAIN RATE

and

ROLLBACK TAX RATE FOR COUNTY WITH POPULATION OF LESS THAN 150,000 OR MUNICIPALITY WITH POPULATION OF LESS THAN 210,000 = (NO-NEW-TAXES [EFFECTIVE] MAINTENANCE AND OPERATIONS RATE x 1.08) + 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 FOR COUNTY WITH POPULATION OF 150,000 OR MORE, MUNICIPALITY WITH POPULATION OF 210,000 OR MORE, OR TAXING UNIT OTHER THAN COUNTY OR MUNICIPALITY = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.05) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE - SALES TAX REVENUE RATE)

and

ROLLBACK TAX RATE FOR COUNTY WITH POPULATION OF LESS THAN 150,000 OR MUNICIPALITY WITH POPULATION OF LESS THAN 210,000 = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / ([TOTAL] CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE - SALES TAX REVENUE RATE)

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 no-new-taxes [effective] tax rate and rollback tax rate for the unit are calculated according to the following formulas:

NO-NEW-TAXES [EFFECTIVE] TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + SALES TAX LOSS RATE

ROLLBACK TAX RATE FOR COUNTY WITH POPULATION OF 150,000 OR MORE, MUNICIPALITY WITH POPULATION OF 210,000 OR MORE, OR TAXING UNIT OTHER THAN COUNTY OR MUNICIPALITY = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.05) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT DEBT RATE

and

ROLLBACK TAX RATE FOR COUNTY WITH POPULATION OF LESS THAN 150,000 OR MUNICIPALITY WITH POPULATION OF LESS THAN 210,000 = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 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 of a county with a population of 150,000 or more, a municipality with a population of 210,000 or more, or a taxing unit other than a county or municipality may direct the designated officer or employee to substitute "1.08" for "1.05" in the calculation of the rollback tax rate of the 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.

(3)　In SECTION 29 of the bill, in amended Section 26.06, Tax Code, strike added Subsections (b-1), (b-2), and (b-3) (page 14, line 46, through page 16, line 22) and substitute the following:

(b-1)　If the proposed tax rate exceeds the no-new-taxes tax rate and the rollback tax rate of the taxing unit, the notice must contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX INCREASE

| "PROPOSED TAX RATE | $_____ | per $100 |
| "NO-NEW-TAXES RATE | $_____ | per $100 |

"ROLLBACK TAX RATE $_____ per $100

"The no-new-taxes rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The rollback tax rate is the highest tax rate that (name of taxing unit) may adopt (insert "before the voters are entitled to petition for an election to limit the rate that may be approved to the rollback tax rate" if Section 26.07 applies or "without holding an election to ratify the rate" if Section 26.08 applies).

"The proposed tax rate is greater than the no-new-taxes rate. This means that (name of taxing unit) is proposing to increase property taxes for the (current tax year) tax year.

"A public hearing on the proposed tax rate will be held on (date and time) at (meeting place).

"A second public hearing will be held on (date and time) at (meeting place).

"The proposed tax rate is also greater than the rollback tax rate. If (name of taxing unit) adopts the proposed tax rate, (insert "the voters are entitled to petition for an election to limit the rate that may be approved to the rollback tax rate" if Section 26.07 applies or "(name of taxing unit) is required to hold an election so that the voters may accept or reject the proposed tax rate" if Section 26.08 applies). If a majority of the voters (insert "vote to reduce the tax rate to the rollback tax rate, the tax rate is the rollback tax rate" if Section 26.07 applies or "reject the proposed tax rate, (name of taxing unit) will be required to adopt a new tax rate that is not greater than the rollback tax rate" if Section 26.08 applies). The election will be held on (date of election). You may contact the (name of office responsible for administering the election) for information about voting locations. The hours of voting on election day are (voting hours).

"Your taxes owed under any of the tax rates mentioned above can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating the absences.)"

(b-2) If the proposed tax rate exceeds the no-new-taxes tax rate but does not exceed the rollback tax rate of the taxing unit, the notice must contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX INCREASE

"PROPOSED TAX RATE $_____ per $100

"NO-NEW-TAXES RATE $_____ per $100

"ROLLBACK TAX RATE $_____ per $100

"The no-new-taxes rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The rollback tax rate is the highest tax rate that (name of taxing unit) may adopt (insert "before the voters are entitled to petition for an election to limit the rate that may be approved to the rollback tax rate" if Section 26.07 applies or "without holding an election to ratify the rate" if Section 26.08 applies).

"The proposed tax rate is greater than the no-new-taxes rate. This means that (name of taxing unit) is proposing to increase property taxes for the (current tax year) tax year.

"A public hearing on the proposed tax rate will be held on (date and time) at (meeting place).

"A second public hearing will be held on (date and time) at (meeting place).

"The proposed tax rate is not greater than the rollback tax rate. As a result, (name of taxing unit) is not required to hold an election at which voters may accept or reject the proposed tax rate. However, you may express your support for or opposition to the proposed tax rate by contacting the members of the (name of governing body) of (name of taxing unit) at their offices or by attending one of the public hearings mentioned above.

"Your taxes owed under any of the tax rates mentioned above can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating the absences.)"

(b-3) If the proposed tax rate does not exceed the no-new-taxes tax rate but exceeds the rollback tax rate of the taxing unit, the notice must contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX INCREASE

"PROPOSED TAX RATE $_____ per $100
"NO-NEW-TAXES RATE $_____ per $100
"ROLLBACK TAX RATE $_____ per $100

"The no-new-taxes rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The rollback tax rate is the highest tax rate that (name of taxing unit) may adopt (insert "before the voters are entitled to petition for an election to limit the rate that may be approved to the rollback tax rate" if Section 26.07 applies or "without holding an election to ratify the rate" if Section 26.08 applies).

"The proposed tax rate is not greater than the no-new-taxes rate. This means that (name of taxing unit) is not proposing to increase property taxes for the (current tax year) tax year.

"A public hearing on the proposed tax rate will be held on (date and time) at (meeting place).

"A second public hearing will be held on (date and time) at (meeting place).

"The proposed tax rate is greater than the rollback tax rate. If (name of taxing unit) adopts the proposed tax rate, (insert "the voters are entitled to petition for an election to limit the rate that may be approved to the rollback tax rate" if Section 26.07 applies or "(name of taxing unit) is required to hold an election so that the voters may accept or reject the proposed tax rate" if Section 26.08 applies). If a majority of the voters (insert "vote to reduce the tax rate to the rollback tax rate, the tax rate is the rollback tax rate" if Section 26.07 applies or "reject the proposed tax rate, (name of taxing unit) will be required to adopt a new tax rate that is not greater

than the rollback tax rate" if Section 26.08 applies). The election will be held on (date of election). You may contact the (name of office responsible for administering the election) for information about voting locations. The hours of voting on election day are (voting hours).

"Your taxes owed under any of the tax rates mentioned above can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating the absences.)"

(4) In SECTION 30 of the bill, strike added Section 26.061(b), Tax Code (page 17, lines 13-46), and substitute the following:

(b) The notice of the meeting at which the governing body of the taxing unit will vote on the proposed tax rate must contain a statement in the following form:

"NOTICE OF MEETING TO VOTE ON TAX RATE

"PROPOSED TAX RATE $_____ per $100
"NO-NEW-TAXES RATE $_____ per $100
"ROLLBACK TAX RATE $_____ per $100

"The no-new-taxes rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The rollback tax rate is the highest tax rate that (name of taxing unit) may adopt (insert "before the voters are entitled to petition for an election to limit the rate that may be approved to the rollback tax rate" if Section 26.07 applies or "without holding an election to ratify the rate" if Section 26.08 applies).

"The proposed tax rate is not greater than the no-new-taxes rate. This means that (name of taxing unit) is not proposing to increase property taxes for the (current tax year) tax year.

"A public meeting to vote on the proposed tax rate will be held on (date and time) at (meeting place).

"The proposed tax rate is also not greater than the rollback tax rate. As a result, (name of taxing unit) is not required to hold an election at which voters may accept or reject the proposed tax rate. However, you may express your support for or opposition to the proposed tax rate by contacting the members of the (name of governing body) of (name of taxing unit) at their offices or by attending the public meeting mentioned above.

"Your taxes owed under any of the above rates can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposed tax rate or, if one or more were absent, indicating the absences.)"

(5) Add the following appropriately numbered SECTION to the bill:

SECTION ____. Section 26.07, Tax Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) This section applies only to:

(1) a county with a population of less than 150,000; or

(2) a municipality with a population of less than 210,000.

(a-1) If the governing body of a taxing unit to which this section applies [other than a school district] adopts a tax rate that exceeds the rollback tax rate calculated as provided by this chapter, the qualified voters of the taxing unit by petition may 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.

(6) In SECTION 32 of the bill, strike the recital to the SECTION (page 19, lines 34 and 35) and substitute the following:

SECTION ____. Section 26.08, Tax Code, is amended by amending Subsections (a), (b), (d), (d-1), (d-2), (e), (g), (h), (n), and (p) and adding Subsection (a-1) to read as follows:

(7) In SECTION 32 of the bill, strike amended Section 26.08(a), Tax Code (page 19, lines 36-49), and substitute the following:

(a) This section applies to a taxing unit other than:

(1) a county or municipality to which Section 26.07 applies; or

(2) a district to which Chapter 49, Water Code, applies.

(a-1) If the governing body of a taxing unit to which this section applies [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.

(8) In SECTION 35 of the bill, strike amended Section 26.16(d), Tax Code (page 21, line 55, through page 22, line 21), and substitute the following:

(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 no-new-taxes [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 no-new-taxes [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. In the case of a county with a population of less than 150,000, a municipality with a population of less than 210,000, or certain special purpose districts [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 any other taxing unit, including a school district, a county with a population of 150,000 or more, or a municipality with a population of 210,000 or more, an election will automatically be held if the unit [the district] wishes to adopt a tax rate in excess of the unit's [district's] rollback tax rate."

(9) In SECTION 36 of the bill, in amended Section 31.12(a), Tax Code (page 22, line 40), strike "26.08(d-2) [26.07(g)]," and substitute "26.07(g), 26.08(d-2),".

(10) In SECTION 36 of the bill, in amended Section 31.12(b)(2), Tax Code (page 22, lines 52 and 53), strike "26.08(d-2) [26.07(g)]" and substitute "26.07(g) or 26.08(d-2)".

(11) In SECTION 37 of the bill, in amended Section 33.08(b), Tax Code (page 23, line 7), strike "26.08(d-1) [26.07(f)]," and substitute "26.07(f), 26.08(d-1),".

(12) In SECTION 57 of the bill (page 30, lines 30-32), strike amended Section 3828.157, Special District Local Laws Code, and substitute the following:

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

(13) In SECTION 58 of the bill, in amended Section 49.107(g), Water Code (page 30, line 41), strike "26.061, and 26.08" and substitute "and 26.061".

(14) In SECTION 59 of the bill, in amended Section 49.108(f), Water Code (page 30, line 47), strike "26.061, and 26.08" and substitute "and 26.061".

(15) Strike SECTION 61 of the bill (page 33, lines 14-23) and substitute the following appropriately numbered SECTION:

SECTION ____. The following provisions are repealed:

(1) Sections 403.302(m-1) and (n), Government Code;

(2) Section 140.010, Local Government Code;

(3) Section 1063.255, Special District Local Laws 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.

(16) Renumber the SECTIONS of the bill and cross-references to those SECTIONS accordingly.

The amendment to **CSSB 2** was read and failed of adoption by the following vote: Yeas 13, Nays 17.

Yeas: Garcia, Hinojosa, Lucio, Menéndez, Miles, Perry, Rodríguez, Seliger, Uresti, Watson, West, Whitmire, Zaffirini.

Nays: Bettencourt, Birdwell, Buckingham, Burton, Creighton, Estes, Hall, Hancock, Huffines, Huffman, Hughes, Kolkhorst, Nelson, Nichols, Schwertner, Taylor of Galveston, Taylor of Collin.

Absent-excused: Campbell.

Senator Seliger offered the following amendment to the bill:

Floor Amendment No. 8

Amend **CSSB 2** (senate committee report) as follows:

(1) In SECTION 19 of the bill, in the amended heading to Section 26.04, Tax Code (page 6, line 26), strike "NO-NEW-TAXES [EFFECTIVE] AND ROLLBACK" and substitute "NO-NEW-TAXES, [EFFECTIVE AND] ROLLBACK, AND AUTOMATIC ELECTION".

(2) In SECTION 20 of the bill, in the amended Section 26.04(c), Tax Code (page 6, lines 44 and 45), strike "rate and the rollback" and substitute "rate, [and] the rollback tax rate, and the automatic election".

(3) In SECTION 20 of the bill, in the amended Section 26.04(c)(1), Tax Code (page 6, line 52), strike "and" and substitute "[and]".

(4) In SECTION 20 of the bill, in the amended Section 26.04(c), Tax Code (page 6, between lines 58 and 59), insert the following:
; and
(3) "Automatic election tax rate" means a rate expressed in dollars per $100 of taxable value calculated according to the following formula:
AUTOMATIC ELECTION TAX RATE = (NO-NEW-TAXES MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

(5) In SECTION 20 of the bill, strike amended Section 26.04(d), Tax Code (page 6, lines 65-69), and substitute the following:
(d) For a county:
(1) the [The] effective tax rate [for a county] is the sum of the effective tax rates calculated for each type of tax the county levies;
(2) [and] the rollback tax rate [for a county] is the sum of the rollback tax rates calculated for each type of tax the county levies; and
(3) the automatic election tax rate is the sum of the automatic election tax rates calculated for each type of tax the county levies.

(6) In SECTION 20 of the bill, in added Section 26.04(d-1), Tax Code (page 7, lines 2 and 3), strike "rate and the rollback" and substitute "rate, the rollback tax rate, and the automatic election".

(7) In SECTION 20 of the bill, in added Section 26.04(d-2), Tax Code (page 7, line 9), strike "rate and the rollback" and substitute "rate, the rollback tax rate, and the automatic election".

(8) In SECTION 20 of the bill, in added Section 26.04(d-2)(2), Tax Code (page 7, line 19), strike "has" and substitute "and the automatic election tax rate have".

(9) In SECTION 20 of the bill, in amended Section 26.04(e)(1), Tax Code (page 7, line 31), between "rate," and "and", insert "the automatic election tax rate,".

(10) In SECTION 20 of the bill, in amended Section 26.04(e)(7), Tax Code (page 8, line 6), between "rate" and "as required", insert "and automatic election tax rate".

(11) In SECTION 20 of the bill, in amended Section 26.04(e)(7)(A), Tax Code (page 8, line 10), between "rate" and "as required", insert "and automatic election tax rate".

(12) In SECTION 20 of the bill, in amended Section 26.04(f), Tax Code (page 8, lines 21 and 22), strike "no-new-taxes [effective] and rollback" and substitute "no-new-taxes, [effective and] rollback, and automatic election".

(13) In SECTION 20 of the bill, in amended Section 26.04(i), Tax Code (page 8, line 33), between "rate" and "of", insert "and automatic election tax rate".

(14) In SECTION 20 of the bill, in amended Section 26.04(i), Tax Code (page 8, line 36), strike "is" and substitute "are [is]".

(15) In SECTION 20 of the bill, in amended Section 26.04(j), Tax Code (page 8, line 59), between "rate" and "of", insert "and automatic election tax rate".

(16) In SECTION 20 of the bill, in amended Section 26.04(j), Tax Code (page 8, line 63), strike "is" and substitute "are [is]".

(17) In SECTION 21 of the bill, in amended Section 26.041(a), Tax Code (page 9, line 18), strike "rate and rollback" and substitute "rate, the [and] rollback tax rate, and the automatic election".

(18) In SECTION 21 of the bill, in amended Section 26.041(a), Tax Code (page 9, between lines 26 and 27), insert the following:
and
AUTOMATIC ELECTION TAX RATE = (NO-NEW-TAXES MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE - SALES TAX GAIN RATE

(19) In SECTION 21 of the bill, in amended Section 26.041(b), Tax Code (page 9, lines 34 and 35), strike "for the unit is calculated according to the following formula" and substitute "and the automatic election tax rate for the unit are [is] calculated according to the following formulas [formula]".

(20) In SECTION 21 of the bill, in amended Section 26.041(b), Tax Code (page 9, between lines 40 and 41), insert the following:
and
AUTOMATIC ELECTION TAX RATE = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE - SALES TAX REVENUE RATE)

(21) In SECTION 21 of the bill, in amended Section 26.041(c), Tax Code (page 9, line 51), strike "rate and rollback" and substitute "rate, the [and] rollback tax rate, and the automatic election".

(22) In SECTION 21 of the bill, in amended Section 26.041(c), Tax Code (page 9, between lines 60 and 61), insert the following:
and

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

(23) In SECTION 21 of the bill, at the end of amended Section 26.041(e), Tax Code (page 10, line 23), insert the following:

If a governing body directs the designated officer or employee to add to the no-new-taxes and rollback tax rates under this subsection, the governing body shall direct the officer or employee to add to the automatic election tax rate an amount proportionate to the amount by which the rollback tax rate was increased.

(24) In SECTION 22 of the bill, in the amended heading to Section 26.043, Tax Code (page 10, line 60), between "ROLLBACK" and "AND", insert ", AUTOMATIC ELECTION,".

(25) In SECTION 23 of the bill, in amended Section 26.043(a), Tax Code (page 11, line 2), between "rollback" and "and", insert ", automatic election,".

(26) In SECTION 23 of the bill, in amended Section 26.043(b), Tax Code (page 11, line 8), between "no-new-taxes" and "[~~effective~~]", insert ", automatic election,".

(27) Add an appropriately numbered SECTION of the bill to read as follows:

SECTION ____. Sections 26.045(a), (c), and (i), Tax Code, are amended to read as follows:

(a) The rollback tax rate for a political subdivision of this state is increased by the rate that, if applied to the total current value, would impose an amount of taxes equal to the amount the political subdivision will spend out of its maintenance and operation funds under Section 26.012(16) to pay for a facility, device, or method for the control of air, water, or land pollution that is necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality. The automatic election tax rate for the political subdivision is increased by an amount proportionate to the amount by which the rollback tax rate was increased.

(c) To receive an adjustment to the rollback tax rate and automatic election tax rate under this section, a political subdivision shall present information to the executive director of the Texas Commission on Environmental Quality in a permit application or in a request for any exemption from a permit that would otherwise be required detailing:

(1) the anticipated environmental benefits from the installation of the facility, device, or method for the control of air, water, or land pollution;

(2) the estimated cost of the pollution control facility, device, or method; and

(3) the purpose of the installation of the facility, device, or method, and the proportion of the installation that is pollution control property.

(i) A political subdivision of the state seeking an adjustment in its rollback tax rate and automatic election tax rate under this section shall provide to its tax assessor a copy of the letter issued by the executive director of the Texas Commission on Environmental Quality under Subsection (d). The tax assessor shall accept the copy of the letter from the executive director as conclusive evidence that the facility,

device, or method is used wholly or partly as pollution control property and shall adjust the rollback tax rate and automatic election tax rate for the political subdivision as provided for by Subsection (a).

(28) In the recital to SECTION 29 of the bill (page 13, line 62), strike "and (b-4)" and substitute "(b-4), (b-5), and (b-6)".

(29) In SECTION 29 of the bill (page 14, line 46, through page 16, line 25), strike added Sections 26.06(b-1)-(b-4) and substitute the following:

(b-1) If the proposed tax rate exceeds the no-new-taxes tax rate, the rollback tax rate, and the automatic election tax rate of the taxing unit, the notice must contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX INCREASE

"PROPOSED TAX RATE $_____ per $100
"NO-NEW-TAXES RATE $_____ per $100
"ROLLBACK TAX RATE $_____ per $100
"AUTOMATIC ELECTION TAX RATE $_____ per $100

"The no-new-taxes rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The rollback tax rate is the highest tax rate that (name of taxing unit) may adopt without entitling qualified voters to petition for an election to ratify the rate.

"The automatic election tax rate is the highest rate that (name of taxing unit) may adopt without requiring voter approval at an automatically held election.

"The proposed tax rate is greater than the no-new-taxes rate. This means that (name of taxing unit) is proposing to increase property taxes for the (current tax year) tax year.

"A public hearing on the proposed tax rate will be held on (date and time) at (meeting place).

"A second public hearing will be held on (date and time) at (meeting place).

"The proposed tax rate is also greater than the rollback tax rate and the automatic election tax rate. If (name of taxing unit) adopts the proposed tax rate, (name of taxing unit) is required to hold an election so that voters may accept or reject the proposed tax rate. If a majority of voters reject the proposed tax rate, the (name of taxing unit) will be required to adopt a new tax rate that is not greater than the rollback tax rate. The election will be held on (date of election). You may contact the (name of office responsible for administering the election) for information about voting locations. The hours of voting on election day are (voting hours).

"Your taxes owed under any of the tax rates mentioned above can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating the absences.)"

(b-2) If the proposed tax rate exceeds the no-new-taxes tax rate but does not exceed the rollback tax rate or the automatic election tax rate of the taxing unit, the notice must contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX INCREASE

"PROPOSED TAX RATE $_____per $100
"NO-NEW-TAXES RATE $_____per $100
"ROLLBACK TAX RATE $_____per $100
"AUTOMATIC ELECTION TAX RATE $_____ per $100

"The no-new-taxes rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The rollback tax rate is the highest tax rate that (name of taxing unit) may adopt without entitling qualified voters to petition for an election to ratify the rate.

"The automatic election tax rate is the highest rate that (name of taxing unit) may adopt without requiring voter approval at an automatically held election.

"The proposed tax rate is greater than the no-new-taxes rate. This means that (name of taxing unit) is proposing to increase property taxes for the (current tax year) tax year.

"A public hearing on the proposed tax rate will be held on (date and time) at (meeting place).

"A second public hearing will be held on (date and time) at (meeting place).

"The proposed tax rate is not greater than the rollback tax rate or the automatic election tax rate. As a result, (name of taxing unit) is not required to hold an election at which voters may accept or reject the proposed tax rate. However, you may express your support for or opposition to the proposed tax rate by contacting the members of the (name of governing body) of (name of taxing unit) at their offices or by attending one of the public hearings mentioned above.

"Your taxes owed under any of the tax rates mentioned above can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating the absences.)"

(b-3) If the proposed tax rate does not exceed the no-new-taxes tax rate but exceeds the rollback tax rate and the automatic election tax rate of the taxing unit, the notice must contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX INCREASE

"PROPOSED TAX RATE $_____per $100
"NO-NEW-TAXES RATE $_____per $100
"ROLLBACK TAX RATE $_____per $100
"AUTOMATIC ELECTION TAX RATE $_____ per $100

"The no-new-taxes rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The rollback tax rate is the highest tax rate that (name of taxing unit) may adopt without entitling qualified voters to petition for an election to ratify the rate.

"The automatic election tax rate is the highest rate that (name of taxing unit) may adopt without requiring voter approval at an automatically held election.

"The proposed tax rate is not greater than the no-new-taxes rate. This means that (name of taxing unit) is not proposing to increase property taxes for the (current tax year) tax year.

"A public hearing on the proposed tax rate will be held on (date and time) at (meeting place).

"A second public hearing will be held on (date and time) at (meeting place).

"The proposed tax rate is greater than the rollback tax rate and the automatic election tax rate. If (name of taxing unit) adopts the proposed tax rate, (name of taxing unit) is required to hold an election so that voters may accept or reject the proposed tax rate. If a majority of voters reject the proposed tax rate, the (name of taxing unit) will be required to adopt a new tax rate that is not greater than the rollback tax rate. The election will be held on (date of election). You may contact the (name of office responsible for administering the election) for information about voting locations. The hours of voting on election day are (voting hours).

"Your taxes owed under any of the tax rates mentioned above can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating the absences.)"

(b-4) If the proposed tax rate exceeds the no-new-taxes tax rate and the rollback tax rate but not the automatic election tax rate of the taxing unit, the notice must contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX INCREASE

"PROPOSED TAX RATE $_____ per $100
"NO-NEW-TAXES RATE $_____ per $100
"ROLLBACK TAX RATE $_____ per $100
"AUTOMATIC ELECTION TAX RATE $_____ per $100

"The no-new-taxes rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The rollback tax rate is the highest tax rate that (name of taxing unit) may adopt without entitling qualified voters to petition for an election to ratify the rate.

"The automatic election tax rate is the highest rate that (name of taxing unit) may adopt without requiring voter approval at an automatically held election.

"The proposed tax rate is greater than the no-new-taxes rate. This means that (name of taxing unit) is proposing to increase property taxes for the (current tax year) tax year.

"A public hearing on the proposed tax rate will be held on (date and time) at (meeting place).

"A second public hearing will be held on (date and time) at (meeting place).

"The proposed tax rate is also greater than the rollback tax rate but is not greater than the automatic election tax rate. If (name of taxing unit) adopts the proposed tax rate, the qualified voters of (name of taxing unit) by petition may require (name of taxing unit) to hold an election so that voters may accept or reject the proposed tax rate. If a majority of voters reject the proposed tax rate, the (name of taxing unit) will

be required to adopt a new tax rate that is not greater than the rollback tax rate. The election would be held on (date of election). You may contact the (name of office responsible for administering the election) for information about voting locations and hours.

"Your taxes owed under any of the tax rates mentioned above can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating the absences.)"

(b-5) If the proposed tax rate exceeds the rollback tax rate but does not exceed the no-new-taxes tax rate or the automatic election tax rate of the taxing unit, the notice must contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX INCREASE

"PROPOSED TAX RATE $_____ per $100

"NO-NEW-TAXES RATE $_____ per $100

"ROLLBACK TAX RATE $_____ per $100

"AUTOMATIC ELECTION TAX RATE $_____ per $100

"The no-new-taxes rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The rollback tax rate is the highest tax rate that (name of taxing unit) may adopt without entitling qualified voters to petition for an election to ratify the rate.

"The automatic election tax rate is the highest rate that (name of taxing unit) may adopt without requiring voter approval at an automatically held election.

"The proposed tax rate is not greater than the no-new-taxes rate. This means that (name of taxing unit) is not proposing to increase property taxes for the (current tax year) tax year.

"A public hearing on the proposed tax rate will be held on (date and time) at (meeting place).

"A second public hearing will be held on (date and time) at (meeting place).

"The proposed tax rate is also greater than the rollback tax rate but is not greater than the automatic election tax rate. If (name of taxing unit) adopts the proposed tax rate, the qualified voters of (name of taxing unit) by petition may require (name of taxing unit) to hold an election so that voters may accept or reject the proposed tax rate. If a majority of voters reject the proposed tax rate, the (name of taxing unit) will be required to adopt a new tax rate that is not greater than the rollback tax rate. The election would be held on (date of election). You may contact the (name of office responsible for administering the election) for information about voting locations and hours.

"Your taxes owed under any of the tax rates mentioned above can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating the absences.)"

(b-6) In addition to including the information described by Subsections (b-1)-(b-5), as applicable, the notice must include the information described by Section 26.062.

(30) In SECTION 30 of the bill, in added Section 26.061(b), Tax Code (page 17, between lines 19 and 20), insert the following:

"AUTOMATIC ELECTION TAX RATE $_____ per $100

(31) In SECTION 30 of the bill, in added Section 26.061(b), Tax Code (page 17, lines 26 and 27), strike "holding an election to ratify the rate." and substitute the following:

entitling qualified voters to petition for an election to ratify the rate.

"The automatic election tax rate is the highest rate that (name of taxing unit) may adopt without requiring voter approval at an automatically held election.

(32) In SECTION 30 of the bill, in added Section 26.061(b), Tax Code (page 17, line 34), between "tax rate" and the period, insert "or the automatic election tax rate".

(33) In SECTION 30 of the bill, in added Section 26.062(a), Tax Code (page 17, line 52), strike "26.06(b-1), (b-2), or (b-3)" and substitute "26.06(b-1)-(b-5)"

(34) Strike the recital to SECTION 32 of the bill (page 19, lines 34 and 35) and substitute the following:

SECTION 32. Section 26.08, Tax Code, is amended by amending Subsections (a), (b), (d), (d-1), (d-2), (e), (g), (h), (n), and (p) and adding Subsections (a-1), (a-2), (a-3), and (a-4) to read as follows:

(35) In SECTION 32 of the bill, strike added Section 26.08(a), Tax Code (page 19, lines 36-49), and substitute the following:

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

(a-1) If the governing body of a taxing unit other than a school district adopts a tax rate that exceeds the taxing unit's rollback tax rate but does not exceed the taxing unit's automatic election tax rate, the qualified voters of the taxing unit by petition may require that an election be held in accordance with this section.

(a-2) A petition under Subsection (a-1) is valid only if:

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

(2) it is signed by a number of registered voters of the taxing unit equal to at least:

      (A) seven percent of the number of registered voters of the taxing unit according to the most recent list of registered voters if the tax rate adopted for the current tax year would impose taxes for maintenance and operations in an amount of at least $5 million; or

      (B) 10 percent of the number of registered voters of the taxing unit according to the most recent official list of registered voters if the tax rate adopted for the current tax year would impose taxes for maintenance and operations in an amount of less than $5 million; and

    (3) it is submitted to the governing body on or before the earlier of:

      (A) the 90th day after the date on which the governing body adopted the tax rate for the current year; and

      (B) September 20.

  (a-3) Not later than the earlier of the 20th day after the day a petition described by Subsection (a-1) is submitted and October 1, the governing body shall determine whether or not the petition is valid and pass a resolution stating its finding. If the governing body fails to act within the time allowed, the petition is treated as if it had been found valid.

  (a-4) If the governing body finds that a petition described by Subsection (a-1) is valid or if the governing body fails to act within the time allowed, the governing body shall, not later than October 1, order that an election be held in accordance with this section.

  (36) In SECTION 32 of the bill, in amended Section 26.08(b), Tax Code (page 19, line 51), strike "taxing unit [school district]" and substitute "school district or taxing unit".

  (37) In SECTION 32 of the bill, in amended Section 26.08(b), Tax Code (page 19, line 54), strike "The" and substitute "Except as provided by Subsections (a-3) and (a-4), the".

  (38) In SECTION 32 of the bill, in amended Section 26.08(b), Tax Code (page 19, line 60), strike "taxing unit [school district])" and substitute "school district or taxing unit, as applicable)".

  (39) In SECTION 32 of the bill, in amended Section 26.08(b), Tax Code (page 19, line 62), strike "(name of taxing unit)" and substitute "(name of school district or taxing unit, as applicable)".

  (40) In SECTION 32 of the bill, in amended Section 26.08(d), Tax Code (page 19, line 69, and page 20, line 1), strike "taxing unit [school district] for the current year that exceeds the taxing unit's [school district's] rollback" and substitute "school district or taxing unit for the current year that exceeds the school district's or taxing unit's rollback".

  (41) In SECTION 32 of the bill, in amended Section 26.08(d-1), Tax Code (page 20, lines 2-5), strike "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]" and substitute "the school district or taxing unit have been mailed, a proposition to improve the school district's or taxing unit's adopted tax rate is not approved by the voters of the district or taxing unit".

(42) In SECTION 32 of the bill, in amended Section 26.08(d-1), Tax Code (page 20, lines 7 and 8), strike "the taxing unit [district], the assessor for the taxing unit [school]" and substitute "the district or taxing unit, the assessor for the school or taxing unit".

(43) In SECTION 32 of the bill, in amended Section 26.08(d-2), Tax Code (page 20, line 15), strike "taxing unit [school district]" and substitute "school district or taxing unit".

(44) In SECTION 32 of the bill, in amended Section 26.08(d-2), Tax Code (page 20, line 17), strike "taxing unit [school district]" and substitute "school district or taxing unit".

(45) In SECTION 32 of the bill, in amended Section 26.08(d-2), Tax Code (page 20, lines 22 and 23), strike "taxing unit [school district]" and substitute "school district or taxing unit".

(46) In SECTION 35 of the bill, in amended Section 26.16(a), Tax Code (page 21, line 48), strike "and" and substitute "[and]".

(47) In SECTION 35 of the bill, in amended Section 26.16(a), Tax Code (page 21, line 49), between "rate" and the period, insert the following:
;

       (7) for a taxing unit other than a school district, the automatic election tax rate, if any

(48) In SECTION 35 of the bill, in amended Section 26.16(d), Tax Code (page 22, lines 14 through 21), strike the final paragraph of that subsection and substitute the following:

"The rollback tax rate is the highest tax rate a taxing unit may adopt before qualified voters are entitled to petition for [requiring voter approval at] an election to approve the adopted rate. In the case of a taxing unit other than a school district, the voters by petition may require that an [a rollback] election be held if the unit adopts a tax rate that exceeds [in excess of] the unit's rollback tax rate but does not exceed the unit's automatic election tax rate. In the case of a school district, an election will automatically be held if the district wishes to adopt a tax rate in excess of the district's rollback tax rate.

"The automatic election tax rate is the highest tax rate a taxing unit other than a school district may adopt without requiring voter approval at an automatically held election. If a taxing unit other than a school district adopts a tax rate that exceeds the unit's automatic election tax rate, an election will automatically be held to determine whether to approve the adopted tax rate."

(49) In SECTION 35 of the bill, in added Section 26.16(d-1)(1), Tax Code (page 22, lines 27 and 28), strike "and rollback" and substitute "tax rates, rollback tax rates, and, if any, automatic election".

(50) In SECTION 35 of the bill, in added Section 26.16(d-2), Tax Code (page 22, line 34), strike "and rollback tax rates" and substitute "tax rate, rollback tax rate, and, if any, automatic election tax rate".

(51) In SECTION 52 of the bill, in Section 102.007(d)(3)(D), Local Government Code (page 28, line 33), strike "and" and substitute "[and]".

(52) In SECTION 52 of the bill, in amended Section 102.007(d)(3), Local Government Code (page 28, between lines 34 and 35), insert the following:

(F) the automatic election tax rate; and

(53) In SECTION 53 of the bill, in Section 111.008(d)(3)(D), Local Government Code (page 29, line 1), strike "and" and substitute "[and]".

(54) In SECTION 53 of the bill, in amended Section 111.008(d)(3), Local Government Code (page 29, between lines 2 and 3), insert the following:

(F) the automatic election tax rate; and

(55) In SECTION 54 of the bill, in Section 111.039(d)(3)(D), Local Government Code (page 29, line 38), strike "and" and substitute "[and]".

(56) In SECTION 54 of the bill, in amended Section 111.039(d)(3), Local Government Code (page 29, between lines 39 and 40), insert the following:

(F) the automatic election tax rate; and

(57) In SECTION 55 of the bill, in Section 111.068(c)(3)(D), Local Government Code (page 30, line 6), strike "and" and substitute "[and]".

(58) In SECTION 55 of the bill, in amended Section 111.068(c)(3), Local Government Code (page 30, between lines 7 and 8), insert the following:

(F) the automatic election tax rate; and

(59) Add the following appropriately numbered SECTIONS of the bill to read as follows:

SECTION ____. The heading to Section 1063.255, Special District Local Laws Code, is amended to read as follows:

Sec. 1063.255. PETITION AND ORDER FOR ELECTION TO APPROVE [REDUCE] TAX RATE.

SECTION ____. Sections 1063.255(a), (b), and (d), Special District Local Laws Code, are amended to read as follows:

(a) Notwithstanding Section 26.08(a-2)(3) [26.07(b)(3)], Tax Code, a petition to require an election under Section 26.08 [26.07], Tax Code, on approving [reducing] the district's tax rate [to the rollback tax rate] shall be submitted to the Montgomery County elections administrator instead of to the board.

(b) Notwithstanding Section 26.08(a-3) [26.07(c)], Tax Code, not later than the earlier of the 20th day after the date a petition is submitted under Subsection (a) and October 1, the elections administrator shall:

(1) determine whether the petition is valid under Section 26.08 [26.07], Tax Code; and

(2) certify the determination of the petition's validity to the board.

(d) Notwithstanding Sections 26.08(a-4) and (b) [Section 26.07(d)], Tax Code, if the elections administrator certifies to the board that the petition is valid or fails to act within the time allowed, the board shall, not later than October 1, order that an election under Section 26.08 [26.07], Tax Code, to determine whether to approve [reduce] the district's tax rate [to the rollback rate] be held in the district in the manner prescribed by Section 26.08(b) [26.07(d)] of that code.

(60) In SECTION 57 of the bill (page 30, lines 20-29), strike amended Section 1122.2522, Special District Local Laws Code, and substitute the following:

Sec. 1122.2522. ROLLBACK AND AUTOMATIC ELECTION TAX RATE PROVISIONS APPLICABLE. [(a)] If in any year the board adopts a tax rate that exceeds:

(1) the rollback tax rate, but not the automatic election 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 be held to determine whether or not to approve [reduce] the tax rate adopted by the board for that year; or

(2) the automatic election tax rate calculated as provided by Chapter 26, Tax Code, an election under Section 26.08 of that code must be held to determine whether or not to approve 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.]

(61) In the recital to SECTION 60 of the bill (page 30, line 53), between "(g)," and "(h)", insert "(g-1),".

(62) In SECTION 60 of the bill, in added Section 49.236(a)(3)(A), Water Code (page 31, lines 49 and 50), strike "[eight] percent, [the qualified voters of the district by petition may require that] an election must be" and substitute "percent but not more than eight percent, the qualified voters of the district by petition may require that an election be".

(63) In SECTION 60 of the bill, in added Section 49.236(a)(3)(A), Water Code (page 31, line 52), between the period and the quotation mark, insert "If the taxes on the average residence homestead increase by more than eight percent, an election must be held under that section.".

(64) In SECTION 60 of the bill, in amended Section 49.236(d), Water Code (page 31, line 66), strike "[1.08]" and substitute "times but not more than 1.08".

(65) In SECTION 60 of the bill, in amended Section 49.236(d), Water Code (page 32, lines 1-4), strike "[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-2)" and substitute "the qualified voters of the district by petition may require that an election be held to determine whether [or not] to ratify [reduce] the tax rate adopted for the current year. If the board adopts a combined debt service, operation and maintenance, and contract tax rate that would impose more than 1.08 times the amount of tax imposed as described by this subsection, an election must be held under this subsection. An election under this subsection must be held [to the rollback tax rate] in accordance with the procedures provided by Sections 26.08(a-1)-(d-2)".

(66) In SECTION 60 of the bill, in added Section 49.236(e), Water Code (page 32, line 7), strike "and Subsections (f)-(i) apply" and substitute "applies".

(67) In SECTION 60 of the bill, in added Section 49.236(e), Water Code (page 32, line 20), strike "(f)-(i)" and substitute "(f), (g), (h), and (i)"

(68) In SECTION 60 of the bill, in added Section 49.236(f), Water Code (page 32, line 21), between "petition" and "is", insert "under Subsection (d) or (e)".

(69) In SECTION 60 of the bill, in amended Section 49.236, Water Code (page 32, line 45), strike "(h) If" and substitute the following:

(g-1) For an election under Subsection (d), if the board finds that the petition is valid or if the board fails to act within the time allowed, the board shall, not later than October 1, order that an election be held in accordance with that subsection.

(h) For an election under Subsection (e), if

(70) In SECTION 61 of the bill (page 33, lines 17 and 18), strike Subdivision (3) and renumber the remaining subdivisions of that SECTION accordingly.

(71) Renumber the remaining SECTIONS accordingly.

The amendment to **CSSB 2** was read and failed of adoption by the following vote: Yeas 13, Nays 17.

Yeas: Estes, Garcia, Hinojosa, Lucio, Menéndez, Miles, Rodríguez, Seliger, Uresti, Watson, West, Whitmire, Zaffirini.

Nays: Bettencourt, Birdwell, Buckingham, Burton, Creighton, Hall, Hancock, Huffines, Huffman, Hughes, Kolkhorst, Nelson, Nichols, Perry, Schwertner, Taylor of Galveston, Taylor of Collin.

Absent-excused: Campbell.

Senator Seliger offered the following amendment to the bill:

Floor Amendment No. 9

Amend **CSSB 2** (senate committee printing) in SECTION 44 of the substitute, in amended Section 41.71, Tax Code, as follows:

(1) In Subsection (a) of the section (page 25, lines 45-46), strike "Saturday or after 5 p.m. on a weekday [Sunday]" and substitute "weekend or after 5 p.m. on a weekday [Saturday or Sunday]".

(2) In Subsection (b) of the section (page 25, line 50), between "Sunday" and the underlined period, insert "unless the property owner initiating the protest requests that the hearing be held on that day".

The amendment to **CSSB 2** was read and failed of adoption by the following vote: Yeas 12, Nays 18.

Yeas: Garcia, Hinojosa, Lucio, Menéndez, Miles, Nichols, Rodríguez, Seliger, Uresti, Watson, Whitmire, Zaffirini.

Nays: Bettencourt, Birdwell, Buckingham, Burton, Creighton, Estes, Hall, Hancock, Huffines, Huffman, Hughes, Kolkhorst, Nelson, Perry, Schwertner, Taylor of Galveston, Taylor of Collin, West.

Absent-excused: Campbell.

CSSB 2 as amended was passed to engrossment by the following vote: Yeas 18, Nays 12.

Yeas: Bettencourt, Birdwell, Buckingham, Burton, Creighton, Estes, Hall, Hancock, Huffines, Huffman, Hughes, Kolkhorst, Nelson, Nichols, Perry, Schwertner, Taylor of Galveston, Taylor of Collin.

Nays: Garcia, Hinojosa, Lucio, Menéndez, Miles, Rodríguez, Seliger, Uresti, Watson, West, Whitmire, Zaffirini.

Absent-excused: Campbell.

ADJOURNMENT

On motion of Senator Whitmire, the Senate at 12:28 p.m. adjourned until 12:30 p.m. today.