

1-1 By: Bettencourt S.B. No. 2541
1-2 (In the Senate - Filed March 13, 2025; April 3, 2025, read
1-3 first time and referred to Committee on Local Government;
1-4 April 29, 2025, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 4, Nays 2; April 29, 2025,
1-6 sent to printer.)

1-7	COMMITTEE VOTE				
1-8		Yea	Nay	Absent	PNV
1-9	Bettencourt	X			
1-10	Middleton	X			
1-11	Cook		X		
1-12	Gutierrez			X	
1-13	Nichols	X			
1-14	Paxton	X			
1-15	West		X		

1-16 COMMITTEE SUBSTITUTE FOR S.B. No. 2541 By: Paxton

1-17 A BILL TO BE ENTITLED
1-18 AN ACT

1-19 relating to the calculation of the unused increment rate of a taxing
1-20 unit.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Sections 26.013(a)(3) and (4), Tax Code, are
1-23 amended to read as follows:

1-24 (3) "Year 1" means the second [~~third~~] tax year
1-25 preceding the current tax year.

1-26 (4) "Year 2" means the [~~second~~] tax year preceding the
1-27 current tax year.

1-28 SECTION 2. Section 26.013(b), Tax Code, is amended to read
1-29 as follows:

1-30 (b) In this chapter, "unused increment rate" means the
1-31 greater of:

1-32 (1) zero; or

1-33 (2) the rate expressed in dollars per \$100 of taxable
1-34 value calculated according to the following formula:

1-35 UNUSED INCREMENT RATE = (YEAR 1 FOREGONE REVENUE AMOUNT +
1-36 YEAR 2 FOREGONE REVENUE AMOUNT [~~+ YEAR 3 FOREGONE REVENUE AMOUNT~~]) /
1-37 CURRENT TOTAL VALUE

1-38 SECTION 3. Section 26.013(a)(5), Tax Code, is repealed.

1-39 SECTION 4. The changes in law made by this Act apply only to
1-40 the calculation of the unused increment rate, as defined by Section
1-41 26.013, Tax Code, as amended by this Act, for a tax year that begins
1-42 on or after January 1, 2027. The calculation of the unused
1-43 increment rate for a tax year that begins before January 1, 2027, is
1-44 governed by the law in effect immediately before the effective date
1-45 of this Act, and the former law is continued in effect for that
1-46 purpose.

1-47 SECTION 5. This Act takes effect January 1, 2026.

1-48 * * * * *