De Minimis Rate

De minimis rate   The rate is equal to the sum of:

(A) a taxing unit's no-new-revenue maintenance and operations rate;

(B) the rate that when applied to a taxing current total value, will impose an amount of taxes equal to $500,000, and

(C) a taxing unit's current debt rate.

De minimis rate calculation example:

Step 1:

$500,000

÷

CURRENT YEAR TOTAL TAXABLE VALUE

X

$100

=

RATE NECESSARY TO IMPOSE $500,000 IN TAXES

Step 2:

ADJUSTED CURRENT YEAR NNR M&O TAX RATE

+

RATE NECESSARY TO IMPOSE $500,000 IN TAXES

+

CURRENT YEAR DEBT RATE

=

DE MINIMIS RATE

Which taxing units calculate a de minimis rate?

TAXING UNIT	Yes	No
County	X	
Small City (population of 30,000 or less)	X	
Other Special Districts (M&O tax rate above 2.5 cents)	X	
City (population of 30,000 or more)		X
Hospital District		X
Junior College District		X
School District		X
Special Taxing Unit (M&O tax rate at 2.5 cents or less)		X
Water District		X

Tax increase elections for taxing units that calculate a de minimis rate depend on whether the adopted tax rate is greater than or less than the voter-approval rate AND the de minimis rate.

What adopted tax rates trigger an election or petition for a taxing unit with a de minimis rate?

ADOPTED TAX RATE IS:	
BELOW voter-approval tax rate	No election required
ABOVE voter-approval tax rate but **BELOW** de minimis rate	Voters may petition for an election*
ABOVE voter-approval tax rate; Taxing unit does not calculate a de minimis rate	Election required**
ABOVE voter-approval tax rate and **ABOVE** the de minimis rate	Election required

* See Tax Code Sec. 26.075 for details on when voters may petition for an election.

** See Water Code Secs. 49.23601, 49.23602, and 49.23603 for details on election requirements for water districts.