

By: Bettencourt

S.B. No. 2519

A BILL TO BE ENTITLED

AN ACT

relating to restrictions on the levy and use of certain ad valorem taxes and on the issuance of certain bonds supported by ad valorem taxes.

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

SECTION 1. Section 26.012, Tax Code, is amended by adding Subdivision (16-a) to read as follows:

(16-a) "Materially deviate" means to make a significant change in carrying out the purpose stated to voters on a ballot proposition, stated in any order or resolution calling for an election required under this chapter, or stated in resolutions adopted to accompany or supplement a ballot proposition, including:

(A) a significant change in purpose;

(B) a significant change in the financing structure for the purpose;

(C) an increase of more than 33 percent in actual or projected costs of the purpose;

(D) a significant reduction in scope or scale of the purpose;

(E) a legal determination, including a finding under Chapter 1202 or 1205, Government Code, that the purpose stated on the ballot proposition or any order or resolution calling for an election required under this chapter was not in conformity with law; or

1                   (F) any other attempt to substantially impair the  
2 rights and expectations of the voters as they existed at the time of  
3 the election.

4           SECTION 2. Section 26.05, Tax Code, is amended by adding  
5 Subsection (e-2) to read as follows:

6           (e-2) A person who owns taxable property is entitled to an  
7 injunction restraining the collection of taxes by a taxing unit in  
8 which the property is taxable if the taxing unit materially  
9 deviates from the purpose stated at the time the voters approved a  
10 tax rate under this chapter. An action to enjoin the collection of  
11 taxes must be filed not later than the 15th day after the date the  
12 taxing unit adopts a tax rate. A property owner is not required to  
13 pay the taxes imposed by a taxing unit on the owner's property while  
14 an action filed by a property owner under this subsection is  
15 pending. If the property owner pays the taxes and subsequently  
16 prevails in the action, the property owner is entitled to a refund  
17 of the taxes paid, together with reasonable attorney's fees and  
18 court costs. The property owner is not required to apply to the  
19 collector for the taxing unit to receive the refund.

20           SECTION 3. Section 26.07, Tax Code, is amended by adding  
21 Subsection (h) to read as follows:

22           (h) Notwithstanding any other law, an increase in a taxing  
23 unit's maintenance and operations tax revenue derived from an  
24 election under this section may not be used or transferred to a  
25 local government corporation to repay a public security in  
26 installment payments or otherwise.

27           SECTION 4. The heading to Chapter 1253, Government Code, is

amended to read as follows:

CHAPTER 1253. PUBLIC SECURITIES [~~GENERAL OBLIGATION BONDS~~] ISSUED

BY LOCAL ENTITIES [~~POLITICAL SUBDIVISIONS~~]

SECTION 5. Chapter 1253, Government Code, is amended by adding Section 1253.004 to read as follows:

Sec. 1253.004. LIMITATION ON AUTHORITY TO USE AD VALOREM TAX REVENUE TO PAY PUBLIC SECURITIES. (a) In this section, "public security" has the meaning assigned by Section 1201.002.

(b) A municipality, county, or local government corporation may not dedicate, pledge, or otherwise use revenue subject to annual appropriation and derived wholly or partly from ad valorem taxes from an election under Chapter 26, Tax Code, for payment of a public security, including revenue transferred to a local government corporation, to secure or make payments on a public security.

SECTION 6. Section 26.05(e-2), Tax Code, as added by this Act, applies only to an ad valorem tax rate adopted on or after the effective date of this Act.

SECTION 7. Section 1253.004, Government Code, as added by this Act, applies only to a public security as defined by that section issued on or after the effective date of this Act.

SECTION 8. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2025.