

De Minimis Rate

(not applicable to school districts)

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 unit's 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



\$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?

What adopted tax rates trigger an election or petition for a taxing unit with 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 tax rate AND the 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

*The election trigger in a municipality with a population of less than 30,000 that does not meet the definition of a special taxing unit may differ. See Tax Code Secs. 26.063 and 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.

For more information, visit our website:
comptroller.texas.gov/taxes/property-tax

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