

SUBJECT: Ad Valorem Taxes

I. Setting Tax Rate

Before September 30, or within 60 days following the date that the certified appraisal roll is received, whichever is later, the Board shall adopt a tax rate and notify the tax assessor collector of the tax rate adopted.

The annual tax rate of the District shall be set by resolution. The vote on the resolution setting the tax rate must be separate from the vote adopting the budget and should follow the vote on the budget.

The tax rate consists of two components, each of which must be approved separately. The components are: (a) the rate needed to fund maintenance and operation, and (b) the rate to be used to pay debt services.

II. Tax Limitations

The Board shall not adopt a tax rate that exceeds the effective tax rate until it has held two public hearing on the proposed increase and has otherwise complied with Property Tax Code 26.06. The Board shall reduce a tax rate set by law or by vote of the electorate to the rate calculated as provided by Property Tax Code 26.04 and may not adopt a higher tax rate unless it first complies with Property Tax Code 26.06.

III. Notice of Tax Increase

The Board shall give notice and hold public hearings in accordance with Chapter 26 of the Property Tax Code to propose a tax increase greater than the effective tax rate.

The notice may be delivered by mail to each property owner residing in the District, or it may be published in a newspaper. If the notice is published in a newspaper, it must not be in the part of the paper in which legal notices and classified advertisements appear.

This notice 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 18-point or larger type.

IV. Public Hearings

The first public hearing may not be held before the seventh day after the notice of the public hearing on the proposed increase is given. The second public hearing can be no less than

three days following the first public hearing. The hearing must be on a weekday that is not a public holiday. The hearing must be held in a public building inside the District boundaries.

If no public building is available, the hearing may be held in some other suitable building inside the District boundaries. At the hearing, the Board must afford adequate opportunity for proponents and opponents of the tax increase to present their views.

At the public hearing the Board shall announce the date, time, and place of the meeting at which it will vote on the proposed tax increase. After the hearing it shall give notice of the meeting at which it will vote on the tax rate. This notice shall also be no smaller than one quarter page of a standard size or tabloid size newspaper, and the headline on the notice must be in 18-point or larger type.

The meeting to vote on the increase may not be earlier than the third day or later than the fourteenth day after the date of the second public hearing. The meeting must be held in a public building inside the District boundaries. If no public building is available, the meeting may be held in some other suitable building inside the District boundaries. If the Board does not adopt the increase by the fourteenth day, it must give a new "Notice of Vote on Tax Rate" before it may adopt a rate higher than the effective tax rate.

#### V. Election to Repeal Increase

If the Board adopts a tax rate that exceeds the rate calculated as provided by Property Tax Code 26.04 by more than eight percent, the qualified voters of the District by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback rate calculated by Chapter 26.07 of the Property Tax Code.

The petition to call an election to consider reducing the tax rate must be valid and must be presented as required by law.

#### VI. Natural Disaster

If the District is located partly or entirely inside an area declared by the governor to be a natural disaster area, the Board may authorize the reappraisal of all property damaged in the disaster at its market value immediately after the disaster.

#### VII. Appraisal District Participation

The District shall participate in the county-wide appraisal district. The appraisal district is authorized to collect the taxes of the District.