

By: Bettencourt, et al.

S.B. No. 10

A BILL TO BE ENTITLED

AN ACT

relating to the calculation of the voter-approval tax rate for certain taxing units.

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

SECTION 1. 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 1.08) + CURRENT DEBT RATE

1 ; ~~[or]~~

2 (B) for a municipality or county with a
3 population of less than 75,000 that is not a special taxing unit:

4 VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE
5 AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE +
6 UNUSED INCREMENT RATE)

7 ; or

8 (C) for a taxing unit other than a special taxing
9 unit or a municipality or county described by Paragraph (B):

10 VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE
11 AND OPERATIONS RATE x 1.025 [~~1.035~~]) + (CURRENT DEBT
12 RATE + UNUSED INCREMENT RATE)

13 SECTION 2. Sections 26.041(a), (b), and (c), Tax Code, are
14 amended to read as follows:

15 (a) In the first year in which an additional sales and use
16 tax is required to be collected, the no-new-revenue tax rate and
17 voter-approval tax rate for the taxing unit are calculated
18 according to the following formulas:

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

22 and

23 VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT =
24 (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x
25 1.08) + (CURRENT DEBT RATE - SALES TAX GAIN RATE)

26 or

27 VOTER-APPROVAL TAX RATE FOR MUNICIPALITY OR COUNTY

WITH A POPULATION OF LESS THAN 75,000 THAT IS NOT A
SPECIAL TAXING UNIT = (NO-NEW-REVENUE MAINTENANCE AND
OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE + UNUSED
INCREMENT RATE - SALES TAX GAIN RATE)

or

VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN
SPECIAL TAXING UNIT OR MUNICIPALITY OR COUNTY WITH A
POPULATION OF LESS THAN 75,000 THAT IS NOT A SPECIAL
TAXING UNIT = (NO-NEW-REVENUE MAINTENANCE AND
OPERATIONS RATE x 1.025 [~~1.035~~]) + (CURRENT DEBT RATE +
UNUSED INCREMENT RATE - SALES TAX GAIN RATE)

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

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

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

or

VOTER-APPROVAL TAX RATE FOR MUNICIPALITY OR COUNTY
WITH A POPULATION OF LESS THAN 75,000 THAT IS NOT A

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 - SALES TAX REVENUE RATE)

or

VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN
SPECIAL TAXING UNIT OR MUNICIPALITY OR COUNTY WITH A
POPULATION OF LESS THAN 75,000 THAT IS NOT A SPECIAL
TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS
EXPENSE x 1.025 [~~1.035~~]) / (CURRENT TOTAL VALUE - NEW
PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED
INCREMENT RATE - SALES TAX REVENUE RATE)

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

(c) In a year in which a taxing unit that has been imposing
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
rate for the taxing unit are calculated according to the following
formulas:

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

and

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

or

VOTER-APPROVAL TAX RATE FOR MUNICIPALITY OR COUNTY
WITH A POPULATION OF LESS THAN 75,000 THAT IS NOT A
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)

or

VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN
SPECIAL TAXING UNIT OR MUNICIPALITY OR COUNTY WITH A
POPULATION OF LESS THAN 75,000 THAT IS NOT A SPECIAL
TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS
EXPENSE x 1.025 [~~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 3. Section 26.042(a-2), Tax Code, as added by H.B. 30, Acts of the 89th Legislature, Regular Session, 2025, and effective January 1, 2026, is amended to read as follows:

(a-2) The voter-approval tax rate the governing body of the taxing unit may direct the designated officer or employee to calculate under Subsection (a) is equal to the lesser of:

(1) the voter-approval tax rate calculated in the manner provided for a special taxing unit; or

(2) the voter-approval tax rate calculated according to the following applicable formula:

(A) for a municipality or county with a population of less than 75,000 that is not a special taxing unit:

VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE X 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE + DISASTER RELIEF RATE)

; or

(B) for a taxing unit other than a municipality or county described by Paragraph (A):

VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE X 1.025 [~~1.035~~]) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE + DISASTER RELIEF RATE)

SECTION 4. This Act applies only to ad valorem taxes imposed for an ad valorem tax year that begins on or after the effective date of this Act.

SECTION 5. This Act takes effect January 1, 2026.