

By: Middleton, Kolthorst

S.B. No. 2532

A BILL TO BE ENTITLED

AN ACT

relating to the calculation of the voter-approval tax rate for certain municipalities that receive municipal hotel occupancy tax revenue and other money from a local park board of trustees.

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

SECTION 1. Section 26.012, Tax Code, is amended by adding Subdivisions (9-a), (16-a), and (16-b) to read as follows:

(9-a) "Eligible coastal municipality" means a municipality described by Section 351.001(3)(A) that has created a park board of trustees under Section 306.011, Local Government Code.

(16-a) "Misspent hotel occupancy tax revenue" means an amount equal to the sum of:

(A) the amount of revenue received under Chapter 351 by an eligible coastal municipality during the preceding tax year that was spent by the municipality for a purpose not authorized by Chapter 351; and

(B) the amount of money not described by Paragraph (A) that was received by an eligible coastal municipality from the municipality's park board of trustees and spent by the municipality during the preceding tax year.

(16-b) "Misspent hotel occupancy tax revenue rate" means the rate expressed in dollars per \$100 of taxable value calculated according to the following formula:

MISSPENT HOTEL OCCUPANCY TAX REVENUE RATE = MISSPENT  
HOTEL OCCUPANCY TAX REVENUE / CURRENT TOTAL VALUE

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

(c) After the assessor for the taxing unit submits the appraisal roll for the taxing unit to the governing body of the taxing unit as required by Subsection (b), an officer or employee designated by the governing body shall calculate the no-new-revenue tax rate and the voter-approval tax rate for the taxing unit, where:

(1) "No-new-revenue tax rate" means a rate expressed in dollars per \$100 of taxable value calculated according to the following formula:

NO-NEW-REVENUE TAX RATE = (LAST YEAR'S LEVY - LOST  
PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY  
VALUE)

; and

(2) "Voter-approval tax rate" means a rate expressed in dollars per \$100 of taxable value calculated according to the following applicable formula:

(A) for a special taxing unit:

VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE  
AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

; ~~or~~

(B) for an eligible coastal municipality:

VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE  
AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE +  
UNUSED INCREMENT RATE - MISSPENT HOTEL OCCUPANCY TAX

REVENUE RATE)

; or

(C) for a taxing unit other than a special taxing unit or eligible coastal municipality:

VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE)

SECTION 3. Sections 26.041(a), (b), and (c), Tax Code, are amended to read as follows:

(a) In the first year in which an additional sales and use tax is required to be collected, the no-new-revenue tax rate and voter-approval tax rate for the taxing unit are calculated according to the following formulas:

NO-NEW-REVENUE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] - SALES TAX GAIN RATE

and

VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x 1.08) + (CURRENT DEBT RATE - SALES TAX GAIN RATE)

or

VOTER-APPROVAL TAX RATE FOR ELIGIBLE COASTAL MUNICIPALITY = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE - SALES TAX GAIN RATE - MISSPENT HOTEL OCCUPANCY TAX REVENUE RATE)

or

VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN  
 SPECIAL TAXING UNIT OR ELIGIBLE COASTAL MUNICIPALITY =  
 (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x  
 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE -  
 SALES TAX GAIN RATE)

where "sales tax gain rate" means a number expressed in dollars per  
 \$100 of taxable value, calculated by dividing the revenue that will  
 be generated by the additional sales and use tax in the following  
 year as calculated under Subsection (d) by the current total value.

(b) Except as provided by Subsections (a) and (c), in a year  
 in which a taxing unit imposes an additional sales and use tax, the  
 voter-approval tax rate for the taxing unit is calculated according  
 to the following formula, regardless of whether the taxing unit  
 levied a property tax in the preceding year:

VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT =  
 [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x  
 1.08) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +  
 (CURRENT DEBT RATE - SALES TAX REVENUE RATE)

or

VOTER-APPROVAL TAX RATE FOR ELIGIBLE COASTAL  
MUNICIPALITY = [(LAST YEAR'S MAINTENANCE AND  
OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE -  
NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED  
INCREMENT RATE - SALES TAX REVENUE RATE - MISSPENT  
HOTEL OCCUPANCY TAX REVENUE RATE)

or

VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN

SPECIAL TAXING UNIT OR ELIGIBLE COASTAL MUNICIPALITY =  
[(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x  
1.035) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +  
(CURRENT DEBT RATE + UNUSED INCREMENT RATE - SALES TAX  
REVENUE RATE)

where "last year's maintenance and operations expense" means the  
amount spent for maintenance and operations from property tax and  
additional sales and use tax revenues in the preceding year, and  
"sales tax revenue rate" means a number expressed in dollars per  
\$100 of taxable value, calculated by dividing the revenue that will  
be generated by the additional sales and use tax in the current year  
as calculated under Subsection (d) by the current total value.

(c) In a year in which a taxing unit that has been imposing  
an additional sales and use tax ceases to impose an additional sales  
and use tax, the no-new-revenue tax rate and voter-approval tax  
rate for the taxing unit are calculated according to the following  
formulas:

NO-NEW-REVENUE TAX RATE = [(LAST YEAR'S LEVY - LOST  
PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY  
VALUE)] + SALES TAX LOSS RATE

and

VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT =  
[(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x  
1.08) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +  
CURRENT DEBT RATE

or

VOTER-APPROVAL TAX RATE FOR ELIGIBLE COASTAL

MUNICIPALITY = [(LAST YEAR'S MAINTENANCE AND  
OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE -  
NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED  
INCREMENT RATE - MISSPENT HOTEL OCCUPANCY TAX REVENUE  
RATE)

or

VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN  
SPECIAL TAXING UNIT OR ELIGIBLE COASTAL MUNICIPALITY =  
[(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x  
1.035) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +  
(CURRENT DEBT RATE + UNUSED INCREMENT RATE)

where "sales tax loss rate" means a number expressed in dollars per  
\$100 of taxable value, calculated by dividing the amount of sales  
and use tax revenue generated in the last four quarters for which  
the information is available by the current total value and "last  
year's maintenance and operations expense" means the amount spent  
for maintenance and operations from property tax and additional  
sales and use tax revenues in the preceding year.

SECTION 4. This Act applies only to ad valorem taxes imposed  
for an ad valorem tax year that begins on or after the effective  
date of this Act.

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