

By: Money

H.B. No. 211

A BILL TO BE ENTITLED

AN ACT

relating to the calculation of the voter-approval tax rate of certain taxing units and the manner in which a proposed ad valorem tax rate that exceeds the voter-approval tax rate is approved by the voters.

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 INCREASE AD VALOREM TAX RATE. (a) An election 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. Sections 281.124(d) and (f), Health and Safety Code, are amended to read as follows:

(d) If at least 60 percent ~~[a majority]~~ of the votes cast in the election favor the proposition, the tax rate for the specified tax year is the rate approved by the voters, and that rate is not subject to Section 26.07, Tax Code. The board shall adopt the tax

rate as provided by Chapter 26, Tax Code.

(f) Notwithstanding any other law, if at least 60 percent ~~[a majority]~~ of the votes cast in the election favor the proposition, a governing body with approval authority over the district's budget or tax rate may not disapprove the tax rate approved by the voters or disapprove the budget based solely on the tax rate approved by the voters.

SECTION 3. Section 1101.254(f), Special District Local Laws Code, is amended to read as follows:

(f) This section does not affect the applicability of Section 26.07, Tax Code, to the district's tax rate, except that if at least 60 percent of the district voters approve a tax rate increase under this section, Section 26.07, Tax Code, does not apply to the tax rate for that year.

SECTION 4. Section 3828.157, Special District Local Laws Code, is amended to read as follows:

Sec. 3828.157. INAPPLICABILITY OF CERTAIN TAX CODE PROVISIONS. Sections 26.04, ~~[26.042]~~ 26.05, and 26.07, ~~[and 26.075]~~ Tax Code, do not apply to a tax imposed under Section 3828.153 or 3828.156.

SECTION 5. Section 8876.152(a), Special District Local Laws Code, is amended to read as follows:

(a) Sections 26.04, ~~[26.042]~~ 26.05, 26.06, 26.061, and 26.07, ~~[and 26.075]~~ Tax Code, do not apply to a tax imposed by the district.

SECTION 6. 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 1.035]~~ + CURRENT DEBT RATE

~~[, or~~

~~[(B) for a taxing unit other than a special taxing~~

~~unit:]~~

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

SECTION 7. 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

1 voter-approval tax rate for the taxing unit are calculated
 2 according to the following formulas:

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

6 and

7 VOTER-APPROVAL TAX RATE [~~FOR SPECIAL TAXING UNIT~~]
 8 = [~~(~~]NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE [~~*~~
 9 ~~1.08)~~] + [~~(~~]CURRENT DEBT RATE - SALES TAX GAIN RATE [~~)~~
 10 [~~or~~

11 [~~VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER~~
 12 ~~THAN SPECIAL TAXING UNIT = (NO-NEW-REVENUE MAINTENANCE~~
 13 ~~AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE +~~
 14 ~~UNUSED INCREMENT RATE - SALES TAX GAIN RATE)~~]

15 where "sales tax gain rate" means a number expressed in dollars per
 16 \$100 of taxable value, calculated by dividing the revenue that will
 17 be generated by the additional sales and use tax in the following
 18 year as calculated under Subsection (d) by the current total value.

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

24 VOTER-APPROVAL TAX RATE [~~FOR SPECIAL TAXING UNIT~~]
 25 = [[~~(~~]LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE
 26 [~~*~~ ~~1.08)~~] / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)]
 27 + (CURRENT DEBT RATE - SALES TAX REVENUE RATE)

1 ~~[or~~

2 ~~[VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER~~
 3 ~~THAN SPECIAL TAXING UNIT = [(LAST YEAR'S MAINTENANCE~~
 4 ~~AND OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE~~
 5 ~~- NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED~~
 6 ~~INCREMENT RATE - SALES TAX REVENUE RATE)]~~

7 where "last year's maintenance and operations expense" means the
 8 amount spent for maintenance and operations from property tax and
 9 additional sales and use tax revenues in the preceding year, and
 10 "sales tax revenue rate" means a number expressed in dollars per
 11 \$100 of taxable value, calculated by dividing the revenue that will
 12 be generated by the additional sales and use tax in the current year
 13 as calculated under Subsection (d) by the current total value.

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

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

22 and

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

27 ~~[or~~

~~[VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER
THAN 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)]~~

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

(b-1) If the proposed tax rate exceeds the no-new-revenue tax rate and the voter-approval tax rate of the taxing unit, the notice must contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX INCREASE
"PROPOSED TAX RATE \$_____ per \$100
"NO-NEW-REVENUE TAX RATE \$_____ per \$100
"VOTER-APPROVAL TAX RATE \$_____ per \$100

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

"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.

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

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

"The proposed tax rate is also greater than the voter-approval tax 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 60 percent [~~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. 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).

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

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

"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax increase 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

1 regarding your property taxes, including information about
2 proposed tax rates and scheduled public hearings of each entity
3 that taxes your property.

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

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

11 "NOTICE OF PUBLIC HEARING ON TAX RATE

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

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

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

15 "The no-new-revenue tax rate is the tax rate for the (current
16 tax year) tax year that will raise the same amount of property tax
17 revenue for (name of taxing unit) from the same properties in both
18 the (preceding tax year) tax year and the (current tax year) tax
19 year.

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

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

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

"The proposed tax rate is greater than the voter-approval tax 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 60 percent [~~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. 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).

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

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

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

"Visit [Texas.gov/PropertyTaxes](https://www.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 9. Sections [26.07](#)(b) and (d), Tax Code, are amended to read as follows:

1 (b) If the governing body of a ~~[special]~~ taxing unit ~~[or a~~
 2 ~~municipality with a population of 30,000 or more]~~ adopts a tax rate
 3 that exceeds the taxing unit's voter-approval tax rate, ~~[or the~~
 4 ~~governing body of a taxing unit other than a special taxing unit or~~
 5 ~~a municipality with a population of less than 30,000 regardless of~~
 6 ~~whether it is a special taxing unit adopts a tax rate that exceeds~~
 7 ~~the greater of the taxing unit's voter-approval tax rate or de~~
 8 ~~minimis rate,]~~ the registered voters of the taxing unit at an
 9 election held for that purpose must determine whether to approve
 10 the adopted tax rate.

11 (d) If at least 60 percent ~~[a majority]~~ of the votes cast in
 12 the election favor the proposition, the tax rate for the current
 13 year is the rate that was adopted by the governing body.

14 SECTION 10. Section 26.08(c), Tax Code, is amended to read
 15 as follows:

16 (c) If at least 60 percent ~~[a majority]~~ of the votes cast in
 17 the election favor the proposition, the tax rate for the current
 18 year is the rate that was adopted by the governing body.

19 SECTION 11. Sections 31.12(a) and (c), Tax Code, as amended
 20 by S.B. 850, Acts of the 89th Legislature, Regular Session, 2025,
 21 and effective September 1, 2025, are amended to read as follows:

22 (a) A refund of a tax provided by Section 11.35(j),
 23 11.431(b), 11.436(b), 11.438(c), 11.439(b), 23.1243(d), 23.48(d),
 24 23.60(d), 26.05(e), 26.07(g), ~~[26.075(k),]~~ 26.08(d-2), 26.1115(c),
 25 26.112(b), 26.1125(b), 26.1127(b), 26.15(f), 31.061(e), 31.071(c),
 26 31.11, 31.111, or 31.112(c)(3) must be paid not later than the 60th
 27 day after the date the liability for the refund arises as determined

1 under this section.

2 (c) For purposes of this section, liability for a refund
3 arises:

4 (1) if the refund is required by Section 11.35(j), on
5 the date the collector for the taxing unit learns the refund is
6 required;

7 (2) if the refund is required by Section 11.431(b),
8 11.436(b), 11.438(c), or 11.439(b), on the date the chief appraiser
9 notifies the collector for the taxing unit of the approval of the
10 applicable exemption;

11 (3) if the refund is required by Section 23.1243(d),
12 on the date the chief appraiser notifies the collector for the
13 taxing unit of the amount of tax to be refunded;

14 (4) if the refund is required by Section 23.48(d),
15 23.60(d), 26.1115(c), 26.112(b), 26.1125(b), or 26.1127(b), on the
16 date the assessor notifies the collector for the taxing unit of the
17 decrease in the person's tax liability;

18 (5) if the refund is required by Section 26.05(e), on
19 the date the action to enjoin the collection of taxes imposed by the
20 taxing unit is finally determined;

21 (6) if the refund is required by Section 26.07(g) [~~26.075(k)~~],
22 ~~26.075(k)~~ or 26.08(d-2), on the date the assessor for the taxing
23 unit mails the corrected tax bills under Section 26.07(f) [~~26.075(j)~~],
24 ~~26.075(j)~~ or 26.08(d-1), as applicable;

25 (7) if the refund is required by Section 26.15(f):

26 (A) for a correction to the tax roll made under
27 Section 26.15(b), on the date the change in the tax roll is

certified to the assessor for the taxing unit under Section 25.25;

or

(B) for a correction to the tax roll made under Section 26.15(c), on the date the change in the tax roll is ordered by the governing body of the taxing unit;

(8) if the refund is required by Section 31.061(e), on the date the taxing unit determines that the amount credited under Section 31.061(d) exceeds the amount due to the taxing unit;

(9) if the refund is required by Section 31.071(c), on the date the challenge, protest, or appeal is finally determined;

(10) if the refund is required by Section 31.11, on the date the auditor for the taxing unit determines that the payment was erroneous or excessive;

(11) if the refund is required by Section 31.111, on the date the collector for the taxing unit determines that the payment was erroneous; or

(12) if the refund is required by Section 31.112(c)(3), on the date the agreement described by Section 31.112(c) is made.

SECTION 12. Section 33.08(b), Tax Code, is amended to read as follows:

(b) The governing body of the taxing unit or appraisal district, in the manner required by law for official action, may provide that taxes that become delinquent on or after June 1 under Section [~~26.075(j)~~] 26.15(e), 31.03, 31.031, 31.032, 31.033, 31.04, or 42.42 incur an additional penalty to defray costs of collection. The amount of the penalty may not exceed the amount of

1 the compensation specified in the applicable contract with an
2 attorney under Section 6.30 to be paid in connection with the
3 collection of the delinquent taxes.

4 SECTION 13. Section 49.057, Water Code, is amended by
5 amending Subsection (b) and adding Subsection (j) to read as
6 follows:

7 (b) The board shall adopt an annual budget. The board of a
8 developed district~~[, as defined by Section 49.23602,]~~ shall include
9 as an appendix to the budget the district's:

10 (1) audited financial statements;

11 (2) bond transcripts; and

12 (3) engineer's reports required by Section 49.106.

13 (j) In this section, "developed district" means a district
14 that has financed, completed, and issued bonds to pay for all land,
15 works, improvements, facilities, plants, equipment, and appliances
16 necessary to serve at least 95 percent of the projected build-out of
17 the district in accordance with the purposes for its creation or the
18 purposes authorized by the constitution, this code, or any other
19 law.

20 SECTION 14. Section 49.107(g), Water Code, is amended to
21 read as follows:

22 (g) Sections 26.04, ~~[26.042,]~~ 26.05, 26.061, and 26.07,
23 ~~[and 26.075,]~~ Tax Code, do not apply to a tax levied and collected
24 under this section or an ad valorem tax levied and collected for the
25 payment of the interest on and principal of bonds issued by a
26 district.

27 SECTION 15. Section 49.108(f), Water Code, is amended to

1 read as follows:

2 (f) Sections 26.04, [~~26.042,~~] 26.05, 26.061, and 26.07,
3 [~~and 26.075,~~] Tax Code, do not apply to a tax levied and collected
4 for payments made under a contract approved in accordance with this
5 section.

6 SECTION 16. Section 49.236(a), Water Code, is amended to
7 read as follows:

8 (a) Before the board adopts an ad valorem tax rate for the
9 district for debt service, operation and maintenance purposes, or
10 contract purposes, the board shall give notice of each meeting of
11 the board at which the adoption of a tax rate will be considered.
12 The notice must:

13 (1) contain a statement in substantially the following
14 form:

15 "NOTICE OF PUBLIC HEARING ON TAX RATE

16 "The (name of the district) will hold a public hearing on a
17 proposed tax rate for the tax year (year of tax levy) on (date and
18 time) at (meeting place). Your individual taxes may increase at a
19 greater or lesser rate, or even decrease, depending on the tax rate
20 that is adopted and on the change in the taxable value of your
21 property in relation to the change in taxable value of all other
22 property. The change in the taxable value of your property in
23 relation to the change in the taxable value of all other property
24 determines the distribution of the tax burden among all property
25 owners.

26 "Visit Texas.gov/PropertyTaxes to find a link to your local
27 property tax database on which you can easily access information

1 regarding your property taxes, including information about
2 proposed tax rates and scheduled public hearings of each entity
3 that taxes your property.

4 "(Names of all board members and, if a vote was taken, an
5 indication of how each voted on the proposed tax rate and an
6 indication of any absences.)";

7 (2) contain the following information:

8 (A) the district's total adopted tax rate for the
9 preceding year and the proposed tax rate, expressed as an amount per
10 \$100;

11 (B) the difference, expressed as an amount per
12 \$100 and as a percent increase or decrease, as applicable, in the
13 proposed tax rate compared to the adopted tax rate for the preceding
14 year;

15 (C) the average appraised value of a residence
16 homestead in the district in the preceding year and in the current
17 year; the district's total homestead exemption, other than an
18 exemption available only to disabled persons or persons 65 years of
19 age or older, applicable to that appraised value in each of those
20 years; and the average taxable value of a residence homestead in the
21 district in each of those years, disregarding any homestead
22 exemption available only to disabled persons or persons 65 years of
23 age or older;

24 (D) the amount of tax that would have been
25 imposed by the district in the preceding year on a residence
26 homestead appraised at the average appraised value of a residence
27 homestead in that year, disregarding any homestead exemption

1 available only to disabled persons or persons 65 years of age or
2 older;

3 (E) the amount of tax that would be imposed by the
4 district in the current year on a residence homestead appraised at
5 the average appraised value of a residence homestead in that year,
6 disregarding any homestead exemption available only to disabled
7 persons or persons 65 years of age or older, if the proposed tax
8 rate is adopted;

9 (F) the difference between the amounts of tax
10 calculated under Paragraphs (D) and (E), expressed in dollars and
11 cents and described as the annual percentage increase or decrease,
12 as applicable, in the tax to be imposed by the district on the
13 average residence homestead in the district in the current year if
14 the proposed tax rate is adopted; and

15 (G) if the proposed combined debt service,
16 operation and maintenance, and contract tax rate requires ~~or~~
17 ~~authorizes~~ an election to approve ~~or reduce~~ the tax rate, ~~as~~
18 ~~applicable,~~ a description of the purpose of the proposed tax
19 increase;

20 (3) contain a statement in substantially the following
21 form~~[, as applicable,]~~:

22 ~~[(A) if the district is a district described by~~
23 ~~Section 49.23601]:~~

24 "NOTICE OF VOTE ON TAX RATE

25 "If the district adopts a combined debt service, operation
26 and maintenance, and contract tax rate that would result in the
27 taxes on the average residence homestead increasing from the

1 preceding year ~~[by more than eight percent]~~, an election must be
2 held to determine whether to approve the operation and maintenance
3 tax rate under Section [49.23601](#), Water Code.";

4 ~~[(B) if the district is a district described by~~
5 ~~Section [49.23602](#).~~

6 ~~["NOTICE OF VOTE ON TAX RATE~~
7 ~~["If the district adopts a combined debt service, operation~~
8 ~~and maintenance, and contract tax rate that would result in the~~
9 ~~taxes on the average residence homestead increasing by more than~~
10 ~~3.5 percent, an election must be held to determine whether to~~
11 ~~approve the operation and maintenance tax rate under Section~~
12 ~~[49.23602](#), Water Code.", or~~

13 ~~[(C) if the district is a district described by~~
14 ~~Section [49.23603](#).~~

15 ~~["NOTICE OF TAXPAYERS' RIGHT TO ELECTION TO REDUCE TAX RATE~~
16 ~~["If the district adopts a combined debt service, operation~~
17 ~~and maintenance, and contract tax rate that would result in the~~
18 ~~taxes on the average residence homestead increasing by more than~~
19 ~~eight percent, the qualified voters of the district by petition may~~
20 ~~require that an election be held to determine whether to reduce the~~
21 ~~operation and maintenance tax rate to the voter-approval tax rate~~
22 ~~under Section [49.23603](#), Water Code.",]~~ and

23 (4) include the following statement: "The 86th Texas
24 Legislature modified the manner in which the voter-approval tax
25 rate is calculated to limit the rate of growth of property taxes in
26 the state.".

27 SECTION 17. The heading to Section [49.23601](#), Water Code, is

1 amended to read as follows:

2 Sec. 49.23601. AUTOMATIC ELECTION TO APPROVE TAX RATE [~~FOR~~
3 ~~LOW TAX RATE DISTRICTS~~].

4 SECTION 18. Sections 49.23601(a) and (c), Water Code, are
5 amended to read as follows:

6 (a) In this section, "voter-approval tax rate" means the
7 rate equal to the sum of the following tax rates for the district:

8 (1) the current year's debt service tax rate;

9 (2) the current year's contract tax rate; and

10 (3) the operation and maintenance tax rate that would
11 impose [~~1.08 times~~] the amount of [~~the~~] operation and maintenance
12 tax imposed by the district in the preceding year on a residence
13 homestead appraised at the average appraised value of a residence
14 homestead in the district in that year, disregarding any homestead
15 exemption available only to disabled persons or persons 65 years of
16 age or older.

17 (c) If the board of a district adopts a combined debt
18 service, contract, and operation and maintenance tax rate that
19 would impose more than [~~1.08 times~~] the amount of tax imposed by the
20 district in the preceding year on a residence homestead appraised
21 at the average appraised value of a residence homestead in the
22 district in that year, disregarding any homestead exemption
23 available only to disabled persons or persons 65 years of age or
24 older, an election must be held in accordance with the procedures
25 provided by Sections 26.07(c)-(g), Tax Code, to determine whether
26 to approve the adopted tax rate. If the adopted tax rate is not
27 approved at the election, the district's tax rate is the

1 voter-approval tax rate.

2 SECTION 19. The following provisions are repealed:

- 3 (1) Section 45.0032(d), Education Code;
- 4 (2) Section 120.007(d), Local Government Code;
- 5 (3) Sections 26.012(8-a) and (19), Tax Code;
- 6 (4) Section 26.013, Tax Code;
- 7 (5) Section 26.042, Tax Code;
- 8 (6) Section 26.0501(c), Tax Code;
- 9 (7) Section 26.063, Tax Code;
- 10 (8) Section 26.075, Tax Code;
- 11 (9) Section 49.23601(b), Water Code;
- 12 (10) Section 49.23602, Water Code; and
- 13 (11) Section 49.23603, Water Code.

14 SECTION 20. This Act applies only to ad valorem taxes
15 imposed for an ad valorem tax year that begins on or after the
16 effective date of this Act.

17 SECTION 21. This Act takes effect January 1, 2026.