By: Middleton, Kolkhorst S.B. No. 2532

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 and other money from a local park board of trustees.
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 ar
13	amount equal to the sum of:
14	(A) the amount of revenue received under Chapter
15	351 by an eligible coastal municipality during the preceding tax
16	year that was spent by the municipality for a purpose not authorized
17	by Chapter 351; and
18	(B) the amount of money not described by
19	Paragraph (A) that was received by an eligible coastal municipality
20	from the municipality's park board of trustees and spent by the
21	municipality during the preceding tax year.
22	(16-b) "Misspent hotel occupancy tax revenue rate"
23	means the rate expressed in dollars per \$100 of taxable value
24	calculated according to the following formula:

1	MISSPENT HOTEL OCCUPANCY TAX REVENUE RATE = MISSPENT
2	HOTEL OCCUPANCY TAX REVENUE / CURRENT TOTAL VALUE
3	SECTION 2. Section 26.04(c), Tax Code, is amended to read as
4	follows:
5	(c) After the assessor for the taxing unit submits the
6	appraisal roll for the taxing unit to the governing body of the
7	taxing unit as required by Subsection (b), an officer or employee
8	designated by the governing body shall calculate the no-new-revenue
9	tax rate and the voter-approval tax rate for the taxing unit, where:
10	(1) "No-new-revenue tax rate" means a rate expressed
11	in dollars per \$100 of taxable value calculated according to the
12	following formula:
13	NO-NEW-REVENUE TAX RATE = (LAST YEAR'S LEVY - LOST
14	PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY
15	VALUE)
16	; and
17	(2) "Voter-approval tax rate" means a rate expressed
18	in dollars per \$100 of taxable value calculated according to the
19	following applicable formula:
20	(A) for a special taxing unit:
21	VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE
22	AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE
23	; [or]
24	(B) for an eligible coastal municipality:
25	VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE
26	AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE +
27	UNUSED INCREMENT RATE - MISSPENT HOTEL OCCUPANCY TAX

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1
         REVENUE RATE)
 2
          ; or
 3
                    (C)
                         for a taxing unit other than a special taxing
 4
   unit or eligible coastal municipality:
 5
         VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE
         AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE +
 6
 7
         UNUSED INCREMENT RATE)
          SECTION 3. Sections 26.041(a), (b), and (c), Tax Code, are
8
 9
   amended to read as follows:
10
             In the first year in which an additional sales and use
   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
13
   according to the following formulas:
         NO-NEW-REVENUE TAX RATE = [(LAST YEAR'S LEVY - LOST
14
         PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY
15
16
         VALUE)] - SALES TAX GAIN RATE
17
   and
         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
21
   or
22
         VOTER-APPROVAL TAX RATE FOR ELIGIBLE COASTAL
         MUNICIPALITY = (NO-NEW-REVENUE MAINTENANCE AND
23
         OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE + UNUSED
24
25
         INCREMENT RATE - SALES TAX GAIN RATE - MISSPENT HOTEL
26
         OCCUPANCY TAX REVENUE RATE)
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27

or

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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
5
          SALES TAX GAIN RATE)
   where "sales tax gain rate" means a number expressed in dollars per
6
7
   $100 of taxable value, calculated by dividing the revenue that will
   be generated by the additional sales and use tax in the following
8
9
   year as calculated under Subsection (d) by the current total value.
              Except as provided by Subsections (a) and (c), in a year
10
11
   in which a taxing unit imposes an additional sales and use tax, the
   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
15
          VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT =
16
          [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x
17
          1.08) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +
18
          (CURRENT DEBT RATE - SALES TAX REVENUE RATE)
19
   or
20
         VOTER-APPROVAL
                          TAX RATE
                                       FOR ELIGIBLE
         MUNICIPALITY =
                            [(LAST YEAR'S
21
                                              MAINTENANCE
                                                            AND
22
          OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE -
         NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED
23
          INCREMENT RATE - SALES TAX REVENUE RATE - MISSPENT
24
25
         HOTEL OCCUPANCY TAX REVENUE RATE)
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VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN

26

27

or

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[(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
7
    amount spent for maintenance and operations from property tax and
   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
11
   be generated by the additional sales and use tax in the current year
   as calculated under Subsection (d) by the current total value.
12
13
          (c)
               In a year in which a taxing unit that has been imposing
14
    an additional sales and use tax ceases to impose an additional sales
15
    and use tax, the no-new-revenue tax rate and voter-approval tax
16
   rate for the taxing unit are calculated according to the following
17
   formulas:
         NO-NEW-REVENUE TAX RATE = [(LAST YEAR'S LEVY - LOST
18
          PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY
19
          VALUE)] + SALES TAX LOSS RATE
20
21
   and
22
          VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT =
          [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x
23
          1.08) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +
24
25
          CURRENT DEBT RATE
26
    or
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SPECIAL TAXING UNIT OR ELIGIBLE COASTAL MUNICIPALITY =

1

27

FOR

ELIGIBLE

COASTAL

RATE

VOTER-APPROVAL TAX

S.B. No. 2532

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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
5
         RATE)
6
   or
7
         VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN
          SPECIAL TAXING UNIT OR ELIGIBLE COASTAL MUNICIPALITY =
8
9
          [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x
10
          1.035) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +
          (CURRENT DEBT RATE + UNUSED INCREMENT RATE)
11
   where "sales tax loss rate" means a number expressed in dollars per
12
13
   $100 of taxable value, calculated by dividing the amount of sales
   and use tax revenue generated in the last four quarters for which
14
15
   the information is available by the current total value and "last
16
   year's maintenance and operations expense" means the amount spent
   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
20
   for an ad valorem tax year that begins on or after the effective
   date of this Act.
21
22
          SECTION 5. This Act takes effect January 1, 2026.
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