



New Texas Bill Changes Property Tax Rate Calculations for Disaster Relief Costs

Aug 08, 2025

Categories:

[Publications](#)

Authors:

[Cheryl K. Rosenberg](#)

[Rahat Huq](#)

[Robin R. Smith](#)

Texas House Bill 30 (HB 30), effective January 1, 2026, makes critical changes in the methodology for calculating and adopting a property tax rate that includes payment of disaster-related costs.

Chapter 26 of the Texas Tax Code defines the “voter-approval tax rate” as the highest tax rate that can be adopted under state law without specific voter approval. The voter-approval tax rate contains two separate components: a no-new-revenue maintenance and operations tax rate and a debt service tax rate.^[1]

Under current state law, a taxing unit’s standard voter-approval tax rate is the rate that produces a 3.5% increase in maintenance and operations tax revenue over the prior year’s actual revenue from existing properties.^[2] However, a taxing unit that has experienced a disaster can elect to use a voter-approval tax rate that produces an 8% increase in maintenance and operations tax revenue over the prior year’s actual revenue from existing properties (the “Disaster Increase”). A taxing unit qualifies for the Disaster Increase if (1) any part of the taxing unit is located in an area declared a “disaster area” during the current tax year by the Texas governor or the president of the United States and (2) at least one person with property in the taxing unit is granted a temporary exemption for property damaged by the disaster.^[3]

HB 30 amends the provisions of Chapter 26 that allow the Disaster Increase.^[4] For a taxing unit that implements the Disaster Increase, its voter-approval tax rate for the following year will be the *lesser* of (1) the voter-approval tax rate, including the Disaster Increase and (2) the standard voter-approval tax rate plus a Disaster Debris Rate, defined as Disaster Relief Costs divided by [Current Total Value minus New Property Value].^[5] In essence, this amendment permits a non-voted maintenance and operations tax increase to pay for identified and quantified disaster-related costs. Under the statute, the increases are backed out generally after three years by an

“Emergency Revenue Rate.”^[6]

Further, under current state law, certain taxing units are exempt from the requirement to hold an election to exceed the voter-approval tax rate in the year following the year in which a disaster occurs if their response to the disaster increased their expenditures.^[7] HB 30 repeals this exemption entirely. Proponents of HB 30 argued that it prevents a taxing unit from exceeding the voter-approval tax rate without an election for maintenance and operations expenses other than disaster-related costs. They expect that the new requirement of identifying and quantifying disaster-related costs will maintain public trust with respect to taxes without hindering disaster recovery. Critics of HB 30, by comparison, argued that it restricts a taxing unit’s ability to respond quickly and effectively (without a time-consuming election) to disasters.

For more information, please contact the authors or any attorney with Frost Brown Todd’s [Public Finance Practice Group](#).

^[1] “Maintenance and operations” is the cost of day-to-day operations, such as salaries and utilities. “Debt service” is the cost of the interest on and principal of bonds and other debt secured by property tax revenues.

^[2] Texas Tax Code provides for non-standard calculations for school districts and other “special” taxing units such as hospital districts, junior college districts, and taxing units with tax rates below \$0.25 per \$100 of valuation.

^[3] Section 11.35, Tex. Tax Code.

^[4] Section 26.042, Tex. Tax Code.

^[5] “Disaster Relief Costs” are the total amount of a taxing unit’s share of the cost associated with the removal of debris or wreckage in the taxing unit and Essential Assistance. The taxing unit is required to estimate these costs in accordance with federal law. Section 26.042(a-1)(1), Tex. Tax Code, effective September 1, 2025.

“Essential Assistance” is the emergency sheltering of individuals, overtime and hazardous duty compensation provided to police, fire, and emergency medical service personnel, water testing and

treatment, provision of essential supplies, search and rescue efforts, evacuation services, medical care and transport and security measures and services, Section 26.042(a)-1(3), Tex. Tax Code, effective September 1, 2025.

“Current Total Value” is the total taxable value of property listed on the appraisal roll for the current year, including all appraisal roll supplements and corrections as of the date of the calculation, less the taxable value of property exempted for the current tax year for the first time under Section 11.31 or Section 11.315, with specific exceptions. Section 26.012(6), Tex. Tax Code.

“New Property Value,” generally, is the total taxable value of property added to the appraisal roll in the current year less the value of the property that was included in the total value for the preceding tax year. Section 26.012(17), Tex. Tax Code.

A taxing unit can include the “Disaster Debris Rate” in its voter-approval tax rate until the earlier of (i) the first tax year in which its total taxable value of property exceeds its total taxable value on January 1 of the tax year in which the disaster occurred, and (ii) the third tax year after the tax year in which the disaster occurred. Section 26.042(a), Tex. Tax Code.

[6] “Emergency Revenue Rate” is calculated as $[(\text{previous year's adopted tax rate} - \text{Adjusted Voter Approval Tax Rate}) \times \text{previous year's total value}] / (\text{Current Total Value} - \text{New Property Value})$. Section 26.042(b), Tex. Tax Code.

“Adjusted voter-approval tax rate” is the voter-approval tax rate a taxing unit would have calculated in the last year that the taxing unit qualified for the Disaster Increase if, in each tax year in which the taxing unit qualified for the Disaster Increase, the taxing unit adopted a tax rate equal to the greater of: (1) the tax rate actually adopted by the taxing unit for that tax year, if approved by the voters at an election held under Section 26.07, or (2) the taxing unit’s voter-approval tax rate for that tax year, calculated in the manner provided for a taxing unit other than a special taxing unit. Section 26.042(c), Tex. Tax Code.

[7] Section 26.042(d), Tex. Tax Code.

© 2026 FBT Gibbons LLP. May be considered attorney advertising in some jurisdictions.