

By: Bettencourt

S.B. No. 1997

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the calculation of the ad valorem tax rate of a taxing  
3 unit.

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

5 SECTION 1. Section 26.04(c), Tax Code, is amended to read as  
6 follows:

7 (c) After the assessor for the taxing unit submits the  
8 appraisal roll for the taxing unit to the governing body of the  
9 taxing unit as required by Subsection (b), an officer or employee  
10 designated by the governing body shall calculate the no-new-revenue  
11 tax rate and the voter-approval tax rate for the taxing unit, where:

12 (1) "No-new-revenue tax rate" means a rate expressed  
13 in dollars per \$100 of taxable value calculated according to the  
14 following formula:

15 NO-NEW-REVENUE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY  
16 LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

17 ; and

18 (2) "Voter-approval tax rate" means a rate expressed  
19 in dollars per \$100 of taxable value calculated according to the  
20 following applicable formula:

21 (A) for a special taxing unit:

22 VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND  
23 OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

24 ; or

1 (B) for a taxing unit other than a special taxing  
2 unit:

3 VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND  
4 OPERATIONS RATE x 1.035) + [~~(~~CURRENT DEBT RATE [~~+ UNUSED INCREMENT~~  
5 ~~RATE)~~]

6 SECTION 2. Sections 26.041(a), (b), and (c), Tax Code, are  
7 amended to read as follows:

8 (a) In the first year in which an additional sales and use  
9 tax is required to be collected, the no-new-revenue tax rate and  
10 voter-approval tax rate for the taxing unit are calculated  
11 according to the following formulas:

12 NO-NEW-REVENUE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY  
13 LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] - SALES TAX GAIN  
14 RATE

15 and

16 VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT =  
17 (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x 1.08) + (CURRENT  
18 DEBT RATE - SALES TAX GAIN RATE)

19 or

20 VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN SPECIAL  
21 TAXING UNIT = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x  
22 1.035) + (CURRENT DEBT RATE [~~+ UNUSED INCREMENT RATE~~] - SALES TAX  
23 GAIN RATE)

24 where "sales tax gain rate" means a number expressed in dollars per  
25 \$100 of taxable value, calculated by dividing the revenue that will  
26 be generated by the additional sales and use tax in the following  
27 year as calculated under Subsection (d) by the current total value.

1 (b) Except as provided by Subsections (a) and (c), in a year  
 2 in which a taxing unit imposes an additional sales and use tax, the  
 3 voter-approval tax rate for the taxing unit is calculated according  
 4 to the following formula, regardless of whether the taxing unit  
 5 levied a property tax in the preceding year:

$$6 \quad \text{VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT} = [(\text{LAST} \\ 7 \text{ YEAR'S MAINTENANCE AND OPERATIONS EXPENSE} \times 1.08) / (\text{CURRENT TOTAL} \\ 8 \text{ VALUE} - \text{NEW PROPERTY VALUE})] + (\text{CURRENT DEBT RATE} - \text{SALES TAX} \\ 9 \text{ REVENUE RATE})$$

10 or

$$11 \quad \text{VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN SPECIAL} \\ 12 \text{ TAXING UNIT} = [(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE} \times \\ 13 1.035) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})] + (\text{CURRENT DEBT} \\ 14 \text{ RATE} [+ \text{UNUSED INCREMENT RATE}] - \text{SALES TAX REVENUE RATE})$$

15 where "last year's maintenance and operations expense" means the  
 16 amount spent for maintenance and operations from property tax and  
 17 additional sales and use tax revenues in the preceding year, and  
 18 "sales tax revenue rate" means a number expressed in dollars per  
 19 \$100 of taxable value, calculated by dividing the revenue that will  
 20 be generated by the additional sales and use tax in the current year  
 21 as calculated under Subsection (d) by the current total value.

22 (c) In a year in which a taxing unit that has been imposing  
 23 an additional sales and use tax ceases to impose an additional sales  
 24 and use tax, the no-new-revenue tax rate and voter-approval tax  
 25 rate for the taxing unit are calculated according to the following  
 26 formulas:

$$27 \quad \text{NO-NEW-REVENUE TAX RATE} = [(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY}$$

1 LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + SALES TAX LOSS  
2 RATE

3 and

4 VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT = [(LAST  
5 YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / (CURRENT TOTAL  
6 VALUE - NEW PROPERTY VALUE)] + CURRENT DEBT RATE

7 or

8 VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN SPECIAL  
9 TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x  
10 1.035) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + [~~+~~]CURRENT  
11 DEBT RATE [~~+ UNUSED INCREMENT RATE~~]

12 where "sales tax loss rate" means a number expressed in dollars per  
13 \$100 of taxable value, calculated by dividing the amount of sales  
14 and use tax revenue generated in the last four quarters for which  
15 the information is available by the current total value and "last  
16 year's maintenance and operations expense" means the amount spent  
17 for maintenance and operations from property tax and additional  
18 sales and use tax revenues in the preceding year.

19 SECTION 3. Sections [49.23602](#)(a)(2) and (4), Water Code, are  
20 amended to read as follows:

21 (2) "Mandatory tax election rate" means [~~the rate~~  
22 ~~equal to the sum of the following tax rates for the district:~~

23 [~~(A)~~] the rate that would impose 1.035 times the  
24 amount of tax imposed by the district in the preceding year on a  
25 residence homestead appraised at the average appraised value of a  
26 residence homestead in the district in that year, disregarding any  
27 homestead exemption available only to disabled persons or persons

1 65 years of age or older [~~and~~  
2 [~~(B) the unused increment rate~~].

3 (4) "Voter-approval tax rate" means the rate equal to  
4 the sum of the following tax rates for the district:

- 5 (A) the current year's debt service tax rate;
- 6 (B) the current year's contract tax rate; and
- 7 (C) the operation and maintenance tax rate that
- 8 would impose 1.035 times the amount of the operation and
- 9 maintenance tax imposed by the district in the preceding year on a
- 10 residence homestead appraised at the average appraised value of a
- 11 residence homestead in the district in that year, disregarding any
- 12 homestead exemption available only to disabled persons or persons
- 13 65 years of age or older [~~and~~  
14 [~~(D) the unused increment rate~~].

15 SECTION 4. The following provisions are repealed:

- 16 (1) Section 120.007(d), Local Government Code;
- 17 (2) Section 26.013, Tax Code;
- 18 (3) Section 26.0501(c), Tax Code; and
- 19 (4) Section 49.23602(a)(3), Water Code.

20 SECTION 5. This Act applies only to ad valorem taxes imposed  
21 for an ad valorem tax year that begins on or after the effective  
22 date of this Act.

23 SECTION 6. This Act takes effect January 1, 2024.