

BILL ANALYSIS

S.B. 2529
By: Bettencourt
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill sponsor has informed the committee that current law requires a simple majority of the governing body of a taxing unit to approve the proposition for the issuance of a general obligation bond issuance to the voters and requires 60 percent of the governing body of a taxing unit to approve the adoption of a maintenance and operations tax rate above the no-new-revenue tax rate. The bill sponsor has further informed the committee that taxpayers have raised concerns that taxing units repropose tax rate increases following the originally proposed item's rejection by voters, and that there are currently no limitations on the number of times a taxing unit may repropose a previously rejected proposal. S.B. 2529 seeks to alleviate these concerns by requiring 60 percent of a political subdivision's governing body to approve any issuance of general obligation bonds, and by requiring 75 percent of a taxing unit's governing body to approve the adoption of a proposed tax rate that exceeds the voter-approval tax rate following an election in which a proposition to approve such a tax rate was rejected by the voters.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 2529 amends the Government Code to establish that a political subdivision may not issue general obligation bonds unless at least 60 percent of the members of the governing body of the political subdivision vote in favor of issuing the bonds in the manner prescribed by law for official action by the governing body. This provision applies only to general obligation bonds authorized to be issued by the governing body of a political subdivision on or after the bill's effective date.

S.B. 2529 amends the Tax Code to establish that a taxing unit may not adopt an annual tax rate that exceeds the voter-approval tax rate unless at least 75 percent of the members of the governing body of the taxing unit by record vote approve the ordinance, resolution, or order setting the tax rate. This provision applies only to the adoption of an annual tax rate that exceeds the voter-approval rate by a taxing unit for the tax year following a tax year in which a proposition to approve a tax rate that exceeds the voter-approval rate was not approved by the voters in an election required under applicable state law relating to the automatic election to approve the tax rate of a taxing unit other than a public school district or under applicable state law relating to the automatic election to approve the tax rate of a public school district. This provision applies only to a tax year that begins on or after the bill's effective date.

S.B. 2529 amends the Water Code to establish that the governing body of a district to which Chapter 49, Water Code, applies may not adopt a combined debt service, contract, and maintenance and operation (M&O) tax rate that exceeds the following rates unless at least 75 percent of the members of the governing body vote in favor of adopting the tax rate:

- for a low tax rate district whose board has adopted an M&O tax rate for the current tax year that is 2.5 cents or less per \$100 of taxable value, the voter-approval tax rate as determined under statutory provisions relating to automatic elections to approve the tax rate for such a district;
- for a district that is not a low tax rate district and that has financed, completed, and issued bonds to pay for all land, works, improvements, facilities, plants, equipment, and appliances necessary to serve at least 95 percent of the projected build-out of the district in accordance with the purposes for its creation or the purposes authorized by the Texas Constitution, the Water Code, or any other law, the mandatory tax election rate as determined under statutory provisions relating to automatic elections to approve the tax rate for such a district; or
- for a district that is not described in the preceding bulleted items, the voter-approval tax rate as determined under statutory provisions relating to petition elections to reduce the tax rate for such a district.

This provision applies only to the adoption of a property tax rate for an applicable district for the tax year following a tax year in which a proposition to approve a tax rate for the district was not approved by the voters in an election required under the specified statutory provisions, as applicable. This provision applies only to a tax year that begins on or after the bill's effective date.

EFFECTIVE DATE

January 1, 2026.