

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:

$$\begin{array}{r}
 \$500,000 \\
 \div \\
 \text{CURRENT YEAR TOTAL TAXABLE VALUE} \\
 \times \\
 \$100 \\
 = \\
 \text{RATE NECESSARY TO IMPOSE \$500,000 IN TAXES}
 \end{array}$$

Step 2:

$$\begin{array}{r}
 \text{ADJUSTED CURRENT YEAR NNR M\&O TAX RATE} \\
 + \\
 \text{RATE NECESSARY TO IMPOSE \$500,000 IN TAXES} \\
 + \\
 \text{CURRENT YEAR DEBT RATE} \\
 = \\
 \text{DE MINIMIS RATE}
 \end{array}$$

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

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

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