BILL ANALYSIS

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

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. The law also currently 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.

Taxpayers have raised concerns that taxing units re-propose bond propositions and tax rate increases following the originally proposed item's rejection by voters. There are currently no limitations on the number of times a taxing unit may re-propose a previously rejected proposal.

S.B. 2529 seeks to alleviate these concerns by requiring 60 percent of a taxing unit's governing body to approve any general obligation bond proposition, and by requiring 80 percent of the taxing unit's governing body to approve a general obligation bond proposal or maintenance and operations tax rate increase for a purpose that was rejected by the voters in the previous year.

As proposed, S.B. 2529 amends current law relating to the vote required by the governing body of a taxing unit to adopt an ad valorem tax rate that exceeds the voter-approval tax rate or authorize the issuance of tax bonds.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 1253, Government Code, by adding Section 1253.004, as follows:

> Sec. 1253.004. SUPERMAJORITY VOTE OF GOVERNING BODY REQUIRED TO APPROVE GENERAL OBLIGATION BONDS. Prohibits a political subdivision, notwithstanding any other law, from issuing 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.

SECTION 2. Amends Chapter 26, Tax Code, by adding Section 26.0502, as follows:

> Sec. 26.0502. ADOPTION OF PROPOSED TAX RATE THAT EXCEEDS VOTER-APPROVAL TAX RATE FOLLOWING ELECTION. (a) Provides that this section 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 by Section 26.07 (Automatic Election to Approve Tax Rate of Taxing Unit Other Than School District) or Section 26.08 (Automatic Election to Approve Tax Rate of School District).

> > (b) Prohibits a taxing unit, notwithstanding any other law, from adopting an annual tax rate that exceeds the voter-approval tax rate unless at least 80 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.

SECTION 3. Amends Subchapter H, Chapter 49, Water Code, by adding Section 49.23604, as follows:

Sec. 49.23604. ADOPTION OF PROPOSED TAX RATE THAT EXCEEDS VOTER-APPROVAL TAX RATE FOLLOWING ELECTION. (a) Provides that this section applies only to the adoption of an ad valorem tax rate for a 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 by certain sections.

(b) Prohibits the board of a district, notwithstanding any other law, unless at least 80 percent of the members of the board of a district vote in favor of adopting the tax rate, from adopting a combined debt service, contract, and operation and maintenance tax rate that exceeds certain rates.

SECTION 4. Makes application of Section 1253.004, Government Code, as added by this Act, prospective.

SECTION 5. Makes application of Section 26.0502, Tax Code, and Section 49.23604, Water Code, as added by this Act, prospective.

SECTION 6. Effective date: January 1, 2026.