By: Troxclair

H.B. No. 221

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the requirements regarding an election to authorize the

3 issuance of general obligation bonds or to approve an increase in an

4 ad valorem tax rate.

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

6 SECTION 1. Subchapter A, Chapter 41, Election Code, is

7 amended by adding Section 41.0051 to read as follows:

8 Sec. 41.0051. ELECTION TO ISSUE BONDS OR INCREASE AD

9 VALOREM TAX RATE. (a) An election to authorize the issuance of

10 general obligation bonds or to approve an increase in an ad valorem

11 tax rate shall be held on the November uniform election date.

12 (b) Notwithstanding Section 41.0011, an election described

13 by Subsection (a) may not be held as an emergency election under

14 that section.

15 (c) If a law outside this code requires an election

16 described by Subsection (a) to be held on a date other than the

17 November uniform election date, the authority administering the

18 election shall set the election date to comply with this section.

19 SECTION 2. Chapter 1253, Government Code, is amended by

20 adding Section 1253.004 to read as follows:

21 Sec. 1253.004. SUPERMAJORITY VOTE OF VOTERS REQUIRED TO

22 APPROVE GENERAL OBLIGATION BONDS. Notwithstanding any other law, a

23 political subdivision may not issue general obligation bonds unless

24 at least two-thirds of the voters voting at the election called to

1

1 authorize the issuance vote in favor of the issuance.

2   SECTION 3. Sections 281.124(d) and (f), Health and Safety

3 Code, are amended to read as follows:

4   (d) If at least two-thirds [a majority] of the votes cast in

5 the election favor the proposition, the tax rate for the specified

6 tax year is the rate approved by the voters, and that rate is not

7 subject to Section 26.07, Tax Code. The board shall adopt the tax

8 rate as provided by Chapter 26, Tax Code.

9   (f) Notwithstanding any other law, if at least two-thirds [a

10 majority] of the votes cast in the election favor the proposition, a

11 governing body with approval authority over the district's budget

12 or tax rate may not disapprove the tax rate approved by the voters

13 or disapprove the budget based solely on the tax rate approved by

14 the voters.

15   SECTION 4. Section 1101.254(f), Special District Local Laws

16 Code, is amended to read as follows:

17   (f) This section does not affect the applicability of

18 Section 26.07, Tax Code, to the district's tax rate, except that if

19 at least two-thirds of the district voters approve a tax rate

20 increase under this section, Section 26.07, Tax Code, does not

21 apply to the tax rate for that year.

22   SECTION 5. Sections 26.06(b-1) and (b-3), Tax Code, are

23 amended to read as follows:

24   (b-1) If the proposed tax rate exceeds the no-new-revenue

25 tax rate and the voter-approval tax rate of the taxing unit, the

26 notice must contain a statement in the following form:

27   "NOTICE OF PUBLIC HEARING ON TAX INCREASE

1   "PROPOSED TAX RATE $_____ per $100

2   "NO-NEW-REVENUE TAX RATE $_____ per $100

3   "VOTER-APPROVAL TAX RATE $_____ per $100

4   "The no-new-revenue tax rate is the tax rate for the (current

5   tax year) tax year that will raise the same amount of property tax

6   revenue for (name of taxing unit) from the same properties in both

7   the (preceding tax year) tax year and the (current tax year) tax

8   year.

9   "The voter-approval tax rate is the highest tax rate that

10 (name of taxing unit) may adopt without holding an election to seek

11 voter approval of the rate.

12   "The proposed tax rate is greater than the no-new-revenue tax

13 rate. This means that (name of taxing unit) is proposing to

14 increase property taxes for the (current tax year) tax year.

15   "A public hearing on the proposed tax rate will be held on

16 (date and time) at (meeting place).

17   "The proposed tax rate is also greater than the

18 voter-approval tax rate. If (name of taxing unit) adopts the

19 proposed tax rate, (name of taxing unit) is required to hold an

20 election so that the voters may accept or reject the proposed tax

21 rate. <u>Unless at least two-thirds</u> [~~If a majority~~] of the voters

22 <u>accept</u> [~~reject~~] the proposed tax rate, the tax rate of the (name of

23 taxing unit) will be the voter-approval tax rate. The election will

24 be held on (date of election). You may contact the (name of office

25 responsible for administering the election) for information about

26 voting locations. The hours of voting on election day are (voting

27 hours).

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

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

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

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

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

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

20 "NOTICE OF PUBLIC HEARING ON TAX RATE

21 "PROPOSED TAX RATE $_____ per $100

22 "NO-NEW-REVENUE TAX RATE $_____ per $100

23 "VOTER-APPROVAL TAX RATE $_____ per $100

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

1   year.

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

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

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

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

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

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

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

27   "Visit Texas.gov/PropertyTaxes to find a link to your local

1 property tax database on which you can easily access information
2 regarding your property taxes, including information about
3 proposed tax rates and scheduled public hearings of each entity
4 that taxes your property.

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

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

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

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

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

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

23 (3) add the following definition of "de minimis rate":
24 "The de minimis rate is the rate equal to the sum of the
25 no-new-revenue maintenance and operations rate for (name of taxing
26 unit), the rate that will raise $500,000, and the current debt rate
27 for (name of taxing unit)."; and

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

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

16   (d) If at least two-thirds [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 8. Section 26.08(c), Tax Code, is amended to read as
20 follows:

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

24   SECTION 9. The changes in law made by this Act apply only to
25 an election ordered on or after the effective date of this Act. An
26 election ordered before the effective date of this Act is governed
27 by the law in effect on the date the election was ordered, and that

1 law is continued in effect for that purpose.

2   SECTION 10. (a) Except as provided by Subsection (b) of

3 this section, this Act takes effect January 1, 2026.

4   (b) Section 2 of this Act takes effect This Act takes effect

5 on the 91st day after the last day of the legislative session, but

6 only if the constitutional amendment proposed by the 89th

7 Legislature, Regular Session, 2025, to require a supermajority vote

8 to authorize a political subdivision to issue general obligation

9 bonds is approved by the voters. If that amendment is not approved

10 by the voters, Section 2 of this Act has no effect.