

By: Middleton

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.

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 amount of revenue received under Chapter 351 by an eligible coastal municipality during the preceding tax year that:

(A) was not distributed to the municipality's park board of trustees to be spent for a purpose authorized by Chapter 351; and

(B) was spent by the municipality for any purpose.

(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)

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

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 =

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

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.