

By: Spiller

H.B. No. 3594

A BILL TO BE ENTITLED

AN ACT

relating to an adjustment to the voter-approval tax rate for certain municipalities with low or decreasing debt.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 26, Tax Code, is amended by adding Section 26.0445 to read as follows:

Sec. 26.0445. VOTER-APPROVAL RATE ADJUSTMENT FOR TRANSPORTATION INFRASTRUCTURE FINANCING IN A LOW-DEBT MUNICIPALITY. (a) In the section:

(1) "Low-debt municipality" means a municipality that:

(A) adopted a tax rate in the preceding tax year for which the debt component comprised no more than 20 percent of the adopted rate; or

(B) for each of the preceding three tax years, adopted a tax rate for which the debt component comprised a lower percentage of the adopted rate than the percentage of the adopted rate the debt component comprised in the immediately preceding tax year.

(2) "Transportation infrastructure" means the building and maintenance of highways, roads, sidewalks, airports, rail lines, bus stations, transit facilities, or other infrastructure designed to facilitate transportation.

(b) A low-debt municipality may direct the designated officer or employee to add to the voter-approval tax rate the rate

1 that, when applied to the municipality's current total taxable
2 value, would impose an amount of taxes equal to the greater of:

3 (1) one percent of the preceding year's maintenance and
4 operations tax levy; or

5 (2) \$50,000.

6 (c) A municipality that makes the adjustment provided by
7 Subsection (b) shall place in a separate account in the municipal
8 treasury an amount of money equal to the amount described by
9 Subsection (b)(1) or (2), as applicable, that the municipality used
10 to calculate the adjustment. Money in the account may be used only
11 for transportation infrastructure costs.

12 SECTION 2. Section 26.0445, Tax Code, as added by this Act,
13 applies to the calculation of the voter-approval tax rate for a
14 municipality on for a tax year beginning on or after January 1,
15 2024.

16 SECTION 3. This Act takes effect January 1, 2024.