

BILL ANALYSIS: SB 9

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ISSUE

Despite having passed tax relief at the state level during the 89th Legislative Session ([SB 4, 2025](#)), Texans are still burdened with some of the highest property taxes in the nation. This is largely due to relief being eroded at the local level. Local government taxes and spending need to be scrutinized by voters more frequently to ensure increases in the property tax rate are at the will of voters and not left just in the hands of cities.

PURPOSE

The purpose of this bill is to lower the property tax rate threshold required to initiate a voter approved tax rate election (VATRE).

SECTION-BY-SECTION ANALYSIS

Section 1

This bill amends Section 26.04 (c) 2 of the Tax Code by adding subsections:

- B, which defines the Voter Approved Tax Rate (VATR) in a municipality or county with a population less than 75,000¹, that is not a special taxing unit, as $(NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE \times 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE)$.
- C, which defines the Voter Approved Tax Rate for a taxing unit, other than a special taxing unit or a municipality or county described in B, as $(NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE \times 1.025) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE)$.

Section 2

Section 26.041 (a), (b), and (c) of the Tax Code is amended, defining the VATR:

(a) in the first year in which an additional sales and use tax is required to be collected for:

- A municipality or county with a population less than 75,000 that is not a special taxing unit as $(NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE \times 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE - SALES TAX GAIN RATE)$; and

¹ Population limit increased in all sections from 30,000 to 75,000 with CSSB 9 ([2025](#)).

- A taxing unit other than a special taxing unit, or a municipality or county with a population less than 75,000 as $(\text{NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE} \times 1.025) + (\text{CURRENT DEBT RATE} + \text{UNUSED INCREMENT RATE} - \text{SALES TAX GAIN RATE})$.

(b) in a year in which a taxing unit imposes an additional sales and use tax:

- For a municipality or county with a population less than 75,000 and is not a special taxing unit $[(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE} \times 1.035) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})] + (\text{CURRENT DEBT RATE} + \text{UNUSED INCREMENT RATE} - \text{SALES TAX REVENUE RATE})$; and
- For a taxing unit other than a special taxing unit or a municipality or county with a population less than 75,000 that is not a special taxing unit $[(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE} \times 1.025) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})] + (\text{CURRENT DEBT RATE} + \text{UNUSED INCREMENT RATE} - \text{SALES TAX REVENUE RATE})$.

(c) in a year in which a taxing unit that had been imposing an additional sales and use tax ceases to impose an additional sales and use tax:

- For a municipality or county with a population less than 75,000 and is not a special taxing unit $[(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE} \times 1.035) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})] + (\text{CURRENT DEBT RATE} + \text{UNUSED INCREMENT RATE})$; and
- For a taxing unit other than a special taxing unit or a municipality or county with a population less than 75,000 that is not a special taxing unit $[(\text{LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE} \times 1.025) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})] + (\text{CURRENT DEBT RATE} + \text{UNUSED INCREMENT RATE})$.

Section 3

Amends Section 26.042 of the Tax Code, allowing the governing body of the taxing unit to direct the designated officer or employee to calculate the VATR equal to the lesser of:

- The VATR calculated in the manner provided for a special taxing unit; or
- The VATR calculated in the applicable formula: for a municipality or county with a population of less than 75,000 that is not a special taxing unit: $\text{VOTER-APPROVAL TAX RATE} = (\text{NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE} \times 1.035) + (\text{CURRENT DEBT RATE} + \text{UNUSED INCREMENT RATE} + \text{DISASTER RELIEF RATE})$; or
- For a taxing unit other than a municipality or county described by Paragraph (A): $\text{VOTER-APPROVAL TAX RATE} = (\text{NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE} \times 1.025) + (\text{CURRENT DEBT RATE} + \text{UNUSED INCREMENT RATE} + \text{DISASTER RELIEF RATE})$.

HOUSE BILL 9 AND COMMITTEE SUBSTITUTE

House Bill 9 ([HB 9, 2025](#)) is the House companion legislation which was made identical through committee substitute ([CSSB 9, 2025](#)) to the introduced version of SB 9 ([SB 9, 2025](#)).

RECOMMENDATION

Ideally, the VATR would be 0%, meaning that any time a taxing unit wants to raise the tax rate, it would need to seek voter approval. If the VATR cannot be 0%, then all taxing units should have the same VATR tied to the lowest rate currently applicable.

REFERENCES

CSSB 9. Senate Committee Report. 89th Texas Legislature. First Called Session. (2025). <https://capitol.texas.gov/tlodocs/891/billtext/pdf/SB00009S.pdf>

HB 9. Introduced. 89th Texas Legislature. First Called Session. (2025). <https://capitol.texas.gov/tlodocs/891/billtext/pdf/HB00009I.pdf>

SB 4. Enrolled. 89th Legislative Session. Regular. (2025). <https://capitol.texas.gov/tlodocs/89R/billtext/pdf/SB00004F.pdf>

SB 9. Introduced. 89th Texas Legislature. First Called Session. (2025). <https://capitol.texas.gov/tlodocs/891/billtext/pdf/SB00009I.pdf>

ABOUT THE AUTHOR



John Bonura is a Policy Analyst for the Taxpayer Protection Project with Texas Public Policy Foundation.

Prior to joining TPPF John served in the University system as a Graduate Assistant until he was given the opportunity to teach Principles of American Government. John holds a Master of Arts in Political Science from Texas State University and a Bachelor of Arts in Political Science from Sam Houston State University.

As a proud Eagle Scout John is an avid camper and enjoys spending time in the outdoors as well as at home with his wife.

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