

By: Bettencourt

S.B. No. 2516

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the calculation of certain ad valorem tax rates of  
3 certain taxing units.

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 1.025 [~~1.035~~]) + (CURRENT DEBT RATE + UNUSED  
5 INCREMENT 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 1.025 [~~1.035~~]) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE - SALES  
23 TAX 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 VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT = [(LAST  
 7 YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / (CURRENT TOTAL  
 8 VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE - SALES TAX  
 9 REVENUE RATE)

10 or

11 VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN SPECIAL  
 12 TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x  
 13 1.025 [~~1.035~~]) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +  
 14 (CURRENT DEBT RATE + UNUSED INCREMENT RATE - 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 NO-NEW-REVENUE TAX RATE = [(LAST YEAR'S LEVY - 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 1.025 [~~1.035~~]) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +  
11 (CURRENT 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. Section [49.236\(a\)](#), Water Code, is amended to  
20 read as follows:

21 (a) Before the board adopts an ad valorem tax rate for the  
22 district for debt service, operation and maintenance purposes, or  
23 contract purposes, the board shall give notice of each meeting of  
24 the board at which the adoption of a tax rate will be considered.  
25 The notice must:

26 (1) contain a statement in substantially the following  
27 form:

"NOTICE OF PUBLIC HEARING ON TAX RATE

1  
2           "The (name of the district) will hold a public hearing on a  
3 proposed tax rate for the tax year (year of tax levy) on (date and  
4 time) at (meeting place). Your individual taxes may increase at a  
5 greater or lesser rate, or even decrease, depending on the tax rate  
6 that is adopted and on the change in the taxable value of your  
7 property in relation to the change in taxable value of all other  
8 property. The change in the taxable value of your property in  
9 relation to the change in the taxable value of all other property  
10 determines the distribution of the tax burden among all property  
11 owners.

12           "Visit [Texas.gov/PropertyTaxes](http://Texas.gov/PropertyTaxes) to find a link to your local  
13 property tax database on which you can easily access information  
14 regarding your property taxes, including information about  
15 proposed tax rates and scheduled public hearings of each entity  
16 that taxes your property.

17           "(Names of all board members and, if a vote was taken, an  
18 indication of how each voted on the proposed tax rate and an  
19 indication of any absences.)";

20           (2) contain the following information:

21                   (A) the district's total adopted tax rate for the  
22 preceding year and the proposed tax rate, expressed as an amount per  
23 \$100;

24                   (B) the difference, expressed as an amount per  
25 \$100 and as a percent increase or decrease, as applicable, in the  
26 proposed tax rate compared to the adopted tax rate for the preceding  
27 year;

1           (C) the average appraised value of a residence  
2 homestead in the district in the preceding year and in the current  
3 year; the district's total homestead exemption, other than an  
4 exemption available only to disabled persons or persons 65 years of  
5 age or older, applicable to that appraised value in each of those  
6 years; and the average taxable value of a residence homestead in the  
7 district in each of those years, disregarding any homestead  
8 exemption available only to disabled persons or persons 65 years of  
9 age or older;

10           (D) the amount of tax that would have been  
11 imposed by the district in the preceding year on a residence  
12 homestead appraised at the average appraised value of a residence  
13 homestead in that year, disregarding any homestead exemption  
14 available only to disabled persons or persons 65 years of age or  
15 older;

16           (E) the amount of tax that would be imposed by the  
17 district in the current year on a residence homestead appraised at  
18 the average appraised value of a residence homestead in that year,  
19 disregarding any homestead exemption available only to disabled  
20 persons or persons 65 years of age or older, if the proposed tax  
21 rate is adopted;

22           (F) the difference between the amounts of tax  
23 calculated under Paragraphs (D) and (E), expressed in dollars and  
24 cents and described as the annual percentage increase or decrease,  
25 as applicable, in the tax to be imposed by the district on the  
26 average residence homestead in the district in the current year if  
27 the proposed tax rate is adopted; and

1 (G) if the proposed combined debt service,  
2 operation and maintenance, and contract tax rate requires or  
3 authorizes an election to approve or reduce the tax rate, as  
4 applicable, a description of the purpose of the proposed tax  
5 increase;

6 (3) contain a statement in substantially the following  
7 form, as applicable:

8 (A) if the district is a district described by  
9 Section [49.23601](#):

10 "NOTICE OF VOTE ON TAX RATE

11 "If the district adopts a combined debt service, operation  
12 and maintenance, and contract tax rate that would result in the  
13 taxes on the average residence homestead increasing by more than  
14 eight percent, an election must be held to determine whether to  
15 approve the operation and maintenance tax rate under Section  
16 [49.23601](#), Water Code.";

17 (B) if the district is a district described by  
18 Section [49.23602](#):

19 "NOTICE OF VOTE ON TAX RATE

20 "If the district adopts a combined debt service, operation  
21 and maintenance, and contract tax rate that would result in the  
22 taxes on the average residence homestead increasing by more than  
23 2.5 [~~3.5~~] percent, an election must be held to determine whether to  
24 approve the operation and maintenance tax rate under Section  
25 [49.23602](#), Water Code."; or

26 (C) if the district is a district described by  
27 Section [49.23603](#):

1 "NOTICE OF TAXPAYERS' RIGHT TO ELECTION TO REDUCE TAX RATE

2 "If the district adopts a combined debt service, operation  
3 and maintenance, and contract tax rate that would result in the  
4 taxes on the average residence homestead increasing by more than  
5 eight percent, the qualified voters of the district by petition may  
6 require that an election be held to determine whether to reduce the  
7 operation and maintenance tax rate to the voter-approval tax rate  
8 under Section [49.23603](#), Water Code."; and

9 (4) include the following statement: "The 86th Texas  
10 Legislature modified the manner in which the voter-approval tax  
11 rate is calculated to limit the rate of growth of property taxes in  
12 the state.".

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

15 (2) "Mandatory tax election rate" means the rate equal  
16 to the sum of the following tax rates for the district:

17 (A) the rate that would impose 1.025 [~~1.035~~]  
18 times the amount of tax imposed by the district in the preceding  
19 year on a residence homestead appraised at the average appraised  
20 value of a residence homestead in the district in that year,  
21 disregarding any homestead exemption available only to disabled  
22 persons or persons 65 years of age or older; and

23 (B) the unused increment rate.

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

26 (A) the current year's debt service tax rate;

27 (B) the current year's contract tax rate;



1                   (C) the operation and maintenance tax rate that  
2 would impose 1.025 [~~1.035~~] times the amount of the operation and  
3 maintenance tax imposed by the district in the preceding year on a  
4 residence homestead appraised at the average appraised value of a  
5 residence homestead in the district in that year, disregarding any  
6 homestead exemption available only to disabled persons or persons  
7 65 years of age or older; and

8                   (D) the unused increment rate.

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

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