89S11074 CJC-D

By:  Meyer H.B. No. 9

A BILL TO BE ENTITLED

AN ACT

relating to the calculation of the voter-approval tax rate for certain taxing units.

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

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

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

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

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

; and

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

(A)  for a special taxing unit:

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

; [~~or~~]

(B)  for a municipality or county with a population of less than 75,000 that is not a special taxing unit:

VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE)

; or

(C)  for a taxing unit other than a special taxing unit or a municipality or county described by Paragraph (B):

VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x 1.025 [~~1.035~~]) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE)

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

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

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

and

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

or

VOTER-APPROVAL TAX RATE FOR MUNICIPALITY OR COUNTY WITH A POPULATION OF LESS THAN 75,000 THAT IS NOT A SPECIAL TAXING UNIT = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE - SALES TAX GAIN RATE)

or

VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN SPECIAL TAXING UNIT OR MUNICIPALITY OR COUNTY WITH A POPULATION OF LESS THAN 75,000 THAT IS NOT A SPECIAL TAXING UNIT = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x 1.025 [~~1.035~~]) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE - SALES TAX GAIN RATE)

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

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

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

or

VOTER-APPROVAL TAX RATE FOR MUNICIPALITY OR COUNTY WITH A POPULATION OF LESS THAN 75,000 THAT IS NOT A SPECIAL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED INCREMENT RATE - SALES TAX REVENUE RATE)

or

VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN SPECIAL TAXING UNIT OR MUNICIPALITY OR COUNTY WITH A POPULATION OF LESS THAN 75,000 THAT IS NOT A SPECIAL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.025 [~~1.035~~]) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED INCREMENT RATE - SALES TAX REVENUE RATE)

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

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

NO-NEW-REVENUE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + SALES TAX LOSS RATE

and

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

or

VOTER-APPROVAL TAX RATE FOR MUNICIPALITY OR COUNTY WITH A POPULATION OF LESS THAN 75,000 THAT IS NOT A SPECIAL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED INCREMENT RATE)

or

VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN SPECIAL TAXING UNIT OR MUNICIPALITY OR COUNTY WITH A POPULATION OF LESS THAN 75,000 THAT IS NOT A SPECIAL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.025 [~~1.035~~]) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED INCREMENT RATE)

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

SECTION 3.  Section 26.042(a-2), Tax Code, as added by H.B. 30, Acts of the 89th Legislature, Regular Session, 2025, and effective January 1, 2026, is amended to read as follows:

(a-2)  The voter-approval tax rate the governing body of the taxing unit may direct the designated officer or employee to calculate under Subsection (a) is equal to the lesser of:

(1)  the voter-approval tax rate calculated in the manner provided for a special taxing unit; or

(2)  the voter-approval tax rate calculated according to the following applicable formula:

(A)  for a municipality or county with a population of less than 75,000 that is not a special taxing unit:

VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE X 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE + DISASTER RELIEF RATE)

; or

(B)  for a taxing unit other than a municipality or county described by Paragraph (A):

VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE X 1.025 [~~1.035~~]) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE + DISASTER RELIEF RATE)

SECTION 4.  This Act applies only to ad valorem taxes imposed for an ad valorem tax year that begins on or after the effective date of this Act.

SECTION 5.  This Act takes effect January 1, 2026.