By: Leo Wilson

H.B. No. 5596

A BILL TO BE ENTITLED

1   AN ACT

2 relating to the calculation of the voter-approval tax rate for

3 certain municipalities that receive municipal hotel occupancy tax

4 revenue.

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

6   SECTION 1.   Section 26.012, Tax Code, is amended by adding

7 Subdivisions (9-a), (16-a), and (16-b) to read as follows:

8   (9-a) "Eligible   coastal   municipality"   means   a

9 municipality described by Section 351.001(3)(A) that has created a

10 park board of trustees under Section 306.011, Local Government

11 Code.

12   (16-a) "Misspent hotel occupancy tax revenue" means an

13 amount equal to the amount of revenue received under Chapter 351 by

14 an eligible coastal municipality during the preceding tax year

15 that:

16   (A) was not distributed to the municipality's

17 park board of trustees to be spent for a purpose authorized by

18 Chapter 351; and

19   (B) was spent by the municipality for any

20 purpose.

21   (16-b) "Misspent hotel occupancy tax revenue rate"

22 means the rate expressed in dollars per $100 of taxable value

23 calculated according to the following formula:

24   MISSPENT HOTEL OCCUPANCY TAX REVENUE RATE = MISSPENT

1 HOTEL OCCUPANCY TAX REVENUE / CURRENT TOTAL VALUE

2 SECTION 2. Section 26.04(c), Tax Code, is amended to read as

3 follows:

4 (c) After the assessor for the taxing unit submits the

5 appraisal roll for the taxing unit to the governing body of the

6 taxing unit as required by Subsection (b), an officer or employee

7 designated by the governing body shall calculate the no-new-revenue

8 tax rate and the voter-approval tax rate for the taxing unit, where:

9 (1) "No-new-revenue tax rate" means a rate expressed

10 in dollars per $100 of taxable value calculated according to the

11 following formula:

12 NO-NEW-REVENUE TAX RATE = (LAST YEAR'S LEVY - LOST

13 PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY

14 VALUE)

15 ; and

16 (2) "Voter-approval tax rate" means a rate expressed

17 in dollars per $100 of taxable value calculated according to the

18 following applicable formula:

19 (A) for a special taxing unit:

20 VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE

21 AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

22 ; [or]

23 (B) for an eligible coastal municipality:

24 VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE

25 AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE +

26 UNUSED INCREMENT RATE - MISSPENT HOTEL OCCUPANCY TAX

27 REVENUE RATE)

1   ; or

2   (C) for a taxing unit other than a special taxing

3 unit or eligible coastal municipality:

4   VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE

5   AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE +

6   UNUSED INCREMENT RATE)

7   SECTION 3. Sections 26.041(a), (b), and (c), Tax Code, are

8 amended to read as follows:

9   (a) In the first year in which an additional sales and use

10 tax is required to be collected, the no-new-revenue tax rate and

11 voter-approval tax rate for the taxing unit are calculated

12 according to the following formulas:

13   NO-NEW-REVENUE TAX RATE = [(LAST YEAR'S LEVY - LOST

14   PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY

15   VALUE)] - SALES TAX GAIN RATE

16 and

17   VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT =

18   (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x

19   1.08) + (CURRENT DEBT RATE - SALES TAX GAIN RATE)

20 or

21   VOTER-APPROVAL TAX RATE FOR ELIGIBLE COASTAL

22   MUNICIPALITY = (NO-NEW-REVENUE MAINTENANCE AND

23   OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE + UNUSED

24   INCREMENT RATE - SALES TAX GAIN RATE - MISSPENT HOTEL

25   OCCUPANCY TAX REVENUE RATE)

26 or

27   VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN

1   SPECIAL TAXING UNIT OR ELIGIBLE COASTAL MUNICIPALITY =

2   (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x

3   1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE -

4   SALES TAX GAIN RATE)

5 where "sales tax gain rate" means a number expressed in dollars per

6 $100 of taxable value, calculated by dividing the revenue that will

7 be generated by the additional sales and use tax in the following

8 year as calculated under Subsection (d) by the current total value.

9   (b) Except as provided by Subsections (a) and (c), in a year

10 in which a taxing unit imposes an additional sales and use tax, the

11 voter-approval tax rate for the taxing unit is calculated according

12 to the following formula, regardless of whether the taxing unit

13 levied a property tax in the preceding year:

14   VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT =

15   [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x

16   1.08) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +

17   (CURRENT DEBT RATE - SALES TAX REVENUE RATE)

18 or

19   VOTER-APPROVAL TAX RATE FOR ELIGIBLE COASTAL

20   MUNICIPALITY = [(LAST YEAR'S MAINTENANCE AND

21   OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE -

22   NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED

23   INCREMENT RATE - SALES TAX REVENUE RATE - MISSPENT

24   HOTEL OCCUPANCY TAX REVENUE RATE)

25 or

26   VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN

27   SPECIAL TAXING UNIT OR ELIGIBLE COASTAL MUNICIPALITY =

4

1   [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x

2   1.035) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +

3   (CURRENT DEBT RATE + UNUSED INCREMENT RATE - SALES TAX

4   REVENUE RATE)

5 where "last year's maintenance and operations expense" means the

6 amount spent for maintenance and operations from property tax and

7 additional sales and use tax revenues in the preceding year, and

8 "sales tax revenue rate" means a number expressed in dollars per

9 $100 of taxable value, calculated by dividing the revenue that will

10 be generated by the additional sales and use tax in the current year

11 as calculated under Subsection (d) by the current total value.

12   (c) In a year in which a taxing unit that has been imposing

13 an additional sales and use tax ceases to impose an additional sales

14 and use tax, the no-new-revenue tax rate and voter-approval tax

15 rate for the taxing unit are calculated according to the following

16 formulas:

17   NO-NEW-REVENUE TAX RATE = [(LAST YEAR'S LEVY -

18   LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW

19   PROPERTY VALUE)] + SALES TAX LOSS RATE

20 and

21   VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT =

22   [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x

23   1.08) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +

24   CURRENT DEBT RATE

25 or

26   VOTER-APPROVAL TAX RATE FOR ELIGIBLE COASTAL

27   MUNICIPALITY = [(LAST YEAR'S MAINTENANCE AND

1   OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE -

2   NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED

3   INCREMENT RATE - MISSPENT HOTEL OCCUPANCY TAX REVENUE

4   RATE)

5 or

6   VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN

7   SPECIAL TAXING UNIT OR ELIGIBLE COASTAL MUNICIPALITY =

8   [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x

9   1.035) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +

10   (CURRENT DEBT RATE + UNUSED INCREMENT RATE)

11 where "sales tax loss rate" means a number expressed in dollars per

12 $100 of taxable value, calculated by dividing the amount of sales

13 and use tax revenue generated in the last four quarters for which

14 the information is available by the current total value and "last

15 year's maintenance and operations expense" means the amount spent

16 for maintenance and operations from property tax and additional

17 sales and use tax revenues in the preceding year.

18   SECTION 4. This Act applies only to ad valorem taxes imposed

19 for an ad valorem tax year that begins on or after the effective

20 date of this Act.

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