

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATURE 2nd CALLED SESSION 2025**

**August 15, 2025**

**TO:** Honorable Joan Huffman, Chair, Senate Committee on Finance

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: SB10** by Bettencourt (Relating to the calculation of the voter-approval tax rate for certain taxing units.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would modify the formulas used to calculate the voter-approval tax rate for a unit of local government other than a municipality or county with a population of less than 75,000 or a special taxing unit. For a unit of local government to which the provisions of the bill apply, the percentage by which the no-new-revenue maintenance and operations tax rate would be increased in the voter-approval tax rate calculation would be reduced from 3.5 percent to 2.5 percent.

**Local Government Impact**

The voter-approval tax rate for a unit of local government other than a municipality or county with a population of less than 75,000 or special taxing unit would be reduced. As a result, the property tax rate that a unit of local government to which the provisions of the bill apply could adopt without voter approval, and the associated property tax revenue, would be reduced.

Prospectively, it is unknown how many jurisdictions subject to this change would have proposed a tax rate in excess of the reduced voter-approval tax rate provided by the bill, by how much such proposed tax rates may have exceeded the reduced voter-approval tax rates, and how many of such proposed tax rates would be approved by voters. However, based on preliminary 2024 tax rate and levy information provided to the Comptroller by appraisal districts, the excess of any adopted tax rate over what the voter-approval tax rate would have been with the proposed 1.025 multiplier can be estimated. Tax reductions relative to current law baseline escalate markedly, as tax levy growth compounds more slowly when limited by the reduced voter-approval tax rate multiplier. For illustrative purposes only and with the assumption that no tax rate adoptions would be approved in excess of the voter-approval rates provided by the bill to provide an illustrative estimate, the Comptroller estimates a potential local levy loss of \$208.9 million in tax year 2026, \$424.9 million in tax year 2027, increasing to \$1,090.2 million in tax year 2030.

**Source Agencies:** 304 Comptroller of Public Accounts

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