

By: Alders

H.B. No. 96

A BILL TO BE ENTITLED

AN ACT

relating to the date and requirements regarding an election to authorize the issuance of general obligation bonds or other debt obligations payable from ad valorem taxes or to approve an increase in an ad valorem tax rate.

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

SECTION 1. Subchapter A, Chapter 41, Election Code, is amended by adding Section 41.0051 to read as follows:

Sec. 41.0051. ELECTION TO ISSUE BONDS OR INCREASE AD VALOREM TAX RATE. (a) An election to authorize the issuance of general obligation bonds or other debt obligations payable from ad valorem taxes or to approve an increase in an ad valorem tax rate shall be held on the November uniform election date.

(b) Notwithstanding Section 41.0011, an election described by Subsection (a) may not be held as an emergency election under that section.

(c) If a law outside this code requires an election described by Subsection (a) to be held on a date other than the November uniform election date, the authority administering the election shall set the election date to comply with this section.

SECTION 2. Chapter 1253, Government Code, is amended by adding Section 1253.004 to read as follows:

Sec. 1253.004. SUPERMAJORITY VOTE OF VOTERS REQUIRED TO APPROVE GENERAL OBLIGATION BONDS. Notwithstanding any other law, a

1 political subdivision may not issue general obligation bonds unless
2 at least three-fifths of the voters voting at the election called to
3 authorize the issuance vote in favor of the issuance.

4 SECTION 3. Sections 281.124(d) and (f), Health and Safety
5 Code, are amended to read as follows:

6 (d) If at least three-fifths [~~a majority~~] of the votes cast
7 in the election favor the proposition, the tax rate for the
8 specified tax year is the rate approved by the voters, and that rate
9 is not subject to Section 26.07, Tax Code. The board shall adopt
10 the tax rate as provided by Chapter 26, Tax Code.

11 (f) Notwithstanding any other law, if at least three-fifths
12 [~~a majority~~] of the votes cast in the election favor the
13 proposition, a governing body with approval authority over the
14 district's budget or tax rate may not disapprove the tax rate
15 approved by the voters or disapprove the budget based solely on the
16 tax rate approved by the voters.

17 SECTION 4. Section 1101.254(f), Special District Local Laws
18 Code, is amended to read as follows:

19 (f) This section does not affect the applicability of
20 Section 26.07, Tax Code, to the district's tax rate, except that if
21 at least three-fifths of the district voters approve a tax rate
22 increase under this section, Section 26.07, Tax Code, does not
23 apply to the tax rate for that year.

24 SECTION 5. Sections 26.06(b-1) and (b-3), Tax Code, are
25 amended to read as follows:

26 (b-1) If the proposed tax rate exceeds the no-new-revenue
27 tax rate and the voter-approval tax rate of the taxing unit, the

1 notice must contain a statement in the following form:

2 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

3 "PROPOSED TAX RATE \$_____ per \$100

4 "NO-NEW-REVENUE TAX RATE \$_____ per \$100

5 "VOTER-APPROVAL TAX RATE \$_____ per \$100

6 "The no-new-revenue tax rate is the tax rate for the (current
7 tax year) tax year that will raise the same amount of property tax
8 revenue for (name of taxing unit) from the same properties in both
9 the (preceding tax year) tax year and the (current tax year) tax
10 year.

11 "The voter-approval tax rate is the highest tax rate that
12 (name of taxing unit) may adopt without holding an election to seek
13 voter approval of the rate.

14 "The proposed tax rate is greater than the no-new-revenue tax
15 rate. This means that (name of taxing unit) is proposing to
16 increase property taxes for the (current tax year) tax year.

17 "A public hearing on the proposed tax rate will be held on
18 (date and time) at (meeting place).

19 "The proposed tax rate is also greater than the
20 voter-approval tax rate. If (name of taxing unit) adopts the
21 proposed tax rate, (name of taxing unit) is required to hold an
22 election so that the voters may accept or reject the proposed tax
23 rate. Unless at least three-fifths [~~If a majority~~] of the voters
24 accept [~~reject~~] the proposed tax rate, the tax rate of the (name of
25 taxing unit) will be the voter-approval tax rate. The election will
26 be held on (date of election). You may contact the (name of office
27 responsible for administering the election) for information about

1 voting locations. The hours of voting on election day are (voting
2 hours).

3 "Your taxes owed under any of the tax rates mentioned above
4 can be calculated as follows:

5 "Property tax amount = tax rate x taxable value of your
6 property / 100

7 "(Names of all members of the governing body, showing how
8 each voted on the proposal to consider the tax increase or, if one
9 or more were absent, indicating the absences.)

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

15 "The 86th Texas Legislature modified the manner in which the
16 voter-approval tax rate is calculated to limit the rate of growth of
17 property taxes in the state."

18 (b-3) If the proposed tax rate does not exceed the
19 no-new-revenue tax rate but exceeds the voter-approval tax rate of
20 the taxing unit, the notice must contain a statement in the
21 following form:

22 "NOTICE OF PUBLIC HEARING ON TAX RATE

23 "PROPOSED TAX RATE \$_____ per \$100

24 "NO-NEW-REVENUE TAX RATE \$_____ per \$100

25 "VOTER-APPROVAL TAX RATE \$_____ per \$100

26 "The no-new-revenue tax rate is the tax rate for the (current
27 tax year) tax year that will raise the same amount of property tax

1 revenue for (name of taxing unit) from the same properties in both
2 the (preceding tax year) tax year and the (current tax year) tax
3 year.

4 "The voter-approval tax rate is the highest tax rate that
5 (name of taxing unit) may adopt without holding an election to seek
6 voter approval of the rate.

7 "The proposed tax rate is not greater than the no-new-revenue
8 tax rate. This means that (name of taxing unit) is not proposing to
9 increase property taxes for the (current tax year) tax year.

10 "A public hearing on the proposed tax rate will be held on
11 (date and time) at (meeting place).

12 "The proposed tax rate is greater than the voter-approval tax
13 rate. If (name of taxing unit) adopts the proposed tax rate, (name
14 of taxing unit) is required to hold an election so that the voters
15 may accept or reject the proposed tax rate. Unless at least
16 three-fifths [~~If a majority~~] of the voters accept [~~reject~~] the
17 proposed tax rate, the tax rate of the (name of taxing unit) will be
18 the voter-approval tax rate. The election will be held on (date of
19 election). You may contact the (name of office responsible for
20 administering the election) for information about voting
21 locations. The hours of voting on election day are (voting hours).

22 "Your taxes owed under any of the tax rates mentioned above
23 can be calculated as follows:

24 "Property tax amount = tax rate x taxable value of your
25 property / 100

26 "(Names of all members of the governing body, showing how
27 each voted on the proposal to consider the tax rate or, if one or

more were absent, indicating the absences.)

"Visit Texas.gov/PropertyTaxes to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.

"The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state."

SECTION 6. Section 26.063(b), Tax Code, is amended to read as follows:

(b) This subsection applies only to a taxing unit that is required to hold an election under Section 26.07. In the notice required to be provided by the taxing unit under Section 26.06(b-1) or (b-3), as applicable, the taxing unit shall:

(1) add the following to the end of the list of rates included in the notice:

"DE MINIMIS RATE \$_____ per \$100";

(2) substitute the following for the definition of "voter-approval tax rate": "The voter-approval tax rate is the highest tax rate that (name of taxing unit) may adopt without holding an election to seek voter approval of the rate, unless the de minimis rate for (name of taxing unit) exceeds the voter-approval tax rate for (name of taxing unit).";

(3) add the following definition of "de minimis rate": "The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate for (name of taxing

unit), the rate that will raise \$500,000, and the current debt rate for (name of taxing unit)."; and

(4) substitute the following for the provision that provides notice that an election is required: "The proposed tax rate is greater than the voter-approval tax rate and the de minimis rate. If (name of taxing unit) adopts the proposed tax rate, (name of taxing unit) is required to hold an election so that the voters may accept or reject the proposed tax rate. Unless at least three-fifths [~~If a majority~~] of the voters accept [~~reject~~] the proposed tax rate, the tax rate of the (name of taxing unit) will be the voter-approval tax rate of the (name of taxing unit). The election will be held on (date of election). You may contact the (name of office responsible for administering the election) for information about voting locations. The hours of voting on election day are (voting hours).".

SECTION 7. Section 26.07(d), Tax Code, is amended to read as follows:

(d) If at least three-fifths [~~a majority~~] of the votes cast in the election favor the proposition, the tax rate for the current year is the rate that was adopted by the governing body.

SECTION 8. Section 26.08(c), Tax Code, is amended to read as follows:

(c) If at least three-fifths [~~a majority~~] of the votes cast in the election favor the proposition, the tax rate for the current year is the rate that was adopted by the governing body.

SECTION 9. The changes in law made by this Act apply only to an election ordered on or after the effective date of this Act. An

1 election ordered before the effective date of this Act is governed
2 by the law in effect on the date the election was ordered, and that
3 law is continued in effect for that purpose.

4 SECTION 10. (a) Except as provided by Subsection (b) of
5 this section, this Act takes effect January 1, 2026.

6 (b) Section 2 of this Act takes effect January 1, 2026, but
7 only if the constitutional amendment proposed by the 89th
8 Legislature, 1st Called Session, 2025, to require a supermajority
9 vote to authorize a political subdivision to issue general
10 obligation bonds or other debt obligations payable from ad valorem
11 taxes is approved by the voters. If that amendment is not approved
12 by the voters, Section 2 of this Act has no effect.