

AN ACT

relating to the calculation of the unused increment rate of a taxing unit.

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

SECTION 1. Section 26.013(a), Tax Code, is amended by adding Subdivisions (1-a) and (1-b) to read as follows:

(1-a) "Foregone revenue amount" means the greater of:

(A) zero; or

(B) the amount expressed in dollars calculated

according to the following formula:

FOREGONE REVENUE AMOUNT = (VOTER-APPROVAL TAX RATE - ACTUAL TAX RATE) x PRECEDING TOTAL VALUE

(1-b) "Preceding total value" means a taxing unit's current total value in the applicable preceding tax year.

SECTION 2. Section 26.013(b), Tax Code, is amended to read as follows:

(b) In this chapter, "unused increment rate" means the greater of:

(1) zero; or

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

UNUSED INCREMENT RATE = (YEAR 1 FOREGONE REVENUE AMOUNT + YEAR 2 FOREGONE REVENUE AMOUNT + YEAR 3 FOREGONE REVENUE AMOUNT) / CURRENT TOTAL VALUE [~~VOTER-APPROVAL TAX RATE - YEAR 1 ACTUAL TAX~~]

1 ~~RATE) + (YEAR 2 VOTER-APPROVAL TAX RATE - YEAR 2 ACTUAL TAX RATE) +~~
2 ~~(YEAR 3 VOTER-APPROVAL TAX RATE - YEAR 3 ACTUAL TAX RATE)]~~

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

S.B. No. 1999

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1999 passed the Senate on April 27, 2023, by the following vote: Yeas 29, Nays 2.

Secretary of the Senate

I hereby certify that S.B. No. 1999 passed the House on May 24, 2023, by the following vote: Yeas 134, Nays 4, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor