

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

| 1-8 | Yea | Nay | Absent | PNV |
|-----------------|-----|-----|--------|-----|
| 1-9 King | X | | | |
| 1-10 Sparks | X | | | |
| 1-11 Alvarado | | X | | |
| 1-12 Johnson | | X | | |
| 1-13 Schwertner | 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
$$\frac{\text{MISSPENT PUBLIC MONEY RATE} = \text{MISSPENT PUBLIC MONEY}}{\text{CURRENT TOTAL VALUE}}$$

1-41 SECTION 2. Section 26.04(c), Tax Code, is amended to read as
1-42 follows:

1-43 (c) After the assessor for the taxing unit submits the
1-44 appraisal roll for the taxing unit to the governing body of the
1-45 taxing unit as required by Subsection (b), an officer or employee
1-46 designated by the governing body shall calculate the no-new-revenue
1-47 tax rate and the voter-approval tax rate for the taxing unit, where:

1-48 (1) "No-new-revenue tax rate" means a rate expressed
1-49 in dollars per \$100 of taxable value calculated according to the
1-50 following formula:

1-51
$$\text{NO-NEW-REVENUE TAX RATE} = (\text{LAST YEAR'S LEVY} - \text{LOST}$$

1-52
$$\text{PROPERTY LEVY}) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY}$$

1-53
$$\text{VALUE})$$

1-54 ; and

1-55 (2) "Voter-approval tax rate" means a rate expressed
1-56 in dollars per \$100 of taxable value calculated according to the
1-57 following applicable formula:

1-58 (A) for a special taxing unit:

1-59
$$\text{VOTER-APPROVAL TAX RATE} = (\text{NO-NEW-REVENUE MAINTENANCE}$$

1-60

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

(B) for an eligible coastal municipality:

$$\text{VOTER-APPROVAL TAX RATE} = \frac{(\text{NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE} \times 1.035) + (\text{CURRENT DEBT RATE} + \text{UNUSED INCREMENT RATE} - \text{MISSPENT PUBLIC MONEY RATE})}{1}$$
; or

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

$$\text{VOTER-APPROVAL TAX RATE} = (\text{NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE} \times 1.035) + (\text{CURRENT DEBT RATE} + \text{UNUSED INCREMENT RATE})$$

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:

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

and

$$\text{VOTER-APPROVAL TAX RATE FOR SPECIAL TAXING UNIT} = (\text{NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE} \times 1.08) + (\text{CURRENT DEBT RATE} - \text{SALES TAX GAIN RATE})$$

or

$$\text{VOTER-APPROVAL TAX RATE FOR ELIGIBLE COASTAL MUNICIPALITY} = \frac{(\text{NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE} \times 1.035) + (\text{CURRENT DEBT RATE} + \text{UNUSED INCREMENT RATE} - \text{SALES TAX GAIN RATE} - \text{MISSPENT PUBLIC MONEY RATE})}{1}$$

or

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

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:

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

or

$$\text{VOTER-APPROVAL TAX RATE FOR ELIGIBLE COASTAL MUNICIPALITY} = \frac{[(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE} \times 1.035) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})] + (\text{CURRENT DEBT RATE} + \text{UNUSED INCREMENT RATE} - \text{SALES TAX REVENUE RATE} - \text{MISSPENT PUBLIC MONEY RATE})}{1}$$

or

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

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 PUBLIC MONEY 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.

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