

1-1 By: Middleton S.B. No. 2532
1-2 (In the Senate - Filed March 13, 2025; April 3, 2025, read
1-3 first time and referred to Committee on Economic Development;
1-4 April 28, 2025, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 3, Nays 2; April 28, 2025,
1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11		X		
1-12		X		
1-13	X			

1-14 COMMITTEE SUBSTITUTE FOR S.B. No. 2532 By: Sparks

1-15 A BILL TO BE ENTITLED
1-16 AN ACT

1-17 relating to the calculation of the voter-approval tax rate for
1-18 certain municipalities that receive municipal hotel occupancy tax
1-19 revenue and other money from a local park board of trustees.

1-20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-21 SECTION 1. Section 26.012, Tax Code, is amended by adding
1-22 Subdivisions (9-a), (16-a), and (16-b) to read as follows:

1-23 (9-a) "Eligible coastal municipality" means a
1-24 municipality described by Section 351.001(3)(A) that has created a
1-25 park board of trustees under Section 306.011, Local Government
1-26 Code.

1-27 (16-a) "Misspent public money" means an amount equal to
1-28 the sum of:

1-29 (A) the amount of revenue received under Chapter
1-30 351 by an eligible coastal municipality during the preceding tax
1-31 year that was spent by the municipality for a purpose not authorized
1-32 by Chapter 351; and

1-33 (B) the amount of money not described by
1-34 Paragraph (A) that was received by an eligible coastal municipality
1-35 from the municipality's park board of trustees during the preceding
1-36 tax year.

1-37 (16-b) "Misspent public money rate" means the rate
1-38 expressed in dollars per \$100 of taxable value calculated according
1-39 to the following formula:

$$1-40 \frac{\text{MISSPENT PUBLIC MONEY RATE} = \text{MISSPENT PUBLIC MONEY} /}{1-41 \text{CURRENT TOTAL VALUE}}$$

1-42 SECTION 2. Section 26.04(c), Tax Code, is amended to read as
1-43 follows:

1-44 (c) After the assessor for the taxing unit submits the
1-45 appraisal roll for the taxing unit to the governing body of the
1-46 taxing unit as required by Subsection (b), an officer or employee
1-47 designated by the governing body shall calculate the no-new-revenue
1-48 tax rate and the voter-approval tax rate for the taxing unit, where:

1-49 (1) "No-new-revenue tax rate" means a rate expressed
1-50 in dollars per \$100 of taxable value calculated according to the
1-51 following formula:

$$1-52 \text{NO-NEW-REVENUE TAX RATE} = (\text{LAST YEAR'S LEVY} - \text{LOST} \\ 1-53 \text{PROPERTY LEVY}) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY} \\ 1-54 \text{VALUE})$$

1-55 ; and

1-56 (2) "Voter-approval tax rate" means a rate expressed
1-57 in dollars per \$100 of taxable value calculated according to the
1-58 following applicable formula:

1-59 (A) for a special taxing unit:

$$1-60 \text{VOTER-APPROVAL TAX RATE} = (\text{NO-NEW-REVENUE MAINTENANCE}$$

2-1 AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE
 2-2 ; ~~[or]~~

2-3 (B) for an eligible coastal municipality:
 2-4 VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE
 2-5 AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE +
 2-6 UNUSED INCREMENT RATE - MISSPENT PUBLIC MONEY RATE)
 2-7 ; or

2-8 (C) for a taxing unit other than a special taxing
 2-9 unit or eligible coastal municipality:

2-10 VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE
 2-11 AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE +
 2-12 UNUSED INCREMENT RATE)

2-13 SECTION 3. Sections 26.041(a), (b), and (c), Tax Code, are
 2-14 amended to read as follows:

2-15 (a) In the first year in which an additional sales and use
 2-16 tax is required to be collected, the no-new-revenue tax rate and
 2-17 voter-approval tax rate for the taxing unit are calculated
 2-18 according to the following formulas:

2-19 NO-NEW-REVENUE TAX RATE = [(LAST YEAR'S LEVY - LOST
 2-20 PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY
 2-21 VALUE)] - SALES TAX GAIN RATE

2-22 and

2-23 VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT =
 2-24 (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x
 2-25 1.08) + (CURRENT DEBT RATE - SALES TAX GAIN RATE)

2-26 or

2-27 VOTER-APPROVAL TAX RATE FOR ELIGIBLE COASTAL
 2-28 MUNICIPALITY = (NO-NEW-REVENUE MAINTENANCE AND
 2-29 OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE + UNUSED
 2-30 INCREMENT RATE - SALES TAX GAIN RATE - MISSPENT PUBLIC
 2-31 MONEY RATE)

2-32 or

2-33 VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN
 2-34 SPECIAL TAXING UNIT OR ELIGIBLE COASTAL MUNICIPALITY =
 2-35 (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x
 2-36 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE -
 2-37 SALES TAX GAIN RATE)

2-38 where "sales tax gain rate" means a number expressed in dollars per
 2-39 \$100 of taxable value, calculated by dividing the revenue that will
 2-40 be generated by the additional sales and use tax in the following
 2-41 year as calculated under Subsection (d) by the current total value.

2-42 (b) Except as provided by Subsections (a) and (c), in a year
 2-43 in which a taxing unit imposes an additional sales and use tax, the
 2-44 voter-approval tax rate for the taxing unit is calculated according
 2-45 to the following formula, regardless of whether the taxing unit
 2-46 levied a property tax in the preceding year:

2-47 VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT =
 2-48 [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x
 2-49 1.08) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +
 2-50 (CURRENT DEBT RATE - SALES TAX REVENUE RATE)

2-51 or

2-52 VOTER-APPROVAL TAX RATE FOR ELIGIBLE COASTAL
 2-53 MUNICIPALITY = [(LAST YEAR'S MAINTENANCE AND
 2-54 OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE -
 2-55 NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED
 2-56 INCREMENT RATE - SALES TAX REVENUE RATE - MISSPENT
 2-57 PUBLIC MONEY RATE)

2-58 or

2-59 VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN
 2-60 SPECIAL TAXING UNIT OR ELIGIBLE COASTAL MUNICIPALITY =
 2-61 [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x
 2-62 1.035) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +
 2-63 (CURRENT DEBT RATE + UNUSED INCREMENT RATE - SALES TAX
 2-64 REVENUE RATE)

2-65 where "last year's maintenance and operations expense" means the
 2-66 amount spent for maintenance and operations from property tax and
 2-67 additional sales and use tax revenues in the preceding year, and
 2-68 "sales tax revenue rate" means a number expressed in dollars per
 2-69 \$100 of taxable value, calculated by dividing the revenue that will

3-1 be generated by the additional sales and use tax in the current year
3-2 as calculated under Subsection (d) by the current total value.

3-3 (c) In a year in which a taxing unit that has been imposing
3-4 an additional sales and use tax ceases to impose an additional sales
3-5 and use tax, the no-new-revenue tax rate and voter-approval tax
3-6 rate for the taxing unit are calculated according to the following
3-7 formulas:

3-8 NO-NEW-REVENUE TAX RATE = [(LAST YEAR'S LEVY - LOST
3-9 PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY
3-10 VALUE)] + SALES TAX LOSS RATE

3-11 and

3-12 VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT =
3-13 [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x
3-14 1.08) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +
3-15 CURRENT DEBT RATE

3-16 or

3-17 VOTER-APPROVAL TAX RATE FOR ELIGIBLE COASTAL
3-18 MUNICIPALITY = [(LAST YEAR'S MAINTENANCE AND
3-19 OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE -
3-20 NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED
3-21 INCREMENT RATE - MISSPENT PUBLIC MONEY RATE)

3-22 or

3-23 VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN
3-24 SPECIAL TAXING UNIT OR ELIGIBLE COASTAL MUNICIPALITY =
3-25 [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x
3-26 1.035) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +
3-27 (CURRENT DEBT RATE + UNUSED INCREMENT RATE)

3-28 where "sales tax loss rate" means a number expressed in dollars per
3-29 \$100 of taxable value, calculated by dividing the amount of sales
3-30 and use tax revenue generated in the last four quarters for which
3-31 the information is available by the current total value and "last
3-32 year's maintenance and operations expense" means the amount spent
3-33 for maintenance and operations from property tax and additional
3-34 sales and use tax revenues in the preceding year.

3-35 SECTION 4. This Act applies only to ad valorem taxes imposed
3-36 for an ad valorem tax year that begins on or after the effective
3-37 date of this Act.

3-38 SECTION 5. This Act takes effect January 1, 2026.

3-39 * * * * *