

By: Tepper

H.B. No. 46

A BILL TO BE ENTITLED

AN ACT

relating to a limit on political subdivision expenditures.

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

SECTION 1. Chapter 140, Local Government Code, is amended by adding Section 140.015 to read as follows:

Sec. 140.015. LIMIT ON ANNUAL EXPENDITURES. (a) In this section:

(1) "Consumer price index" means the average over a calendar year of the index a political subdivision making a calculation under Subsection (d) considers to most accurately report changes in the purchasing power of the dollar for consumers in this state.

(2) "Disaster relief cost" has the meaning assigned by Section 26.042(a-1), Tax Code.

(3) "Inflation rate" means the amount, expressed in decimal form rounded to the nearest thousandth, computed by determining the percentage change in the consumer price index applicable to the political subdivision making a calculation under Subsection (d) for the preceding calendar year as compared to the consumer price index for the calendar year preceding that calendar year.

(4) "Political subdivision" means a county, municipality, school district, junior college district, hospital district, other special district, or other subdivision of state

1 government.

2 (5) "Population growth rate" means the rate of growth
3 of a political subdivision's population during the preceding
4 calendar year, expressed in decimal form rounded to the nearest
5 thousandth, determined by the political subdivision using the most
6 recent population estimates available from the United States Census
7 Bureau or, if the United States Census Bureau does not publish
8 population estimates for the political subdivision, other reliable
9 data sources or estimation methods determined by the political
10 subdivision.

11 (b) This section applies only to a political subdivision
12 that is authorized by law to impose an ad valorem tax or issue
13 bonds.

14 (c) Except as provided by Subsection (e), a political
15 subdivision's total expenditures from all available sources of
16 revenue in a fiscal year may not exceed the greater of:

17 (1) the political subdivision's total expenditures
18 from all available sources of revenue in the preceding fiscal year;
19 or

20 (2) an amount determined by multiplying:

21 (A) the political subdivision's total
22 expenditures from all available sources of revenue in the preceding
23 fiscal year; and

24 (B) the sum of one and the rate most recently
25 determined by the political subdivision under Subsection (d).

26 (d) Not later than January 31 of each year, a political
27 subdivision shall calculate and post on an Internet website

1 maintained by the political subdivision a rate equal to the product
2 of the population growth rate and the inflation rate using a form
3 prescribed by the comptroller.

4 (e) A political subdivision's total expenditures from all
5 available sources of local revenue in a fiscal year may exceed the
6 amount described by Subsection (c) if at least two-thirds of the
7 political subdivision's voters approve the additional expenditures
8 for that fiscal year at an election called for that purpose and held
9 on a uniform election date.

10 (f) For purposes of this section:

11 (1) a grant, donation, or gift is not considered an
12 available source of revenue; and

13 (2) a disaster relief cost is not considered an
14 expenditure.

15 (g) The attorney general may bring an action in Travis
16 County or a county in which a political subdivision is wholly or
17 partially located to enforce this section.

18 (h) In an action under Subsection (g), the attorney general
19 may seek:

20 (1) injunctive relief to prohibit the political
21 subdivision from violating this section;

22 (2) a writ of mandamus compelling the political
23 subdivision to comply with this section; or

24 (3) a declaratory judgment determining the rights and
25 obligations of the political subdivision under this section.

26 SECTION 2. Section 140.015, Local Government Code, as added
27 by this Act, applies only to a fiscal year of a political

1 subdivision that begins on or after January 1, 2026.

2 SECTION 3. As soon as practicable after the effective date
3 of this Act, the comptroller of public accounts shall prescribe a
4 form for the publication of the information required by Section
5 140.015(d), Local Government Code, as added by this Act.

6 SECTION 4. This Act takes effect February 1, 2026.