

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**April 26, 2023**

**TO:** Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: SB977** by Bettencourt (Relating to the definition of debt for the purposes of calculating certain ad valorem tax rates of a taxing unit.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would amend Chapter 26 of the Tax Code to require an election prior to the issuance of new debt. The bill would redefine debt per criteria specified in the bill.

The bill would repeal Sections 26.012(9), (18-a), and (18-b) of the Tax Code.

The bill would change the definition of debt and require an election before a taxing unit can issue new debt and potentially increase its interest and sinking (I&S) tax rate. To the extent voters do not approve bond issues/debt at an election, taxing units would be unable to issue additional debt backed by property tax revenue.

The amount and frequency that taxing units would have issued future debt obligations for purposes no longer available without an election is unknown. The fiscal impact on taxing units cannot be estimated.

**Local Government Impact**

The amount and frequency that taxing units would have issued future debt obligations for purposes no longer available without an election is unknown. The fiscal impact on taxing units cannot be estimated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JMc, AF, SD, BRI