

MINUTES
CHARTER REVIEW COMMISSION
FEBRUARY 11, 2015 MEETING

CALL TO ORDER

Chairman Dubey called the meeting to order at 6:01 p.m. with the following present:

Commissioners Present:

Bob Dubey, Chair
Ron Taylor, Vice Chair
Gerald Bright, Commissioner
Marta Frey, Commissioner
Helene Lee, Commissioner
Jason Lemons, Commissioner
Bill McCalpin, Commissioner
John Murphy, Commissioner
Nancy Wilson, Commissioner
Erica Yaeger, Commissioner

City Staff Present:

Shanna Sims-Bradish, Asst. City Manager
Kent Pfeil, Director of Finance
Bob Dransfield, Bond Attorney
Pete Smith, City Attorney
Aimee Nemer, City Secretary

Commissioners Absent:

Kim Quirk, Commissioner

1. Consider approval of the February 4, 2015 Charter Review Commission Meeting Minutes.

Commission Action

Commissioner Bright noted a correction of the word “a” to “as” on page 3. Commissioner Frey moved to approve the Minutes as corrected. Commissioner Lemons seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

2. Review City Attorney Opinion Memorandum regarding follow up items for City Charter, Article 3, City Council and Article 4, Nomination and Election of City Council Members and consider any recommendations for amendments thereto.

Commission Action

Section 3.01

Commissioner Murphy moved to approve the recommended changes as presented. Commissioner Bright seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 3.09

Commissioner McCalpin moved to approve the changes as recommended and the additional change of the words “members of the council” to “council members”. Commissioner Wilson seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 3.10

Commissioner Bright moved to approve the changes as presented and recommended. Commissioner Frey seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 4.06

Commissioner Frey moved to approve the changes as presented and recommended. Commissioner McCalpin seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 4.07 and 4.08

Commissioner Frey moved to approve these sections as presented and recommended. Commissioner Murphy seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

3. Review Richardson City Charter, Article 11, *Budget and Financial Procedures* and consider any recommendations for amendments thereto.

Commission Action

Section 11.01

Commissioner McCalpin moved to approve as presented and recommended. Commissioner Lee seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 11.02

Commissioner Frey moved to approve as presented and recommended without the alternative language that was presented regarding the budget message. Commissioner McCalpin seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 11.03

Commissioner McCalpin moved to approve the recommended changes with the amendment to delete the last sentence and to use a lowercase “b” in the word “budget” in the title of the section. Commissioner Frey seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 11.04

Commissioner Murphy moved to approve as presented with recommended changes. Commissioner Bright seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 11.05

Commissioner Frey moved to approve as presented with recommended changes. Commissioner Lemons seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 11.06

Commissioner Murphy moved to approve as presented with recommended changes. Commissioner Lemons seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 11.07

Commissioner Bright moved to approve as presented with recommended changes. Commissioner Lee seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 11.08

Commissioner McCalpin moved to approve with recommended changes and deleting the words “reservation of”; and changing the word “any” to “each”. Commissioner Lemons seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 11.09

Commissioner McCalpin moved to approve this section as recommended and with additional changes so that the section reads, “Expenditures to meet unusual and unforeseen conditions, which were not included in the original budget, may from time to time be authorized as amendments to the original budget. Any amendment providing for additional expenditure shall also provide for reductions in other expenditures or supplemental revenues to fund such amendments, or an amount from the unallocated fund balance as a supplement. These amendments shall be ratified by ordinance at the end of the fiscal year.” Commissioner Murphy seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 11.10

Commissioner Lemons moved to approve as recommended with the additional changes of removing the word “and” after “city secretary” and changing the word “final” to “adopted”. Commissioner Frey seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 11.11

Commissioner Bright moved to approve as presented with recommended changes. Commissioner McCalpin seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 11.12

Commissioner Lemons moved to approve this section as presented with no recommended changes. Commissioner Frey seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

4. Review Richardson City Charter, Article 16, *Collection of Taxes* and consider any recommendations for amendments thereto.

Commission Action

Section 16.01

Commissioner Frey moved to approve as presented with no recommended changes. Commissioner Lemons seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 16.02

Commissioner Wilson moved to approve as presented with recommended changes. Commissioner Frey seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 16.03

Commissioner Bright moved to approve as presented with recommended changes and changing the title to “Tax payments”. Commissioner Murphy seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 16.04

Commissioner Murphy moved to approve this section as presented with no recommended changes. Commissioner Lee seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 16.05

Commissioner Frey moved to approve the deletion of this section. Commissioner McCalpin seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

5. Review Richardson City Charter, Article 19, *Issuance and Sale of Bonds* and consider any recommendations for amendments thereto.

Commission Action

Section 19.01

Commissioner Bright moved to approve with the recommended changes and the additional changes of making the word “Borrow” in the title a lowercase “b”, making the word “City” a lowercase “c” throughout the section, changing the phrase, “laws of the State of Texas” to “constitution and statutes of the state of Texas” throughout the section, and starting a new sentence with “The City shall have the power to issue general obligation bonds...” Commissioner Frey seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 19.02

Commissioner Murphy moved to approve this section with the recommended changes and the additional change of replacing the capital “C” in “City” with a lowercase “c” and changing the phrase, “laws of the State of Texas” to “constitution and statutes of the state of Texas” Commissioner Lemons seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 19.03 and 19.04

Commissioner Frey moved to approve Section 19.03 as presented with no recommended changes and the deletion of Section 19.04. Commissioner Bright seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

Section 19.05

Commissioner Murphy moved to approve as presented with no recommended changes. Commissioner Frey seconded the motion. A vote was taken and passed, 10-0 with Commissioner Quirk absent.

6. As necessary discuss planned review of Richardson Charter for next scheduled meeting.

The Commission discussed the next meeting of March 4, 2015 and confirmed that it would be a public hearing held in the Council Chambers. A visitor commented that he would like to see the previous Minutes available for that meeting. The Commission determined that the Minutes would be on that agenda for approval.

Ron Taylor, John Murphy, and Erica Yaeger noted that they would be absent on March 4.

ADJOURN

With no further business, the meeting was adjourned at 8:07 p.m. with a motion by Commissioner Murphy, seconded by Commissioner Lemons, and approved unanimously.

Bob Dubey, Chair

ATTEST:

CITY SECRETARY

MEMO

FOR: Richardson Charter Review Commission
FROM: City Attorney, Peter G. Smith
DATE: February 6, 2015
SUBJECT: Follow up items Article 3 and 4 (sections 3.01, 3.09, 3.10, 4.06, 4.07 and 4.08).

Following the Charter Review Commission meeting on February 4, 2015, the Commission postponed action on sections 3.01, 3.10, 4.07 and 4.08 and decided to reconsider 4.06 at the next meeting. We also wanted to ask the Commission to consider some additional changes to section 3.09 Special meetings.

Set forth below are the text of the original charter sections with the current recommended changes to address the concerns and issues raised by the Commission.

Section 3.01. - Number, election, terms.

- (a) Except as otherwise provided by this ~~charter~~ ~~Charter of the City of Richardson~~, all powers conferred on the ~~City~~ ~~city~~ shall be exercised by a ~~City Council~~ ~~city council consisting of seven (7) members comprised of a mayor and six (6) council~~ ~~to be composed of six (6) members and a Mayor, nominated and elected in the manner hereafter provided.~~ The members of ~~the city council~~ ~~the City Council and the Mayor~~ shall ~~each~~ be elected by the qualified voters of the entire City to numbered places in the manner provided in this charter, and they shall each be elected for a term of two (2) years and until a successor is elected and qualified. As used in this charter, unless the context clearly means otherwise, the word or phrase "city council", "council", "member(s) of the city council" and "member(s) of the council" means and includes the mayor and the six (6) council members. The word or phrase "council member(s)" or "councilmember(s)" means the six (6) members of the city council excluding the mayor, unless the context clearly indicates otherwise.
- (b) No person elected or appointed to the city council at the May 2009 city officer election or thereafter, shall serve as a member of the city council in any place for more than six (6) consecutive terms until at least one full term shall have elapsed from the expiration of such person's last term of office.
- (c) For purposes of this section and in computing term limits:
- (i) A member of the council, who resigns or vacates office prior to the expiration of the term for which such person was elected or appointed, shall be deemed to have served a full term.
 - (ii) A person appointed or elected to fill a vacancy on the council for an unexpired term shall be deemed to have served a full term if fifty percent (50%) or more of such term is remaining at the time of such appointment or election.

Staff requested additional changes to previously reviewed and approved Section 3.09:

Section 3.09. - Special meetings.

Special meetings of the city council shall be called by the city secretary or city manager upon the written request of the mayor, the city manager or three (3) members of the council. Any such notice shall state the subject to be considered at the special meeting ~~and no other subject shall be considered.~~

Comment [p1]: Additional recommendation to add city manager and to eliminate the prohibition of any other item appearing on the agenda of a special called meeting other than what was requested by the members of the council. Staff has recommended these additional changes to what you already approved.

Commission requested another draft of recommended changes to Section 3.10:

Section 3.10. - Open meetings.

All meetings of the city council ~~and all committees thereof~~ shall be open to the public except as otherwise permitted by state law, and the rules of the city council shall provide that with exception of special called meetings, emergency meetings and authorized closed meetings of the city council, the citizens of the city shall have a reasonable opportunity to be heard at ~~the any such~~ meetings of the city council, in regard to any matter there considered.

Comment [p2]: Commission wanted to exclude special called meetings, council and emergency meetings from the requirement to allow citizens to be heard. Also "and all committees thereof" is deleted because committees consisting of members of the council are required to be conducted in accordance with the Open Meetings Act. Also being deleted to eliminate the misinterpretation by some citizens that the phrase referred to all boards, commissions and committees appointed by the council and therefore the citizens had the right to a reasonable opportunity to be heard at all such meetings.

Commission requested to reconsider Section 4.06 as reviewed and approved to consider adding references to council place in the section:

Section 4.06. - Nomination by petition.

The method of determining the names of the candidates entitled to be placed upon the official ballot for election to the position of Mayor and members of the city council shall be by petition, separately circulated, on behalf of each proposed candidate for the office and place on the city council for which they are a candidate, the position of councilmember, and The petition must comply in all respects with the requirements of this charter and state law. ~~must be signed by the number of qualified voters as required by state law and filed with the city secretary not less than the number of days prescribed by state law prior to the election. Signers of such petitions shall write their residence address, county of registration, date signed, printed name and otherwise as prescribed by state law.~~ Each petition circulated on behalf of each proposed candidate shall designate the office and place to be filled by such candidate. In all elections the name of each candidate shall appear on the official ballot for the office and place number designated on the petition. No candidate's name shall be placed on the official ballot unless requested by a petition as set out above.

Commission postponed action on Sections 4.07 and 4.08:

Section 4.07. - Official ballot.

The names of candidates for mayor place 7 and council members places 1-6, except such as may have withdrawn, died or become ineligible, shall be printed on the official

ballots without party designation and in the order ~~The city secretary shall make up the official ballot by place numbers from the names presented. The order in which the names of the candidates for each place shall appear on the ballot shall be~~ determined by lot, in a drawing held under the supervision of the city secretary **conducted in accordance with the election laws of the State of Texas.** The election shall be held in conformity with the election laws in the City of Richardson and the State of Texas, or with those that may be hereafter enacted. All members of the city council shall be elected by a vote of the qualified voters of the City of Richardson at large. All qualified voters in the city shall be entitled to vote for candidates for each place number.

Comment [p3]: Added references to the mayor and council places.

Section 4.08. - Election by majority.

The candidate for ~~mayor Mayor~~ and councilmember receiving a majority of all votes cast as provided in the ~~Charter charter~~ hereof for the position of **mayor place 7** ~~Mayor~~ and councilmember **places 1-6** under the place number which that person's name appears shall be declared the duly elected ~~mayor Mayor~~ and councilmember to hold such position. If no candidate for ~~mayor Mayor~~ or **a council member** ~~a place~~ shall receive a majority of all votes cast in an election **for such office and place**, a runoff election shall be called **to be held on a date in accordance with the laws of the State of Texas** for that **office and** place **on the council**. **At this special election, only the names of the two (2) candidates receiving the highest number of votes at the regular election, for the place and office for which they are candidates, shall be printed on the ballot and submitted to the qualified voters for election. The candidate receiving the majority of votes in the special election for the office and place for which such person was a candidate shall be declared duly elected. Should one of such candidates for an office and place withdraw, die, or become ineligible, the other candidate for such office and place shall be declared elected to such office and place without a second election. Any tie shall be decided by lot in accordance with the election laws of the State of Texas. All elections shall be governed by the charter, the Texas Election Code and the laws applicable to municipal elections.**

Comment [p4]: Yellow highlighted added language since last review.



RICHARDSON CHARTER
(Articles 11, 16 & 19)

ARTICLE 11. - BUDGET AND FINANCIAL PROCEDURE

Section 11.01. - Fiscal year.

The fiscal year of the City of Richardson shall begin on October 1 of each calendar year and will end on September 30 of the following calendar year. The fiscal year will also be established as the accounting and budget year.

Section 11.02. - Preparation and submission of budget.

The ~~city manager~~ ~~City Manager~~, on or before August 15 of each year, shall prepare and submit ~~to the council a~~ the budget ~~for the ensuing fiscal year, and an accompanying budget message, covering the next fiscal year, to the Council.~~ In preparing this budget, each employee, officer, board and department shall assist the ~~city manager~~ ~~City Manager~~ by furnishing all necessary information. ~~The budget shall comply with and contain such information and itemization, as may be required by state law.~~

Comment [p1]: Texas Local Government Code section 102.003 prescribes the content of the city budget.

~~The City Manager's budget message shall include:~~

- ~~(a) An outline of the proposed financial policies for the next fiscal year with explanations of any changes from previous years in expenditures and any major changes of policy and a complete statement regarding the financial condition of the city;~~
- ~~(b) An estimate of all revenue from taxes and other sources, including the present tax structure rates and property evaluations for the ensuing year;~~
- ~~(c) A carefully itemized list of proposed expenditures by fund, service type, and object of expenditure for the budget year, as compared to actual expenditures of the last ended fiscal year, and an estimate of final expenditures for the current fiscal year;~~
- ~~(d) A description of all outstanding bond indebtedness, showing amount, date of issue, rate of interest and maturity date, as well as any other indebtedness referred to in Article 19 which the city has incurred and which has not been paid;~~
- ~~(e) A statement proposing any capital expenditures deemed necessary for undertaking during the next budget year and recommended provision for financing; and~~
- ~~(f) A projection of revenues and expenditures together with a list of capital projects which should be considered within the five (5) next succeeding years.~~

Comment [p2]: Recommend that the existing language regarding the budget message be revised or deleting since a "budget message" is not required by state law and this section has caused confusion. Some of the items listed are covered in a power point presentation, some are part of Budget Office's formal submission. The Budget message does not need to be referenced in the charter. The CAFR is the official statement of the financial condition of the City and while the budget does recap the actual revenues and expenditures from the prior year, it is plan of service for the fiscal year and subject to change from original projections. The phrase "a carefully itemized list of" sometimes leads to confusion with the casual observer wanting an actual list of pencils, paper, etc. .In any event the state law sets forth the content of the budget. We have provided suggested alternative to the existing budget message language.

ALTERNATIVE TO EXISITNG LANGUAGE REGARDING BUDGET MESSAGE

The city manager's message shall explain the budget both in fiscal terms and in terms of the work programs. It shall summarize the important features of the budget, indicate any major changes from the current year in financial policies, expenditures, and revenues together with the reasons for such changes, summarize the city's debt position and include such other material as the city manager deems desirable.

Section 11.03. – Proposed Budget a public record.

The ~~proposed~~ budget and all supporting schedules shall be filed with the ~~City Secretary~~ ~~city secretary~~ when submitted to the ~~Council~~ ~~council~~ and shall be open to public inspection. The city secretary shall take action to ensure that the proposed budget is posted on the city Internet website.

Comment [p3]: Texas Local Government Code section 102.005 (c) requires posting on web site.

Section 11.04. - Public hearing.

At the ~~council~~ ~~Council~~ meeting when the budget is submitted, the ~~council~~ ~~Council~~ shall name the date and place of a public hearing. The hearing shall be no less than fifteen (15) days after the budget is filed. Public notice of the hour, date and place of such hearing shall be published in a newspaper of the city not less than ten (10) nor more than thirty (30) days before the hearing. At this hearing, citizens of the city may be present and express their opinions concerning items of expenditures and ~~revenue~~.

Comment [p4]: Corrected capitalization. Section complies with Texas Local Government Code chapter 102.

Section 11.05. - Proceeding on adoption.

After public hearing, the ~~council~~ ~~Council~~ shall analyze the budget, making any additions or deletions which they feel appropriate, and shall, by ordinance, adopt the budget by a majority vote of all members of the ~~council~~ ~~Council~~.

Comment [p5]: Corrected capitalization.

Section 11.06. - Budget appropriation; tax levy.

On final adoption, the budget shall be in effect for the budget year. Final adoption of the budget by the ~~council~~ ~~Council~~ shall constitute the official appropriations for the current year and shall constitute the basis of the official levy of the property tax as the amount of tax to be assessed and collected for the corresponding tax year. Estimated expenditures for operating purposes will in no case exceed proposed revenue, plus ~~unallocated~~ ~~reserved~~ fund balance, and other financing sources. Unused appropriations may be transferred to any item required for the same general ~~purpose~~.

Comment [p6]: Corrected capitalization. Replaced “reserved” to “unallocated which is the correct reference and to eliminate any confusion.

Section 11.07. - Transfer of appropriations.

The ~~council~~ ~~Council~~ may at any time transfer an unencumbered balance of an appropriation made for the use of one department, division, or purpose but no such transfer shall be made of revenues or earnings of any nontax supported public utility for any other ~~purpose~~. This prohibition does not apply to the transfer of budgeted funds of any nontax supported public utility or other enterprise fund for the purposes of reimbursing the general fund for providing administrative services.

Comment [p7]: Corrected capitalization. Recommend removing or revising the restriction about transferring revenues or earnings of any non-tax supported public utility for any other purpose. Casual observers tend to misinterpret this section to mean the city should not allow reimbursement to the general fund for the cost of administrative services.

Section 11.08. - Unallocated ~~reserve~~ fund balance.

When recommended by the ~~city manager~~ ~~City Manager~~ and at the discretion of the ~~council~~ ~~Council~~, the budget may contain a reasonable sum set aside as an unallocated reservation of

~~unreserved~~ fund balance to meet unexpected and unforeseen contingencies in current operating costs of any fund ~~budget service type or project~~.

Comment [p8]: Recommended change from Finance Director to clarify the unallocated nature of the fund balance.

Section 11.09. - Amending the budget.

In ~~the event~~ ~~ease of grave public necessity, emergency~~ expenditures to meet unusual and unforeseen conditions, which could not, by reasonable diligent thought and attention, have been included in the original budget, may from time to time be authorized ~~by the council~~ as amendments to the original budget. Any amendment providing for additional expenditure shall also provide for reductions in other expenditures or supplemental revenues to fund such amendments, or an amount from ~~unreserved~~ ~~the unallocated~~ fund balance as a supplement. These amendments shall be ~~ratified~~ by ordinance ~~at the end of the fiscal year~~, and shall become ~~a part of an attachment to~~ the original budget.

Comment [p9]: Change to be consistent with change above. Clarify the customary and normal financial practices.

Section 11.10. - ~~Certification; copies~~ Adopted budget made available.

A copy of the budget, as finally adopted, shall be filed with the ~~City Secretary~~ city secretary and the Richardson Public Library, and such other places as may be required by state law. The final budget shall be printed, ~~mimeographed~~ or otherwise reproduced and sufficient copies shall be made available for the use of all offices, agencies and for the use of interested persons and civic ~~organizations~~.

Comment [p10]: Chapter 102 Texas Local Government Code requires the approved budget to file with the county clerks for each county in which the city is situated and must be placed on the city website but state law may change. Eliminate obsolete language.

Section 11.11. - Independent audit.

At the close of each fiscal year, and at such other times as it may deem necessary, ~~The Council~~ the council shall ~~cause provide for~~ an independent annual audit to be made of all ~~City~~ accounts of the city in accordance with applicable auditing standards ~~and other evidences of the financial transactions of the City. The Council may provide for more frequent audits as it deems necessary. Such audits shall be made~~ by a certified public accountant or firm of such accountants who have no personal interest, direct or indirect, in the ~~fiscal~~ financial affairs of the city or of any of its officers. The ~~Council~~ council may, without requiring competitive bids, designate such certified public accountant or firm annually or for a period not to exceed five (5) years. The annual audit, including all reports and management letters, shall be submitted and reported to the council. A copy of the annual audit, after acceptance by the ~~Council~~ council, will be filed with the ~~City Secretary~~ city secretary and shall be available for public ~~inspection~~.

Comment [p11]: Finance recommends delete "all" in the first sentence as some citizens have read this too literally and not understood that the auditors perform testing procedures. Chapter 103 Texas Local Government Code applies to the city audit. Corrected grammar, shorten combined text.

Section 11.12. - Defect shall not invalidate tax levy.

Errors or defects in the form or preparation of the budget or the failure to perform any procedural requirements shall not nullify the tax levy or the tax rate.

ARTICLE 16. - COLLECTION OF TAXES

Section 16.01. - Property taxes.

All property, real, personal or mixed, lying and being within the corporate limits of the City of Richardson on the first day of January of each year, excepting such property as may be exempt from taxation under the Constitution and laws of the State of Texas, shall be subject to taxation.

Section 16.02. - Power to levy and collect taxes.

The ~~City Council~~ **council** shall have such power and authority as is granted by this ~~charter~~ **Charter** and the Constitution and laws of the State of Texas to provide by ordinance such rules, regulations and procedures as are necessary for the assessment, levy and prompt collection of all taxes assessed and imposed pursuant to and consistent with this ~~charter~~ **Charter** and the Constitution and laws of the State of ~~Texas~~.

Comment [p12]: Corrected capitalization .

Section 16.03. - Taxes—Method of payment—Penalties.

~~Except as otherwise provided by state law, The taxes herein and hereby authorized to be levied shall become~~ **are** due **on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed,** and payable ~~October 1 of the year assessed, and shall be payable at such locations~~ in cash as designated by the city council. ~~The City Council may by ordinance provide for split payment of taxes, and may authorize the payment of taxes in two (2) or more equal installments. Taxes shall be deemed and become delinquent if not paid prior to February 1 the year following assessment, unless the city council shall by ordinance provide for split payments, in such event such taxes shall become due and payable as provided in said ordinance.~~ The ~~City Council~~ **council** may by ordinance provide for penalty and interest to be assessed on all delinquent taxes in such amounts as may be authorized by ~~law~~.

Comment [p13]: Corrected capitalization and changed payment language.. Tax Code section 31.02 provides for the due date. And delinquency date. Finance recommends the deletion of the text relating to split payment options which is governed by state law and does not need to be covered by the charter. Correction to conform to state law.

Section 16.04. - Tax lien.

A lien is hereby created on all property, personal and real, in favor of the City of Richardson, to secure the payment of all taxes, ad valorem or otherwise. Said lien shall exist from January first in each year until such taxes are fully paid. Such lien shall be prior to all other claims, and no gift, sale, assignment or transfer of any kind, or judicial writ shall defeat such lien. The City of Richardson may pursue, or cause to be pursued, such property, and whenever found, may seize and sell enough thereof to satisfy such taxes as are owed to the City of ~~Richardson~~.

Comment [p14]: Governed by Tax Code Section 32.01. The existing language is acceptable, although it could be shortened to read "On January 1 of each year, a tax lien attaches to property in the city to secure the payment of all taxes, penalties, and interest ultimately imposed by the city for the year on the property, whether or not the taxes are imposed in the year the lien attaches.

Section 16.05.—Power and authority by state law.

~~In addition to the powers herein conferred with reference to the assessment and collection of taxes, the City of Richardson shall have and may exercise all powers and authority now conferred or that may hereafter be conferred upon cities having a population of more than five thousand (5,000) inhabitants by the general laws of the State of ~~Texas~~.~~

Comment [p15]: Recommend deleting since article 2 of the charter already covers this.

ARTICLE 19. - ISSUANCE AND SALE OF BONDS

City Finance Director and Bond Counsel will be present to address any questions. The changes are recommended by the City Bond counsel and are intended to conform the charter to state law. There is no substantive change and the recommendations are intended to clarify the authority of the city and eliminate any misconceptions by the citizens.

Section 19.01. - ~~Bond limit.~~Authority to Borrow.

The City of Richardson shall have the ~~right and~~ power to borrow money on the credit of the city, in accordance with the Constitution and Statutes of the State of Texas, for permanent public improvements or for any other ~~legitimate municipal purpose, as may be determined by the city council and to issue bonds of the city therefor, to bear interest, payable semi-annually at such places as may be designated; provided that the total indebtedness of the city, payable from the ad valorem taxes, shall never exceed the sum equal to fifteen (15) percent of the assessed value of taxable property according to the tax roll of the city, and to be determined by the assessed value of such taxable property as shown by the tax rolls as of January first for the preceding year.~~ public purpose not now or hereafter prohibited by the Constitution and laws of the State of Texas, including the funding of economic development programs permitted by the laws of the State of Texas, and shall have the power to issue general obligation bonds, revenue bonds, funding and refunding bonds, time warrants, certificates of obligation, notes and other evidences of indebtedness permitted by the laws of the State of Texas as are now authorized or as may hereafter be authorized to be issued by the laws of the State of Texas applicable to the City.

~~The City of Richardson shall have authority to issue bonds, payable from the ad valorem taxes, when authorized by the qualified voters of the city, for any purpose for which a city may issue bonds under the Constitution and the laws of this state.~~

~~No bonds shall be issued to fund any overdraft or indebtedness incurred for current expenditures of the city government or any subdivision thereof.~~

~~The~~In accordance with the laws of the State of Texas, the city shall have the right to refund any outstanding bonds or obligations by the issuance of refunding bonds ~~in lieu thereof~~, at the same, higher or a lower rate of interest, and may apply thereto the sinking fund belonging to any series of bonds or obligations so refunded and may pay and retire any bond or obligation by using the sinking fund therefor.

Section 19.02. - Bond election.

Any proposition to issue ~~new or additional~~ general obligation bonds, payable from the ad valorem taxes as authorized herein, shall be first submitted to a vote of the qualified voters of the City of Richardson at an election to be held for that purpose. ~~The time, place and manner of~~

~~such election and the making of returns and declaring the results thereof shall be prescribed by ordinance or resolution as nearly in accord with the laws regulating city elections as may be practical, and unless a majority of the qualified voters voting thereon in such election vote in favor of the issuance of such bonds, the same shall not be issued; provided that the purpose of the issuance of bonds as submitted at such an election may include more than one (1) object.~~

~~After an issue of bonds has been ordered, the city council shall have power to issue serial bonds or otherwise as in its opinion may seem best. All bonds shall specify on their face for what purpose they are issued, and shall not be valid if sold for less than their par value. When any bonds are issued by the city a fund shall be provided to pay the interest and create any required sinking fund.~~

~~Any required sinking fund such election shall be invested held and conducted in accordance with the statutes laws of the State of Texas, as the same may be amended from time to time.; provided that[,] in the event it shall be deemed expedient to issue serial bonds payable in installments[,] it shall be sufficient to provide for the payment of interest thereon and payment of installments as required.~~

Section 19.03. - Authorized bonds.

All bonds, the issuance of which have been authorized at any election heretofore held, are hereby validated.

Section 19.04. - Ordinance authorizing bonds.

~~The ordinance authorizing the issuance of bonds shall fix the maximum amount of bonds to be issued or, if applicable, the maximum principal amount which may be outstanding at any time, the maximum term bonds issued and delivered pursuant to such authorization shall be outstanding, the maximum interest rate to be borne by the bonds, the manner of sale (which may be by either public or private sale), price, form, terms, conditions and the covenants thereof. The ordinance authorizing the issuance of bonds may provide for the designation of a paying agent and registrar for the bonds and may authorize one (1) or more designated officers of the city to act on behalf of the city from time to time in the selling and delivering of bonds authorized and fixing the dates, price, interest rates, interest payment periods and other procedures as may be specified in the ordinance. Bonds may be issued in such form or such denomination, payable at such time or times, in such amount or amounts or installments, at such place or places, in such form, under such terms, conditions and details, in such manner, redeemable prior to maturity at any time or times, bearing no interest or bearing interest at any rate or rates (either fixed, variable, floating, adjustable or otherwise, all as determined in accordance with the ordinance providing for the issuance of the bonds, which ordinance may provide a formula, index, contract or any other arrangement for the periodic determination of interest rates), not to exceed the maximum net effective interest rate allowed by law and may be signed or otherwise executed in such manner, with manual or facsimile signatures, and with or without a seal, all as shall be specified by the city council in the ordinance authorizing the~~

~~issuance of the bonds. The proceeds received from the sale of bonds may be used for the establishment and maintenance of a reserve fund for the payment and security of such bonds, and such other funds as may be deemed necessary with respect to the issuance and sale of such bonds, or for maintenance and operation of one (1) or more projects, and pending the expenditure thereof for authorized purposes, such proceeds or other revenues of a project or projects may be invested in any manner and in such bonds as may be specified in the ordinance, or other proceedings authorizing the bonds.~~

~~The city council may enter into credit agreements in conjunction with the issuance, payment, sale, resale or exchange of bonds to enhance the security for or provide for the payment, redemption or remarketing of the bonds or interest on the bonds or to reduce the interest payable with respect to the bonds. A credit agreement is an agreement for professional services and shall contain the terms and conditions and be for the period that the city council approves. The cost to the city of the credit agreement may be paid from the proceeds of the sale of the bonds to which the credit agreement relates or from any other source, including revenues of one (1) or more projects of the city that are available for the purpose of paying the bonds and the interest on the bonds or that may otherwise be legally available to make those payments. Furthermore, the obligations of the city arising under or by reason of the city entering into such credit agreements may be secured by and payable from the same source or sources securing the payment of the bonds to which such credit agreements relate. The bonds authorized pursuant to the ordinance may be executed and delivered, exchanged or refunded from time to time in accordance with such authorizing proceedings.~~

Section 19.05.—Misapplication of public funds.

Any officer of the City of Richardson who shall willfully or knowingly divert or use any funds arising from the issuance of any bonds or any sinking fund for any other purpose except that for which the fund is created or are herein otherwise authorized shall be deemed guilty of a misapplication of public funds and subject to prosecution as provided under the laws of the state for the diversion and conversion of funds belonging to any of the municipalities of the state.

GOVERNMENT CODE

TITLE 9. PUBLIC SECURITIES

SUBTITLE A. GENERAL PROVISIONS

CHAPTER 1202. EXAMINATION AND REGISTRATION OF PUBLIC SECURITIES

Sec. 1202.001. DEFINITIONS. In this chapter:

(1) "Issuance" means the initial delivery by an issuer of evidence of an obligation of a public security issued by the issuer to the initial purchaser in exchange for the purchase price of the public security.

(2) "Issuer" means:

(A) an agency, authority, board, body politic, department, district, instrumentality, municipal corporation, political subdivision, public corporation, or subdivision of this state; or

(B) a nonprofit corporation acting for or on behalf of an entity described by Paragraph (A).

(3) "Public security" means an instrument, including a bond, note, certificate of obligation, certificate of participation or other instrument evidencing a proportionate interest in payments due to be paid by an issuer, or other type of obligation that:

(A) is issued or incurred by an issuer under the issuer's borrowing power, without regard to whether it is subject to annual appropriation; and

(B) is represented by an instrument issued in bearer or registered form or is not represented by an instrument but the transfer of which is registered on books maintained for that purpose by or on behalf of the issuer.

(4) "Record of proceedings" means the record of an issuer's proceedings relating to the authorization of a public security or a credit agreement relating to a public security.

(5) "Credit agreement" means a loan agreement, revolving

credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitment to purchase a public security, purchase or sale agreement, interest rate swap agreement, or commitment or other agreement authorized by an issuer in connection with the authorization, issuance, sale, resale, security, exchange, payment, purchase, remarketing, or redemption of a public security, interest on a public security, or both.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Amended by:

Acts 2005, 79th Leg., Ch. 802 (S.B. [495](#)), Sec. 1, eff. September 1, 2005.

Sec. 1202.002. AUTHORITY TO DEFINE TERMS. The attorney general may determine, by application of accepted legal principles, the meaning of a term used in this chapter, other than "issuance," "issuer," or "public security," and by rule define that term.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1202.003. REVIEW AND APPROVAL OF PUBLIC SECURITIES. (a) Before the issuance of a public security, the issuer shall submit the public security and the record of proceedings to the attorney general.

(b) If the attorney general finds that the public security has been authorized to be issued in conformity with law, the attorney general shall:

(1) approve the public security; and

(2) deliver to the comptroller:

(A) a copy of the attorney general's legal opinion stating that approval; and

(B) the record of proceedings.

(c) Unless exempted by Section 1202.007, the issuance of a

public security except in compliance with this chapter is prohibited.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1202.004. FEE FOR EXAMINATION BY ATTORNEY GENERAL. (a)

When an issuer submits a record of proceedings to the attorney general for examination and approval as provided by law, the issuer shall pay a nonrefundable examination fee to the attorney general in accordance with this section.

(b) If the issuer is issuing multiple series of a single public security issue, the issuer shall pay the fee prescribed by this section for each series.

(c) Except as provided by Subsection (d), the nonrefundable examination fee required by this section is equal to the lesser of:

(1) one-tenth of one percent of the principal amount of the public security to which the record of proceedings relates; or

(2) \$9,500.

(d) The minimum examination fee required by this section is \$750.

(e) The attorney general may adopt rules necessary to administer this section.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Amended by:

Acts 2005, 79th Leg., Ch. 802 (S.B. [495](#)), Sec. 2, eff. September 1, 2005.

Sec. 1202.005. REGISTRATION. On receipt of documents required by Section 1202.003(b)(2) from the attorney general, the comptroller shall register:

(1) the public security; and

(2) the record of proceedings.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1202.006. VALIDITY AND INCONTESTABILITY. (a) A public security and any contract the proceeds of which are pledged to the payment of the public security are valid and incontestable in a court or other forum and are binding obligations for all purposes according to their terms:

(1) after the public security is approved by the attorney general and registered by the comptroller; and

(2) on issuance of the public security.

(b) In any action brought to enforce the collection of county or municipal bonds that are payable from ad valorem taxes and that have been approved by the attorney general and registered by the comptroller, the certificate of the attorney general shall be admitted as evidence of the validity of the bonds and the interest coupons pertaining to the bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1202.007. EXEMPTIONS; CONSTRUCTION OF EXEMPTIONS.

(a) The following are exempt from the approval and registration requirements of this chapter:

(1) a public security that is:

(A) not subject to mandatory renewal or renewal at the option of any person, including the issuer, a holder, or a bearer; and

(B) payable only out of:

(i) current revenues or taxes collected in the year the public security is issued; or

(ii) the proceeds of other public securities;

(2) a certificate in evidence of benefit assessments;

(3) a certificate of obligation, including a claim or account that represents an undivided interest in a certificate of obligation, that under Subchapter C, Chapter 271, Local Government

Code, an issuer is authorized to deliver to a contractor;

(4) a time warrant issued under Chapter 252 or 262, Local Government Code;

(5) a public security authorized by Chapter 1371;

(6) a lease, lease-purchase, or installment sale obligation, except as provided by other law;

(7) a public security that by rule the attorney general exempts because it is not practical to require approval before the public security's issuance; and

(8) a nonnegotiable note issued under Section 45.108, Education Code, in a principal amount that does not exceed \$1 million.

(b) The exemptions provided by Subsection (a) shall be narrowly construed.

(c) An issuer that issues a public security that is exempt under Subsection (a) may submit the public security to the attorney general as provided by this chapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.002, eff. Sept. 1, 2001.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1018 (H.B. [2610](#)), Sec. 3, eff. September 1, 2013.

Sec. 1202.008. COLLECTION AND REPORT OF INFORMATION ON PUBLIC SECURITIES OF POLITICAL SUBDIVISIONS. (a) In reviewing public securities under this chapter, the attorney general may collect, in the form required by the Bond Review Board, information on public securities issued by a municipal corporation or political subdivision of this state.

(b) The information must include:

(1) the terms of the public securities;

(2) the debt service payable on the public securities;
and

(3) other information required by the Bond Review Board.

(c) The attorney general shall send the information to the Bond Review Board for inclusion in the board's report of debt statistics under Section 1231.062.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

GOVERNMENT CODE

TITLE 9. PUBLIC SECURITIES

SUBTITLE E. PROVISIONS APPLICABLE TO SECURITIES ISSUED BY
MUNICIPALITIES

CHAPTER 1331. MUNICIPAL BONDS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1331.001. AUTHORITY OF MUNICIPALITY TO ISSUE BONDS. A municipality may issue bonds payable from ad valorem taxes in the amount it considers expedient to:

(1) construct or purchase permanent improvements inside the municipal boundaries, including public buildings, waterworks, or sewers;

(2) construct or improve the streets and bridges of the municipality; or

(3) construct or purchase building sites or buildings for the public schools and other institutions of learning inside the municipality, if the municipality has assumed exclusive control of those schools and institutions.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Amended by Acts 1999, 76th Leg., ch. 1064, Sec. 13, eff. Sept. 1, 1999.

Sec. 1331.002. SIGNATURES. Bonds issued by a municipality under Section 1331.001 must be signed in the manner provided by the proceedings authorizing the issuance of the bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Amended by Acts 1999, 76th Leg., ch. 1064, Sec. 14, eff. Sept. 1, 1999.

SUBCHAPTER B. PROVISIONS APPLICABLE TO CERTAIN MUNICIPALITIES

Sec. 1331.051. LIMITATION ON BONDED DEBT: MUNICIPALITY WITH POPULATION OF 750,000 OR MORE. (a) This section applies only to a municipality with a population of 750,000 or more.

(b) The municipality, through the issuance of bonds payable from taxes, may incur total bonded debt in an amount not to exceed 10 percent of the total appraised value of property listed on the most recent appraisal roll for the municipality notwithstanding that the municipal charter limits the total dollar amount of bonded debt to a lesser amount.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1163 (H.B. [2702](#)), Sec. 22, eff. September 1, 2011.

Acts 2011, 82nd Leg., R.S., Ch. 1163 (H.B. [2702](#)), Sec. 23, eff. September 1, 2011.

Sec. 1331.052. AUTHORITY OF HOME-RULE MUNICIPALITY TO ISSUE BONDS. (a) A home-rule municipality may issue bonds on the credit of the municipality to make permanent public improvements or for another public purpose in the amount and to the extent provided by its charter.

(b) A home-rule municipality may not issue bonds under this section unless the bonds have been authorized by a majority of the qualified voters of the municipality voting at an election held for that purpose.

(c) If a municipality was authorized under a special charter granted before June 30, 1913, to issue bonds, this section may not be construed as interfering with the issuance of bonds under that charter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1331.053. BOND SALE ADVERTISEMENT BY CERTAIN HOME-RULE MUNICIPALITIES. To receive competitive bids on the interest rate paid and the amount of the premium, the governing body of a municipality the charter of which requires that municipal bonds be advertised for sale after the bonds have been authorized and issued must advertise the bonds for sale and receive bids for the sale before adopting an ordinance authorizing the issuance of the bonds. Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

LOCAL GOVERNMENT CODE

TITLE 4. FINANCES

SUBTITLE A. MUNICIPAL FINANCES

CHAPTER 102. MUNICIPAL BUDGET

Sec. 102.001. BUDGET OFFICER. (a) The mayor of a municipality serves as the budget officer for the governing body of the municipality except as provided by Subsection (b).

(b) If the municipality has the city manager form of government, the city manager serves as the budget officer.
Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 102.002. ANNUAL BUDGET REQUIRED. The budget officer shall prepare each year a municipal budget to cover the proposed expenditures of the municipal government for the succeeding year.
Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 102.003. ITEMIZED BUDGET; CONTENTS. (a) The budget officer shall itemize the budget to allow as clear a comparison as practicable between expenditures included in the proposed budget and actual expenditures for the same or similar purposes made for the preceding year. The budget must show as definitely as possible each of the projects for which expenditures are set up in the budget and the estimated amount of money carried in the budget for each project.

(b) The budget must contain a complete financial statement of the municipality that shows:

- (1) the outstanding obligations of the municipality;
- (2) the cash on hand to the credit of each fund;
- (3) the funds received from all sources during the preceding year;
- (4) the funds available from all sources during the

ensuing year;

(5) the estimated revenue available to cover the proposed budget; and

(6) the estimated tax rate required to cover the proposed budget.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 102.004. INFORMATION FURNISHED BY MUNICIPAL OFFICERS AND BOARDS. In preparing the budget, the budget officer may require any municipal officer or board to furnish information necessary for the budget officer to properly prepare the budget.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 102.005. PROPOSED BUDGET FILED WITH MUNICIPAL CLERK; PUBLIC INSPECTION. (a) The budget officer shall file the proposed budget with the municipal clerk before the 30th day before the date the governing body of the municipality makes its tax levy for the fiscal year.

(b) A proposed budget that will require raising more revenue from property taxes than in the previous year must contain a cover page with the following statement in 18-point or larger type: "This budget will raise more total property taxes than last year's budget by (insert total dollar amount of increase and percentage increase), and of that amount (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll) is tax revenue to be raised from new property added to the tax roll this year."

(c) The proposed budget shall be available for inspection by any person. If the municipality maintains an Internet website, the municipal clerk shall take action to ensure that the proposed budget is posted on the website.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 924 (H.B. [3195](#)), Sec. 1, eff. September 1, 2007.

Sec. 102.006. PUBLIC HEARING ON PROPOSED BUDGET. (a) The governing body of a municipality shall hold a public hearing on the proposed budget. Any person may attend and may participate in the hearing.

(b) The governing body shall set the hearing for a date occurring after the 15th day after the date the proposed budget is filed with the municipal clerk but before the date the governing body makes its tax levy.

(c) The governing body shall provide for public notice of the date, time, and location of the hearing. The notice must include, in type of a size at least equal to the type used for other items in the notice, any statement required to be included in the proposed budget under Section 102.005(b).

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 924 (H.B. [3195](#)), Sec. 2, eff. September 1, 2007.

Sec. 102.0065. SPECIAL NOTICE BY PUBLICATION FOR BUDGET HEARING. (a) The governing body of a municipality shall publish notice before a public hearing relating to a budget in at least one newspaper of general circulation in the county in which the municipality is located.

(b) Notice published under this section is in addition to notice required by other law, except that if another law requires the governing body to give notice, by publication, of a hearing on a budget this section does not apply.

(c) Notice under this section shall be published not earlier

than the 30th or later than the 10th day before the date of the hearing.

(d) Notice under this section must include, in type of a size at least equal to the type used for other items in the notice, any statement required to be included in the proposed budget under Section 102.005(b).

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 24, eff. Sept. 1, 1993. Amended by Acts 2001, 77th Leg., ch. 402, Sec. 9, eff. Sept. 1, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 924 (H.B. [3195](#)), Sec. 3, eff. September 1, 2007.

Sec. 102.007. ADOPTION OF BUDGET. (a) At the conclusion of the public hearing, the governing body of the municipality shall take action on the proposed budget. A vote to adopt the budget must be a record vote.

(b) The governing body may make any changes in the budget that it considers warranted by the law or by the best interest of the municipal taxpayers.

(c) Adoption of a budget that will require raising more revenue from property taxes than in the previous year requires a separate vote of the governing body to ratify the property tax increase reflected in the budget. A vote under this subsection is in addition to and separate from the vote to adopt the budget or a vote to set the tax rate required by Chapter 26, Tax Code, or other law.

(d) An adopted budget must contain a cover page that includes:

(1) one of the following statements in 18-point or larger type that accurately describes the adopted budget:

(A) "This budget will raise more revenue from

property taxes than last year's budget by an amount of (insert total dollar amount of increase), which is a (insert percentage increase) percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(B) "This budget will raise less revenue from property taxes than last year's budget by an amount of (insert total dollar amount of decrease), which is a (insert percentage decrease) percent decrease from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll)."; or

(C) "This budget will raise the same amount of revenue from property taxes as last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(2) the record vote of each member of the governing body by name voting on the adoption of the budget;

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

(A) the property tax rate;

(B) the effective tax rate;

(C) the effective maintenance and operations tax rate;

(D) the rollback tax rate; and

(E) the debt rate; and

(4) the total amount of municipal debt obligations.

(e) In this section, "debt obligation" means an issued public security as defined by Section 1201.002, Government Code, secured

by property taxes.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 924 (H.B. [3195](#)), Sec. 4, eff. September 1, 2007.

Acts 2013, 83rd Leg., R.S., Ch. 1329 (S.B. [656](#)), Sec. 1, eff. September 1, 2013.

Sec. 102.008. APPROVED BUDGET FILED WITH MUNICIPAL CLERK: POSTING ON INTERNET. (a) On final approval of the budget by the governing body of the municipality, the governing body shall:

(1) file the budget with the municipal clerk; and

(2) if the municipality maintains an Internet website, take action to ensure that:

(A) a copy of the budget, including the cover page, is posted on the website; and

(B) the record vote described by Section 102.007(d)(2) is posted on the website at least until the first anniversary of the date the budget is adopted.

(b) The governing body shall take action to ensure that the cover page of the budget is amended to include the property tax rates required by Section 102.007(d)(3) for the current fiscal year if the rates are not included on the cover page when the budget is filed with the municipal clerk. The governing body shall file an amended cover page with the municipal clerk and take action to ensure that the amended cover page is posted on the municipality's website.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 924 (H.B. [3195](#)), Sec. 5, eff. September 1, 2007.

Acts 2013, 83rd Leg., R.S., Ch. 1329 (S.B. [656](#)), Sec. 2, eff. September 1, 2013.

Sec. 102.009. LEVY OF TAXES AND EXPENDITURE OF FUNDS UNDER BUDGET; EMERGENCY EXPENDITURE. (a) The governing body of the municipality may levy taxes only in accordance with the budget.

(b) After final approval of the budget, the governing body may spend municipal funds only in strict compliance with the budget, except in an emergency.

(c) The governing body may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the governing body amends the original budget to meet an emergency, the governing body shall file a copy of its order or resolution amending the budget with the municipal clerk, and the clerk shall attach the copy to the original budget.

(d) After the adoption of the budget or a budget amendment, the budget officer shall provide for the filing of a true copy of the approved budget or amendment in the office of the county clerk of the county in which the municipality is located.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 102.010. CHANGES IN BUDGET FOR MUNICIPAL PURPOSES. This chapter does not prevent the governing body of the municipality from making changes in the budget for municipal purposes.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 102.011. CIRCUMSTANCES UNDER WHICH CHARTER PROVISIONS CONTROL. If a municipality has already adopted charter provisions that require the preparation of an annual budget covering all

municipal expenditures and if the municipality conducts a public hearing on the budget as provided by Section 102.006 and otherwise complies with the provisions of this chapter relating to property tax increases, the charter provisions control. After the budget has been finally prepared and approved, a copy of the budget and the amendments to the budget shall be filed with the county clerk, as required for other budgets under this chapter.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 924 (H.B. [3195](#)), Sec. 6, eff. September 1, 2007.

LOCAL GOVERNMENT CODE

TITLE 4. FINANCES

SUBTITLE A. MUNICIPAL FINANCES

CHAPTER 103. AUDIT OF MUNICIPAL FINANCES

Sec. 103.001. ANNUAL AUDIT; FINANCIAL STATEMENT. (a) A municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit.

(b) A municipality subject to Section 16.356, Water Code, must include in its financial statement a specific report on compliance with that section.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1999, 76th Leg., ch. 404, Sec. 1, eff. Sept. 1, 1999.

Sec. 103.002. AUDITOR. A municipality whose records and accounts are not audited annually by a person prescribed by statute, by charter, or by a person in the regular employ of the municipality shall employ at its own expense a certified public accountant who is licensed in this state or a public accountant who holds a permit to practice from the Texas State Board of Public Accountancy to conduct the audit and to prepare the annual financial statement.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 103.003. FILING; PUBLIC RECORD. (a) The annual financial statement, including the auditor's opinion on the statement, shall be filed in the office of the municipal secretary or clerk within 180 days after the last day of the municipality's fiscal year.

(b) The financial statement is a public record.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 862 (H.B. [1456](#)), Sec. 1, eff. June 15, 2007.

Sec. 103.004. VALUATION OF CERTAIN BENEFIT PROGRAMS. (a) A municipality that provides a continuing organized program of service retirement benefits, disability retirement benefits, or death benefits for any of its officers or employees must include in the annual financial statement a valuation of the financial assets and liabilities of the program as shown in the most recent actuarial valuation of the program.

(b) This section does not apply to:

(1) a program for which the only funding agency is a life insurance company;

(2) a program providing only workers' compensation benefits; or

(3) a program administered by the municipality as a member of the Texas Municipal Retirement System.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

LOCAL GOVERNMENT CODE

TITLE 8. ACQUISITION, SALE, OR LEASE OF PROPERTY
SUBTITLE C. ACQUISITION, SALE, OR LEASE PROVISIONS APPLYING TO
MORE THAN ONE TYPE OF LOCAL GOVERNMENT

SUBCHAPTER C. CERTIFICATE OF OBLIGATION ACT

Sec. 271.041. SHORT TITLE. This subchapter may be cited as the Certificate of Obligation Act of 1971.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.042. PURPOSE; CONFLICT. (a) It is the purpose of this subchapter to provide:

(1) a procedure for certain financing that is an alternative to the more cumbersome procedure under Chapter 252 or 262; and

(2) a new class of securities to be issued and delivered within the financial capabilities of an issuer on compliance with the procedures prescribed by this subchapter.

(b) If there is a conflict between a provision of this subchapter and a provision of Chapter 252 or 262, an issuer may use either provision, and it is not necessary for the governing body to designate the law under which action is being taken.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Amended by Acts 1999, 76th Leg., ch. 1064, Sec. 39, eff. Sept. 1, 1999.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 285 (H.B. [1694](#)), Sec. 19, eff. September 1, 2011.

Sec. 271.043. DEFINITIONS. In this subchapter:

(1) "Bond funds" means money received from the sale of bonds by the issuer.

(2) "Certificate" means a certificate of obligation authorized to be issued under this subchapter.

(3) "Component purchases" means purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase.

(4) "Contractual obligation" means a contract entered into by an issuer through its governing body and executed under Section 271.054 or 271.056.

(5) "Current funds" means money in the treasury of the issuer, taxes in the process of collection during the current budget year of the issuer, and all other revenues anticipated with reasonable certainty during the current budget year of the issuer.

(6) "Governing body" means the board, council, commission, court, or other body or group authorized to issue bonds for or on behalf of an issuer.

(7) "Issuer" means a municipality, county, or hospital district established under Chapter 281, Health and Safety Code.

(8) "Separate purchases" means purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase.

(9) "Sequential purchases" means purchases, made over a period, of items that in normal purchasing practices would be purchased in one purchase.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 1989, 71st Leg., ch. 1250, Sec. 17, eff. Sept. 1, 1989; Acts 2003, 78th Leg., ch. 47, Sec. 5, eff. Sept. 1, 2003.

Sec. 271.044. SUBCHAPTER AVAILABLE TO CERTAIN MUNICIPALITIES. (a) A municipality may use this subchapter only if the municipality:

(1) is incorporated under the home-rule amendment to the constitution (Article XI, Section 5, of the Texas Constitution); or

(2) is incorporated under a general or special law and the municipality has the authority to levy an ad valorem tax of not less than \$1.50 on each \$100 valuation of taxable property in the municipality.

(b) A home-rule municipality may use this subchapter regardless of any provision in the municipality's charter to the contrary.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.045. PURPOSES FOR WHICH CERTIFICATES MAY BE AUTHORIZED. (a) The governing body of an issuer may authorize certificates to pay a contractual obligation to be incurred for the:

(1) construction of any public work;

(2) purchase of materials, supplies, equipment, machinery, buildings, land, and rights-of-way for authorized needs and purposes; or

(3) payment of contractual obligations for professional services, including services provided by tax appraisers, engineers, architects, attorneys, map makers, auditors, financial advisors, and fiscal agents.

(b) If necessary because of change orders, certificates may be authorized in an amount not to exceed 25 percent of a contractual obligation incurred for the construction of public works, but certificates may be delivered only in the amount necessary to discharge contractual obligations.

(c) The governing body of a municipality may issue certificates of obligation to pay all or part of a municipality's obligations incurred by contract for interests in and rights to water or sewer treatment capacity in connection with a water supply and transmission project or sewer treatment or collection project to be constructed in whole or in part on

behalf of the municipality by another governmental entity or political subdivision pursuant to a written agreement expressly authorized under Section 552.014 of this code or Section 791.026, Government Code.

(d) In exercising its authority to issue certificates of obligation for the purposes specified in Subsection (c), the municipality must limit the principal amount of certificates to be issued for the purpose of funding its contractual obligations to an amount equal to (i) the aggregate of the contractual payments or the total costs allocated or attributed, under generally accepted accounting principles, to the capital costs of the project, as opposed to any maintenance or operating costs to be paid under the written agreement or (ii) the total cost of the project multiplied by the percentage of the nameplate capacity of the project acquired or conveyed by the written agreement to the municipality, whichever limitation is applicable to the contractual interests or rights being conveyed or identified in the written agreement.

(e) Work that is directly attributable under generally accepted accounting principles to the costs of the project and that is performed by employees of the issuer may be allocated or attributed to the capital costs of the project.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 1997, 75th Leg., ch. 124, Sec. 1, eff. May 19, 1997; Acts 2001, 77th Leg., ch. 402, Sec. 14, eff. Sept. 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. 554 (H.B. 1232), Sec. 1, eff. June 17, 2005.

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.77(4), eff. April 1, 2009.

Sec. 271.046. ADDITIONAL PURPOSES FOR CERTIFICATES. (a) Certificates may be issued for the payment of contractual obligations to be incurred in:

- (1) constructing or equipping a jail;
- (2) constructing, renovating, or otherwise improving a county-owned building; or
- (3) constructing a bridge that is part of or connected to a county road or an approach to such a bridge.

(b) Certificates issued under this section may be sold for cash, subject to the restrictions and other conditions of Section [271.050](#).

(c) The provisions of this subchapter relating to advertisement for competitive bids apply to contractual obligations to be incurred for a purpose for which certificates are to be issued under this section.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 1989, 71st Leg., ch. 648, Sec. 1, eff. June 14, 1989.

Sec. 271.0461. ADDITIONAL PURPOSE FOR CERTIFICATES: DEMOLITION OF DANGEROUS STRUCTURES OR RESTORATION OF HISTORIC STRUCTURES. Certificates may be issued by any municipality for the payment of contractual obligations to be incurred in demolishing dangerous structures or restoring historic structures and may be sold for cash, subject to the restrictions and other conditions of Section [271.050](#).

Added by Acts 1989, 71st Leg., ch. 459, Sec. 1, eff. Aug. 28, 1989. Amended by Acts 1997, 75th Leg., ch. 1056, Sec. 1, eff. June 19, 1997.

Sec. 271.047. AUTHORIZATION OF CERTIFICATES BY ORDINANCE OR ORDER; OTHER PROVISIONS IN CERTIFICATES. (a) Certificates may be authorized by an ordinance adopted by the governing body of a municipality, or by an order adopted by the governing body of a county after compliance with the quorum requirements prescribed by Section [81.006](#).

(b) The governing body may:

(1) make the certificates payable at times and places determined by the governing body;

(2) issue the certificates in forms and one or more denominations, either in coupon form or registered as to principal and interest, or both;

(3) make the certificates contain options for redemption before scheduled maturity; and

(4) make the certificates contain any other provisions the governing body desires.

(c) A certificate may not mature over a period greater than 40 years from the date of the certificate and may not bear interest at a rate greater than that allowed by Chapter 1204, Government Code.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.294, eff. Sept. 1, 2001.

Sec. 271.048. CLAIMS AND ACCOUNTS; FUNDING AND EXCHANGE.

(a) A governing body may provide that claims and accounts may, after certificates are authorized, be incurred for authorized purposes and that the claims and accounts represent an undivided interest in the certificates simultaneously authorized. The governing body may also provide for the funding or exchange of the claims and accounts for a like total principal amount of the certificates, with any amount in excess of the principal amount of the certificates delivered at one time to be paid in cash or carried forward to a subsequent exchange of claims and accounts for certificates.

(b) The authorization of certificates and the indebtedness they evidence may occur before the execution of a contract under this subchapter.

(c) This section does not create any exception to the competitive bidding requirements of this subchapter.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.049. NOTICE OF INTENTION TO ISSUE CERTIFICATES; PETITION AND ELECTION. (a) Regardless of the sources of payment of certificates, certificates may not be issued unless the issuer publishes notice of its intention to issue the certificates. The notice must be published once a week for two consecutive weeks in a newspaper, as defined by Subchapter C, Chapter 2051, Government Code, that is of general circulation in the area of the issuer, with the date of the first publication to be before the 30th day before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates.

(b) The notice must state:

(1) the time and place tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates;

(2) the maximum amount and purpose of the certificates to be authorized; and

(3) the manner in which the certificates will be paid for, whether by taxes, revenues, or a combination of the two.

(c) If before the date tentatively set for the authorization of the issuance of the certificates or if before the authorization, the municipal secretary or clerk if the issuer is a municipality, or the county clerk if the issuer is a county, receives a petition signed by at least five percent of the qualified voters of the issuer protesting the issuance of the certificates, the issuer may not authorize the issuance of the certificates unless the issuance is approved at an election ordered, held, and conducted in the manner provided for bond elections under Chapter 1251, Government Code.

(d) This section does not apply to certificates issued for the purposes described by Sections [271.056\(1\)-\(4\)](#).

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(3), eff. Sept. 1, 1995; Acts 2001, 77th Leg., ch. 1420, Sec. 8.295, eff.

Sept. 1, 2001; Acts 2001, 77th Leg., ch. 402, Sec. 15, eff. Sept. 1, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 1008 (H.B. 730), Sec. 1, eff. June 15, 2007.

Sec. 271.050. SALE OF CERTIFICATES. (a) The governing body may sell for cash any certificates authorized to be issued for one or more purposes described by Section 271.056.

(b) The proceeds may be used only for the purposes for which the certificates were authorized and issued. The proceeds may be used to pay for work done by employees of the issuer that are hired for the specific purpose of performing work on the project. The proceeds may be used to pay for work done by other employees of the issuer only if the issuer incurs equivalent or greater costs to replace the normal work that would have otherwise been performed by the employees. The proceeds may not be used to reimburse the issuer for costs that are determined to be indirect costs under generally accepted accounting principles. Any accrued interest received must be deposited in the interest and sinking fund established for the payment of the certificates.

(c) A certified copy of the proceedings relating to the authorization of the certificates must be submitted to the attorney general and must be approved by the attorney general as having been authorized in accordance with this subchapter. The attorney general shall examine the proceedings relating to the authorization of the certificates. Subtitles A and C, Title 9, Government Code, and Chapter 618, Government Code, govern the execution, approval, registration, and validity of the certificates. After registration of the certificates by the comptroller, the certificates are incontestable for any cause.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.296, eff. Sept. 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. 554 (H.B. 1232), Sec. 2, eff. June 17, 2005.

Sec. 271.051. CERTIFICATES AS INVESTMENTS OR AS SECURITY FOR DEPOSITS.

(a) Certificates approved by the attorney general are legal and authorized investments for:

- (1) banks, savings banks, trust companies, and savings and loan associations;
- (2) insurance companies;
- (3) fiduciaries, trustees, and guardians; and
- (4) sinking funds of municipalities, counties, school districts, or other political corporations or subdivisions of the state.

(b) Certificates approved by the attorney general are eligible to secure deposits of public funds of the state or a municipality, county, school district, or other political corporation or subdivision of the state. The certificates are sufficient security for the deposits to the extent of the face value of the certificates, if accompanied by any appurtenant unmatured interest coupons.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.052. CERTIFICATES PAYABLE FROM AND SECURED BY OTHER REVENUES.

(a) The governing body, instead of or in addition to other methods of payment provided by this subchapter, may provide that certificates will be paid from and secured by other revenues if the issuer is authorized by the state constitution or other statutes to secure or pay any kind of general or special obligation by or from those revenues.

(b) The issuer may deliver certificates secured under this section in exchange for services or property in the same manner and with the same effect as otherwise provided by this subchapter or may sell the certificates for cash.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.0525. REFINANCING CERTIFICATES ISSUED BY COUNTY.

(a) A county may not issue certificates to refinance or refund the debt evidenced by certificates issued by the county unless the county complies with the notice requirements of Sections 271.049(a) and (b) for the issuance of certificates.

(b) If, before the date tentatively set for the authorization of refinancing certificates, the county clerk receives a petition that meets the requirements of Subsection (c) protesting the issuance of the refinancing certificates, the county may not authorize the issuance of the refinancing certificates unless the issuance is approved at an election ordered, held, and conducted in the manner provided for bond elections under Chapter 1251, Government Code.

(c) A petition to protest the issuance of refinancing certificates under this section must be signed by a number of qualified voters, residing in the county, equal to at least five percent of the number of votes cast in that county for governor in the most recent general election at which that office was filled.

Added by Acts 1989, 71st Leg., ch. 961, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.297, eff. Sept. 1, 2001.

Sec. 271.053. CERTIFICATES AS DEBT AND SECURITY.

Certificates are debts of the issuer within the meaning of Article XI, Sections 5 and 7, of the Texas Constitution. When delivered, certificates are "security" within the meaning of Chapter 8, Business & Commerce Code, and are general obligations of the issuer within the meaning of Subchapters A and D, Chapter 1207, Government Code.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.298, eff.
Sept. 1, 2001.

Sec. 271.054. COMPETITIVE PROCUREMENT REQUIREMENT. Before the governing body of an issuer may enter into a contract requiring an expenditure by or imposing an obligation or liability on the issuer, or on a subdivision of the issuer if the issuer is a county, of more than \$50,000, the governing body must:

(1) submit the proposed contract to competitive procurement; or

(2) use an alternate method of project delivery authorized by Chapter 2269, Government Code.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 1993, 73rd Leg., ch. 757, Sec. 15, eff. Sept. 1, 1993; Acts 2001, 77th Leg., ch. 675, Sec. 1, eff. June 13, 2001.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1266 (H.B. 987), Sec. 7, eff. June 19, 2009.

Acts 2011, 82nd Leg., R.S., Ch. 1129 (H.B. 628), Sec. 2.10, eff. September 1, 2011.

Acts 2013, 83rd Leg., R.S., Ch. 161 (S.B. 1093), Sec. 22.002(24), eff. September 1, 2013.

Sec. 271.055. NOTICE TO BIDDERS. (a) An issuer must give notice of the time, date, and place at which the issuer will publicly open the bids on a contract for which competitive bidding is required by this subchapter and read the bids aloud. The notice must be given in accordance with Subsection (b) or in accordance with:

(1) Chapter 252, if the issuer is a municipality;

(2) the municipal charter of the issuer, if the issuer is a home-rule municipality; or

(3) the County Purchasing Act (Subchapter C, Chapter 262), if the issuer is a county.

(b) If an issuer gives notice under this subsection, the notice must:

(1) be published once a week for two consecutive weeks in a newspaper, as defined by Subchapter C, Chapter 2051, Government Code, that is of general circulation in the area of the issuer, with the date of the first publication to be before the 14th day before the date set for the public opening of the bids and the reading of the bids aloud; and

(2) state that plans and specifications for the work to be done or specifications for the machinery, supplies, equipment, or materials to be purchased are on file with a designated official of the issuer and may be examined without charge.

(c) If the contract is to be let on a unit price basis, in addition to the other information required to be in the notice, the notice must specify, based on the best available information, the approximate quantities of the items needed by the issuer that are to be bid on.

(d) An issuer may not authorize certificates unless the notice also states that:

(1) the successful bidder must accept the certificates in payment for all or part of the contract price; or

(2) the governing body has made provisions for the contractor to sell and assign the certificates and that each bidder is required, at the time of the receipt of the bids, to elect whether the bidder will:

(A) accept the certificates in payment of all or part of the contract price; or

(B) assign the certificates in accordance with the arrangements made by the governing body.

(e) In a county with a population of 3.3 million or more, the county and any district or authority created under Article XVI, Section 59, of the Texas Constitution of which the governing body is the commissioners court may require that a minimum of 25 percent of the work be performed by the bidder and, notwithstanding any other law to the contrary, may establish financial criteria for the surety companies that provide payment and performance bonds.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 1989, 71st Leg., ch. 1019, Sec. 3, eff. Aug. 28, 1989; Acts 1993, 73rd Leg., ch. 749, Sec. 6, eff. Sept. 1, 1993; Acts 1993, 73rd Leg., ch. 757, Sec. 8, eff. Sept. 1, 1993; Acts 1995, 74th Leg., ch. 76, Sec. 5.95(3), eff. Sept. 1, 1995; Acts 2001, 77th Leg., ch. 669, Sec. 83, eff. Sept. 1, 2001.

Sec. 271.056. EXEMPTIONS FROM ADVERTISEMENT REQUIREMENT.

The provisions of this subchapter relating to the advertisement for competitive bids do not apply to:

- (1) a case of public calamity if it is necessary to act promptly to relieve the necessity of the residents or to preserve the property of the issuer;
- (2) a case in which it is necessary to preserve or protect the public health of the residents of the issuer;
- (3) a case of unforeseen damage to public machinery, equipment, or other property;
- (4) a contract for personal or professional services;
- (5) work done by employees of the issuer and paid for as the work progresses;
- (6) the purchase of any land, building, existing utility system, or right-of-way for authorized needs and purposes;
- (7) expenditures for or relating to improvements in municipal water systems, sewer systems, streets, or drainage, if at least one-third of the cost of the improvements is to be paid

by special assessments levied against properties to be benefitted by the improvements;

(8) a case in which the entire contractual obligation is to be paid from bond funds or current funds or in which an advertisement for bids has previously been published in accordance with this subchapter but the current funds or bond funds are not adequate to permit the awarding of the contract and certificates are to be awarded to provide for the deficiency;

(9) the sale of a public security, as that term is defined by Section 1204.001, Government Code;

(10) a municipal procurement of a kind that, under Chapter 252, is not required to be made in accordance with competitive bidding procedures like those prescribed by this subchapter; or

(11) a county contract that, under the County Purchasing Act (Subchapter C, Chapter 262), is not required to be made in accordance with competitive bidding procedures like those prescribed by this subchapter.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 2001, 77th Leg., ch. 402, Sec. 16, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 1420, Sec. 8.298, eff. Sept. 1, 2001.

Sec. 271.0565. PRE-BID CONFERENCE. (a) The commissioners court of a county or the governing body of a district or authority created under Section 59, Article XVI, Texas Constitution, if the governing body is the commissioners court of the county in which the district is located, may require a principal, officer, or employee of each prospective bidder to attend a mandatory pre-bid conference conducted for the purpose of discussing contract requirements and answering questions of prospective bidders.

(b) After a conference is conducted under Subsection (a), any additional required notice for the proposed contract may be

sent by certified mail, return receipt requested, only to prospective bidders who attended the conference. Notice under this subsection is not subject to the requirements of Section [271.055](#).

Added by Acts 2001, 77th Leg., ch. 255, Sec. 3, eff. May 22, 2001. Amended by Acts 2003, 78th Leg., ch. 660, Sec. 2, eff. Sept. 1, 2003.

Reenacted and amended by Acts 2005, 79th Leg., Ch. 728 (H.B. [2018](#)), Sec. 13.001, eff. September 1, 2005.

Sec. 271.057. AWARD OF CONTRACT. (a) Except as provided by Subsection (b), a contract let under this subchapter for the construction of public works or the purchase of materials, equipment, supplies, or machinery and for which competitive bidding is required by this subchapter must be let to the lowest responsible bidder and, as the governing body determines, may be let on a lump-sum basis or unit price basis.

(b) The commissioners court may condition acceptance of a bid on compliance with a requirement for attendance at a mandatory pre-bid conference under Section [271.0565](#).

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 2001, 77th Leg., ch. 255, Sec. 4, eff. May 22, 2001.

Sec. 271.058. AUTHORITY TO REJECT BIDS. The governing body may reject any and all bids submitted for a contract for which competitive bidding is required by this subchapter.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.059. CONTRACTOR'S BONDS. If a contract is for the construction of public works and is required by this subchapter to be submitted to competitive bidding, the

successful bidder must execute a good and sufficient payment bond and performance bond. The bonds must each be:

- (1) in the full amount of the contract price; and
- (2) executed, in accordance with Chapter 2253, Government Code, with a surety company authorized to do business in this state.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(17), eff. Sept. 1, 1995.

Sec. 271.060. CHANGE ORDERS. (a) After performance of a construction contract begins, a governing body may approve change orders if necessary to:

- (1) make changes in plans or specifications; or
- (2) decrease or increase the quantity of work to be performed or materials, equipment, or supplies to be furnished.

(b) The total price of a contract may not be increased by a change order unless provision has been made for the payment of the added cost by the appropriation of current funds or bond funds for that purpose, by the authorization of the issuance of certificates, or by a combination of those procedures.

(c) A contract with an original contract price of \$1 million or more may not be increased by more than 25 percent. If a change order for a contract with an original contract price of less than \$1 million increases the contract amount to \$1 million or more, subsequent change orders may not increase the revised contract amount by more than 25 percent.

(d) A governing body may grant authority to an official or employee responsible for purchasing or for administering a contract to approve a change order that involves an increase or decrease of \$50,000 or less.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.
Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 479 (H.B. 679), Sec. 2, eff. June 17, 2011.

Acts 2011, 82nd Leg., R.S., Ch. 1129 (H.B. 628), Sec. 2.11, eff. September 1, 2011.

Acts 2013, 83rd Leg., R.S., Ch. 161 (S.B. 1093), Sec. 22.001(34), eff. September 1, 2013.

Sec. 271.061. COMPENSATION ON UNIT PRICE CONTRACTS. If a contract is let on a unit price basis, the compensation paid to the contractor must be based on the actual quantities of items constructed or supplied.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.062. CERTAIN CONTRACTS NOT REQUIRED TO BE IN WRITING. A contract executed under Section 271.054 or 271.056 is not required to be in writing if the work to be performed under the contract:

- (1) is legal services;
- (2) is to be done by the regular salaried employees of the issuer; or
- (3) is to be paid for as the work progresses.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.063. UNCONSTITUTIONAL PROCEDURE CORRECTED BY RESOLUTION OF ISSUER. If a procedure used under this subchapter is held to be in violation of the state or federal constitution, an issuer by resolution may provide an alternative procedure that conforms to the constitution.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.064. CRIMINAL PENALTIES. (a) An officer or employee of an issuer commits an offense if the officer or employee intentionally or knowingly makes or authorizes

separate, sequential, or component purchases to avoid the competitive bidding requirements of Section [271.054](#). An offense under this subsection is a Class B misdemeanor.

(b) Repealed by Acts 2011, 82nd Leg., R.S., Ch. 285, Sec. 24, eff. September 1, 2011.

(c) An officer or employee of an issuer commits an offense if the officer or employee intentionally or knowingly violates this subchapter, other than by conduct described by Subsection (a). An offense under this subsection is a Class C misdemeanor.

Added by Acts 1989, 71st Leg., ch. 1250, Sec. 18, eff. Sept. 1, 1989.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 285 (H.B. [1694](#)), Sec. 20, eff. September 1, 2011.

Acts 2011, 82nd Leg., R.S., Ch. 285 (H.B. [1694](#)), Sec. 24, eff. September 1, 2011.

TAX CODE
TITLE 1. PROPERTY TAX CODE
SUBTITLE D. APPRAISAL AND ASSESSMENT
CHAPTER 26. ASSESSMENT

Sec. 26.04. SUBMISSION OF ROLL TO GOVERNING BODY; EFFECTIVE AND ROLLBACK TAX RATES. (a) On receipt of the appraisal roll, the assessor for a taxing unit shall determine the total appraised value, the total assessed value, and the total taxable value of property taxable by the unit. He shall also determine, using information provided by the appraisal office, the appraised, assessed, and taxable value of new property.

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

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

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

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

; and

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

ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

(d) The effective tax rate for a county is the sum of the effective tax rates calculated for each type of tax the county levies 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e-1) The notice requirements imposed by Subsections (e)(1)-(6) do not apply to a school district.

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

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

(h) For purposes of this section, the anticipated collection rate of a taxing unit is the percentage relationship that the total amount of estimated tax collections for the current year bears to the total amount of taxes imposed for the current year. The total amount of estimated tax collections for the current year is the sum of the collector's estimate of:

(1) the total amount of property taxes imposed in the current year that will be collected before July 1 of the following year, including any penalties and interest on those taxes that will be collected during that period; and

(2) the total amount of delinquent property taxes imposed in previous years that will be collected on or after July 1 of the current year and before July 1 of the following year, including any penalties and interest on those taxes that will be collected during that period.

(i) This subsection applies to a taxing unit that has agreed by written contract to transfer a distinct department, function, or activity to another taxing unit and discontinues operating that distinct department, function, or activity if the operation of that department, function, or activity in all or a majority of the territory of the taxing unit is continued by

another existing taxing unit or by a new taxing unit. The rollback tax rate of a taxing unit to which this subsection applies in the first tax year in which a budget is adopted that does not allocate revenue to the discontinued department, function, or activity is calculated as otherwise provided by this section, except that last year's levy used to calculate the effective maintenance and operations rate of the unit is reduced by the amount of maintenance and operations tax revenue spent by the taxing unit to operate the department, function, or activity for the 12 months preceding the month in which the calculations required by this chapter are made and in which the unit operated the discontinued department, function, or activity. If the unit did not operate that department, function, or activity for the full 12 months preceding the month in which the calculations required by this chapter are made, the unit shall reduce last year's levy used for calculating the effective maintenance and operations rate of the unit by the amount of the revenue spent in the last full fiscal year in which the unit operated the discontinued department, function, or activity.

(j) This subsection applies to a taxing unit that had agreed by written contract to accept the transfer of a distinct department, function, or activity from another taxing unit and operates a distinct department, function, or activity if the operation of a substantially similar department, function, or activity in all or a majority of the territory of the taxing unit has been discontinued by another taxing unit, including a dissolved taxing unit. The rollback tax rate of a taxing unit to which this subsection applies in the first tax year after the other taxing unit discontinued the substantially similar department, function, or activity in which a budget is adopted that allocates revenue to the department, function, or activity is calculated as otherwise provided by this section, except that last year's levy used to calculate the effective maintenance and operations rate of the unit is increased by the amount of maintenance and operations tax revenue spent by the taxing unit that discontinued operating the substantially similar

department, function, or activity to operate that department, function, or activity for the 12 months preceding the month in which the calculations required by this chapter are made and in which the unit operated the discontinued department, function, or activity. If the unit did not operate the discontinued department, function, or activity for the full 12 months preceding the month in which the calculations required by this chapter are made, the unit may increase last year's levy used to calculate the effective maintenance and operations rate by an amount not to exceed the amount of property tax revenue spent by the discontinuing unit to operate the discontinued department, function, or activity in the last full fiscal year in which the discontinuing unit operated the department, function, or activity.

(k) to (q) Expired.

Acts 1979, 66th Leg., p. 2277, ch. 841, Sec. 1, eff. Jan. 1, 1982. Amended by Acts 1981, 67th Leg., 1st C.S., p. 163, ch. 13, Sec. 116, eff. Jan. 1, 1982; Acts 1983, 68th Leg., p. 2165, ch. 400, Sec. 1, eff. June 17, 1983; Acts 1983, 68th Leg., p. 5376, ch. 987, Sec. 3, eff. June 19, 1983; Acts 1983, 68th Leg., p. 5402, ch. 1001, Sec. 1, eff. Jan. 1, 1984; Acts 1985, 69th Leg., ch. 657, Sec. 1, 2, eff. June 14, 1985; Acts 1985, 69th Leg., 1st C.S., ch. 1, Sec. 2, eff. Sept. 1, 1985; Acts 1986, 69th Leg., 3rd C.S., ch. 10, art. 1, Sec. 36, eff. Jan. 1, 1987; Acts 1987, 70th Leg., ch. 699, Sec. 1, eff. June 19, 1987; Acts 1987, 70th Leg., ch. 849, Sec. 2, eff. Aug. 31, 1987; Acts 1987, 70th Leg., ch. 947, Sec. 3, eff. Jan. 1, 1988; Acts 1987, 70th Leg., ch. 988, Sec. 1, eff. June 18, 1987; Acts 1991, 72nd Leg., ch. 14, Sec. 284 (18), eff. Sept. 1, 1991; Acts 1991, 72nd Leg., 2nd C.S., ch. 6, Sec. 45, eff. Sept. 1, 1991; Acts 1993, 73rd Leg., ch. 81, Sec. 2, eff. May 4, 1993; Acts 1993, 73rd Leg., ch. 611, Sec. 1, 2, eff. Aug. 30, 1993; Acts 1997, 75th Leg., ch. 165, Sec. 29.01, 29.03, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1070, Sec. 54, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 398, Sec. 2, eff. Aug. 30,

1999; Acts 1999, 76th Leg., ch. 1358, Sec. 1, eff. Jan. 1, 2000; Acts 1999, 76th Leg., ch. 1561, Sec. 1, eff. Aug. 30, 1999.

Sec. 26.05. TAX RATE. (a) The governing body of each taxing unit, before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, shall adopt a tax rate for the current tax year and shall notify the assessor for the unit of the rate adopted. The tax rate consists of two components, each of which must be approved separately. The components are:

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

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

(b) A taxing unit may not impose property taxes in any year until the governing body has adopted a tax rate for that year, and the annual tax rate must be set by ordinance, resolution, or order, depending on the method prescribed by law for adoption of a law by the governing body. The vote on the ordinance, resolution, or order setting the tax rate must be separate from the vote adopting the budget. The vote on the ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate must be a record vote. A motion to adopt an ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate must be made in the following form: "I move that the property tax rate be increased by the adoption of a tax rate of (specify tax rate), which is

effectively a (insert percentage by which the proposed tax rate exceeds the effective tax rate) percent increase in the tax rate." If the ordinance, resolution, or order sets a tax rate that, if applied to the total taxable value, will impose an amount of taxes to fund maintenance and operation expenditures of the taxing unit that exceeds the amount of taxes imposed for that purpose in the preceding year, the taxing unit must:

(1) include in the ordinance, resolution, or order in type larger than the type used in any other portion of the document:

(A) the following statement: "THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE."; and

(B) if the tax rate exceeds the effective maintenance and operations rate, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."; and

(2) include on the home page of any Internet website operated by the unit:

(A) the following statement: "(Insert name of unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE"; and

(B) if the tax rate exceeds the effective maintenance and operations rate, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."

(c) If the governing body of a taxing unit does not adopt a tax rate before the date required by Subsection (a), the tax rate for the taxing unit for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate

adopted by the taxing unit for the preceding tax year. A tax rate established by this subsection is treated as an adopted tax rate. Before the fifth day after the establishment of a tax rate by this subsection, the governing body of the taxing unit must ratify the applicable tax rate in the manner required by Subsection (b).

(d) The governing body of a taxing unit other than a school district may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate calculated as provided by this chapter until the governing body has held two public hearings on the proposed tax rate and has otherwise complied with Section 26.06 and Section 26.065. The governing body of a taxing unit shall reduce a tax rate set by law or by vote of the electorate to the lower of the rollback tax rate or the effective tax rate and may not adopt a higher rate unless it first complies with Section 26.06.

(e) A person who owns taxable property is entitled to an injunction restraining the collection of taxes by a taxing unit in which the property is taxable if the taxing unit has not complied with the requirements of this section and the failure to comply was not in good faith. An action to enjoin the collection of taxes must be filed prior to the date a taxing unit delivers substantially all of its tax bills.

(f) Except as required by the law under which an obligation was created, the governing body may not apply any tax revenues generated by the rate described in Subsection (a)(1) of this section for any purpose other than the retirement of debt.

(g) Notwithstanding Subsection (a), the governing body of a school district that elects to adopt a tax rate before the adoption of a budget for the fiscal year that begins in the current tax year may adopt a tax rate for the current tax year before receipt of the certified appraisal roll for the school district if the chief appraiser of the appraisal district in which the school district participates has certified to the assessor for the school district an estimate of the taxable value of property in the school district as provided by Section

26.01(e). If a school district adopts a tax rate under this subsection, the effective tax rate and the rollback tax rate of the district shall be calculated based on the certified estimate of taxable value.

Acts 1979, 66th Leg., p. 2268, ch. 841, Sec. 1, eff. Jan. 1, 1982. Amended by Acts 1981, 67th Leg., 1st C.S., p. 164, ch. 13, Sec. 117, eff. Jan. 1, 1982; Acts 1985, 69th Leg., ch. 657, Sec. 3, eff. June 14, 1985; Acts 1987, 70th Leg., ch. 699, Sec. 2, eff. June 19, 1987; Acts 1987, 70th Leg., ch. 947, Sec. 7, eff. Jan. 1, 1988; Acts 1987, 70th Leg., ch. 988, Sec. 2, eff. June 18, 1987; Acts 1991, 72nd Leg., ch. 404, Sec. 1, eff. Jan. 1, 1992; Acts 1997, 75th Leg., ch. 165, Sec. 29.06, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1039, Sec. 27, eff. Jan. 1, 1998; Acts 1999, 76th Leg., ch. 398, Sec. 3, eff. Aug. 30, 1999; Acts 1999, 76th Leg., ch. 423, Sec. 1, eff. Jan. 1, 2000; Acts 1999, 76th Leg., ch. 1358, Sec. 2, eff. Jan. 1, 2000.

Amended by:

Acts 2005, 79th Leg., Ch. 412 (S.B. 1652), Sec. 13, eff. September 1, 2005.

Acts 2005, 79th Leg., Ch. 1368 (S.B. 18), Sec. 1, eff. June 18, 2005.

Acts 2007, 80th Leg., R.S., Ch. 921 (H.B. 3167), Sec. 14.001, eff. September 1, 2007.

Acts 2009, 81st Leg., R.S., Ch. 668 (H.B. 2291), Sec. 1, eff. June 19, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. 3646), Sec. 86, eff. September 1, 2009.

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 57.28, eff. September 28, 2011.

Sec. 26.06. NOTICE, HEARING, AND VOTE ON TAX INCREASE.

(a) A public hearing required by Section 26.05 may not be held before the seventh day after the date the notice of the public hearing is given. The second hearing may not be held earlier than the third day after the date of the first hearing. Each

hearing must be on a weekday that is not a public holiday. Each hearing must be held inside the boundaries of the unit in a publicly owned building or, if a suitable publicly owned building is not available, in a suitable building to which the public normally has access. At the hearings, the governing body must afford adequate opportunity for proponents and opponents of the tax increase to present their views.

(b) The notice of a public hearing may not be smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and the headline on the notice must be in 24-point or larger type. The notice must contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX INCREASE

"The (name of the taxing unit) will hold two public hearings on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax rate calculated under this chapter) percent. Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.

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

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

"(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.)

"The average taxable value of a residence homestead in (name of taxing unit) last year was \$_____ (average taxable value of a residence homestead in the taxing unit for the preceding tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).

Based on last year's tax rate of \$_____ (preceding year's adopted tax rate) per \$100 of taxable value, the amount of taxes imposed last year on the average home was \$_____ (tax on average taxable value of a residence homestead in the taxing unit for the preceding tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).

"The average taxable value of a residence homestead in (name of taxing unit) this year is \$_____ (average taxable value of a residence homestead in the taxing unit for the current tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older). If the governing body adopts the effective tax rate for this year of \$_____ (effective tax rate) per \$100 of taxable value, the amount of taxes imposed this year on the average home would be \$_____ (tax on average taxable value of a residence homestead in the taxing unit for the current tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).

"If the governing body adopts the proposed tax rate of \$_____ (proposed tax rate) per \$100 of taxable value, the amount of taxes imposed this year on the average home would be \$_____ (tax on the average taxable value of a residence in the taxing unit for the current year disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).

"Members of the public are encouraged to attend the hearings and express their views."

(c) The notice of a public hearing under this section may be delivered by mail to each property owner in the unit, or may be published in a newspaper. If the notice is published in a newspaper, it may not be in the part of the paper in which legal notices and classified advertisements appear. If the taxing unit operates an Internet website, the notice must be posted on the website from the date the notice is first published until the second public hearing is concluded.

(d) At the public hearings the governing body shall announce the date, time, and place of the meeting at which it will vote on the proposed tax rate. After each hearing the governing body shall give notice of the meeting at which it will vote on the proposed tax rate and the notice shall be in the same form as prescribed by Subsections (b) and (c), except that it must state the following:

"NOTICE OF TAX REVENUE INCREASE

"The (name of the taxing unit) conducted public hearings on (date of first hearing) and (date of second hearing) on a proposal to increase the total tax revenues of the (name of the taxing unit) from properties on the tax roll in the preceding year by (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax rate calculated under this chapter) percent.

"The total tax revenue proposed to be raised last year at last year's tax rate of (insert tax rate for the preceding year) for each \$100 of taxable value was (insert total amount of taxes imposed in the preceding year).

"The total tax revenue proposed to be raised this year at the proposed tax rate of (insert proposed tax rate) for each \$100 of taxable value, excluding tax revenue to be raised from new property added to the tax roll this year, is (insert amount computed by multiplying proposed tax rate by the difference between current total value and new property value).

"The total tax revenue proposed to be raised this year at the proposed tax rate of (insert proposed tax rate) for each \$100 of taxable value, including tax revenue to be raised from new property added to the tax roll this year, is (insert amount computed by multiplying proposed tax rate by current total value).

"The (governing body of the taxing unit) is scheduled to vote on the tax rate that will result in that tax increase at a public meeting to be held on (date of meeting) at (location of meeting, including mailing address) at (time of meeting)."

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

(f) Repealed by Acts 2005, 79th Leg., Ch. 1368, Sec. 6, eff. June 18, 2005.

(g) This section does not apply to a school district. A school district shall provide notice of a public hearing on a tax increase as required by Section [44.004](#), Education Code.

Acts 1979, 66th Leg., p. 2278, ch. 841, Sec. 1, eff. Jan. 1, 1982. Amended by Acts 1981, 67th Leg., 1st C.S., p. 164, ch. 13, Sec. 118, eff. Jan. 1, 1982; Acts 1983, 68th Leg., p. 5464, ch. 1029, Sec. 1, eff. Sept. 1, 1983; Acts 1985, 69th Leg., ch. 657, Sec. 4, eff. June 14, 1985; Acts 1985, 69th Leg., 1st C.S., ch. 1, Sec. 3, eff. Sept. 1, 1986; Acts 1987, 70th Leg., ch. 456, Sec. 1, eff. Aug. 31, 1987; Acts 1987, 70th Leg., ch. 947, Sec. 8, eff. Jan. 1, 1988; Acts 1989, 71st Leg., ch. 940, Sec. 1, eff. Sept. 1, 1989; Acts 1991, 72nd Leg., 2nd C.S., ch. 6, Sec. 46, eff. Sept. 1, 1991; Acts 1997, 75th Leg., ch. 165, Sec. 29.07, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1039, Sec. 28, 29, eff. Jan. 1, 1998; Acts 1999, 76th Leg., ch. 398, Sec. 4, eff. Aug. 30, 1999; Acts 1999, 76th Leg., ch. 1358, Sec. 3, eff. Jan. 1, 2000.

Amended by:

Acts 2005, 79th Leg., Ch. 807 (S.B. [567](#)), Sec. 1, eff. June 17, 2005.

Acts 2005, 79th Leg., Ch. 1368 (S.B. [18](#)), Sec. 2, eff. June 18, 2005.

Acts 2005, 79th Leg., Ch. 1368 (S.B. [18](#)), Sec. 6, eff. June 18, 2005.

Acts 2007, 80th Leg., R.S., Ch. 1105 (H.B. [3495](#)), Sec. 1, eff. January 1, 2008.

Acts 2007, 80th Leg., R.S., Ch. 1112 (H.B. [3630](#)), Sec. 5(a), eff. January 1, 2008.

Acts 2007, 80th Leg., R.S., Ch. 1112 (H.B. [3630](#)), Sec. 5(b), eff. January 1, 2008.

Acts 2007, 80th Leg., R.S., Ch. 1112 (H.B. [3630](#)), Sec. 5(c), eff. January 1, 2008.

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. [1969](#)), Sec. 22.005, eff. September 1, 2009.

TAX CODE
TITLE 1. PROPERTY TAX CODE
SUBTITLE E. COLLECTIONS AND DELINQUENCY
CHAPTER 31. COLLECTIONS

Sec. 31.02. DELINQUENCY DATE. (a) Except as provided by Subsection (b) of this section and by Sections 31.03 and 31.04 of this code, taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

(b) An eligible person serving on active duty in any branch of the United States armed forces during a war or national emergency declared in accordance with federal law may pay delinquent property taxes on property in which the person owns any interest without penalty or interest no later than the 60th day after the date on which the earliest of the following occurs:

- (1) the person is discharged from active military service;
- (2) the person returns to the state for more than 10 days;
- (3) the person returns to non-active duty status in the reserves; or
- (4) the war or national emergency ends.

(c) "Eligible person" means a person on active military duty in this state who was transferred out of this state as a result of a war or national emergency declared in accordance with federal law or a person in the reserve forces who was placed on active military duty and transferred out of this state as a result of a war or national emergency declared in accordance with federal law.

(d) A person eligible under Subsection (b) or any co-owner of property that is owned by an eligible person may notify the county tax assessor or collector or central appraisal district for the county in which the property is located of the person's eligibility for exemption under Subsection (b). The county tax

assessor or collector or central appraisal district shall provide the forms necessary for those individuals giving notice under this subsection. If the notice is timely given, a taxing unit in the county may not bring suit for delinquent taxes for the tax year in which the notice is given. Failure to file a notice does not affect eligibility for the waiver of penalties and interest.

(e) On verification that notice was properly filed under Subsection (d), a suit for delinquent taxes must be abated without cost to the defendant. The exemptions provided for under this section shall immediately stop all actions against eligible persons until the person's eligibility expires as provided in Subsection (b).

(f) This section applies only to property in which the person eligible for the exemption owned an interest on the date the person was transferred out of this state as described by Subsection (c) or in which the person acquired the interest by gift, devise, or inheritance after that date.

(g) For the purposes of this section, a person is considered to be on active military duty if the person is covered by the Soldiers' and Sailors' Civil Relief Act of 1940 (50 App. U.S.C. Section 501 et seq.) or the Uniformed Services Employment and Reemployment Rights Act of 1994 (38 U.S.C. Section 4301 et seq.), as amended.

(h) Repealed by Acts 2003, 78th Leg., ch. 129, Sec. 2.

Acts 1979, 66th Leg., p. 2285, ch. 841, Sec. 1, eff. Jan. 1, 1982. Amended by Acts 1991, 72nd Leg., ch. 381, Sec. 1, eff. Aug. 26, 1991; Acts 2003, 78th Leg., ch. 129, Sec. 1, 2, eff. May 27, 2003.

Sec. 31.03. SPLIT PAYMENT OF TAXES. (a) The governing body of a taxing unit that collects its own taxes may provide, in the manner required by law for official action by the body, that a person who pays one-half of the unit's taxes before

December 1 may pay the remaining one-half of the taxes without penalty or interest before July 1 of the following year.

(b) Except as provided by Subsection (d), the split-payment option, if adopted, applies to taxes for all units for which the adopting taxing unit collects taxes.

(c) If one or more taxing units contract with the appraisal district for collection of taxes, the split-payment option provided by Subsection (a) of this section does not apply to taxes collected by the district unless approved by resolution adopted by a majority of the governing bodies of the taxing units whose taxes the district collects and filed with the secretary of the appraisal district board of directors. After an appraisal district provides for the split-payment option, the option applies to all taxes collected by the district until revoked. It may be revoked in the same manner as provided for adoption.

(d) This subsection applies only to a taxing unit located in a county having a population of not less than 285,000 and not more than 300,000 that borders a county having a population of 3.3 million or more and the Gulf of Mexico. The governing body of a taxing unit that has its taxes collected by another taxing unit that has adopted the split-payment option under Subsection (a) may provide, in the manner required by law for official action by the body, that the split-payment option does not apply to the taxing unit's taxes collected by the other taxing unit.

Acts 1979, 66th Leg., p. 2285, ch. 841, Sec. 1, eff. Jan. 1, 1982. Amended by Acts 1981, 67th Leg., 1st C.S., p. 167, ch. 13, Sec. 123, eff. Jan. 1, 1982; Acts 1983, 68th Leg., p. 4827, ch. 851, Sec. 20, eff. Aug. 29, 1983; Acts 1983, 68th Leg., p. 4875, ch. 862, Sec. 1, eff. Sept. 1, 1983.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 395 (S.B. [796](#)), Sec. 1, eff. June 15, 2007.

Acts 2011, 82nd Leg., R.S., Ch. 1163 (H.B. [2702](#)), Sec. 115, eff. September 1, 2011.