By: Bettencourt, et al.

S.B. No. 9

A BILL TO BE ENTITLED

1	AN ACT
2	relating to the calculation of the voter-approval tax rate for
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
16	PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY
17	VALUE)
18	; and
19	(2) "Voter-approval tax rate" means a rate expressed
20	in dollars per \$100 of taxable value calculated according to the

following applicable formula:

21

22

23

24

(A) for a special taxing unit:

AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE

```
S.B. No. 9
```

```
1
          ; [<del>or</del>]
 2
                     (B) for a municipality or county with a
 3
   population of less than 30,000 that is not a special taxing unit:
 4
          VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE
          AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE +
 5
 6
          UNUSED INCREMENT RATE)
 7
          ; or
8
                     (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
10
          AND OPERATIONS RATE x 1.025 [\frac{1.035}{}]) + (CURRENT DEBT
11
          RATE + UNUSED INCREMENT RATE)
12
          SECTION 2. Sections 26.041(a), (b), and (c), Tax Code, are
13
14
    amended to read as follows:
15
          (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
16
   voter-approval tax rate for the taxing unit are calculated
17
    according to the following formulas:
18
          NO-NEW-REVENUE TAX RATE = [(LAST YEAR'S LEVY - LOST
19
          PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY
20
          VALUE)] - SALES TAX GAIN RATE
21
22
    and
          VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT =
23
24
          (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x
25
          1.08) + (CURRENT DEBT RATE - SALES TAX GAIN RATE)
26
   οr
```

VOTER-APPROVAL TAX RATE FOR MUNICIPALITY OR COUNTY

27

S.B. No. 9

```
1
          WITH A POPULATION OF LESS THAN 30,000 THAT IS NOT A
 2
          SPECIAL TAXING UNIT = (NO-NEW-REVENUE MAINTENANCE AND
          OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE + UNUSED
 3
          INCREMENT RATE - SALES TAX GAIN RATE)
4
5
   or
          VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN
6
7
          SPECIAL TAXING UNIT OR MUNICIPALITY OR COUNTY WITH A
          POPULATION OF LESS THAN 30,000 THAT IS NOT A SPECIAL
8
                             (NO-NEW-REVENUE
9
          TAXING UNIT
                                               MAINTENANCE
10
          OPERATIONS RATE x 1.025 [1.035]) + (CURRENT DEBT RATE +
          UNUSED INCREMENT RATE - SALES TAX GAIN RATE)
11
12
   where "sales tax gain rate" means a number expressed in dollars per
    $100 of taxable value, calculated by dividing the revenue that will
13
   be generated by the additional sales and use tax in the following
14
15
   year as calculated under Subsection (d) by the current total value.
          (b) Except as provided by Subsections (a) and (c), in a year
16
17
   in which a taxing unit imposes an additional sales and use tax, the
   voter-approval tax rate for the taxing unit is calculated according
18
19
   to the following formula, regardless of whether the taxing unit
   levied a property tax in the preceding year:
20
          VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT =
21
          [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x
22
          1.08) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +
23
24
          (CURRENT DEBT RATE - SALES TAX REVENUE RATE)
25
26
          VOTER-APPROVAL TAX RATE FOR MUNICIPALITY OR COUNTY
```

WITH A POPULATION OF LESS THAN 30,000 THAT IS NOT A

27

```
SPECIAL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND
 1
 2
          OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE -
          NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED
 3
          INCREMENT RATE - SALES TAX REVENUE RATE)
 4
 5
   or
          VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN
 6
          SPECIAL TAXING UNIT OR MUNICIPALITY OR COUNTY WITH A
 7
          POPULATION OF LESS THAN 30,000 THAT IS NOT A SPECIAL
 8
          TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS
 9
          EXPENSE x 1.025 [1.035]) / (CURRENT TOTAL VALUE - NEW
10
          PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED
11
          INCREMENT RATE - SALES TAX REVENUE RATE)
12
   where "last year's maintenance and operations expense" means the
13
14
    amount spent for maintenance and operations from property tax and
15
   additional sales and use tax revenues in the preceding year, and
    "sales tax revenue rate" means a number expressed in dollars per
16
17
   $100 of taxable value, calculated by dividing the revenue that will
   be generated by the additional sales and use tax in the current year
18
   as calculated under Subsection (d) by the current total value.
19
               In a year in which a taxing unit that has been imposing
20
21
   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
22
23
    rate for the taxing unit are calculated according to the following
24
   formulas:
          NO-NEW-REVENUE TAX RATE = [(LAST YEAR'S LEVY - LOST
25
          PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY
26
```

VALUE)] + SALES TAX LOSS RATE

27

S.B. No. 9

```
1
   and
         VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT =
2
          [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x
 3
          1.08) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +
4
5
          CURRENT DEBT RATE
   or
6
         VOTER-APPROVAL TAX RATE FOR MUNICIPALITY OR COUNTY
7
8
          WITH A POPULATION OF LESS THAN 30,000 THAT IS NOT A
         SPECIAL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND
9
         OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE -
10
         NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED
11
12
          INCREMENT RATE)
13
   or
         VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN
14
15
         SPECIAL TAXING UNIT OR MUNICIPALITY OR COUNTY WITH A
         POPULATION OF LESS THAN 30,000 THAT IS NOT A SPECIAL
16
17
         TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS
          EXPENSE x 1.025 [\frac{1.035}{}]) / (CURRENT TOTAL VALUE - NEW
18
          PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED
19
          INCREMENT RATE)
20
   where "sales tax loss rate" means a number expressed in dollars per
21
   $100 of taxable value, calculated by dividing the amount of sales
22
23
   and use tax revenue generated in the last four quarters for which
24
   the information is available by the current total value and "last
   year's maintenance and operations expense" means the amount spent
25
26
   for maintenance and operations from property tax and additional
   sales and use tax revenues in the preceding year.
27
```

- S.B. No. 9
- 1 SECTION 3. Section 26.042(a-2), Tax Code, as added by H.B.
- 2 30, Acts of the 89th Legislature, Regular Session, 2025, and
- 3 effective January 1, 2026, is amended to read as follows:
- 4 (a-2) The voter-approval tax rate the governing body of the
- 5 taxing unit may direct the designated officer or employee to
- 6 calculate under Subsection (a) is equal to the lesser of:
- 7 (1) the voter-approval tax rate calculated in the
- 8 manner provided for a special taxing unit; or
- 9 (2) the voter-approval tax rate calculated according
- 10 to the following applicable formula:
- 11 (A) for a municipality or county with a
- 12 population of less than 30,000 that is not a special taxing unit:
- VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND
- 14 OPERATIONS RATE X 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT
- 15 RATE + DISASTER RELIEF RATE)
- 16 <u>; or</u>
- 17 (B) for a taxing unit other than a municipality
- 18 or county described by Paragraph (A):
- 19 VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND
- 20 OPERATIONS RATE X 1.025 $[\frac{1.035}{}]$) + (CURRENT DEBT RATE + UNUSED
- 21 INCREMENT RATE + DISASTER RELIEF RATE)
- SECTION 4. This Act applies only to ad valorem taxes imposed
- 23 for an ad valorem tax year that begins on or after the effective
- 24 date of this Act.
- 25 SECTION 5. This Act takes effect January 1, 2026.