

What does out state law say regarding property taxes?

I have submitted several questions to the TML and received the following:

1. We are slowly moving forward toward adopting a city property tax. Is there any restriction regarding the maximum tax rate that we can adopt? Lindale, our nearest neighboring city, currently has a tax rates of .4785. We are thinking of adopting an initial tax rate of .20. [Our records indicate Hideaway is a type B general law city. Type B general law cities are limited by state statute to a maximum property tax levy of \\$0.25 per \\$100 of taxable value. TEX. TAX CODE § 302.001\(b\).](#)
2. It is our current understanding that our Board of Aldermen can adopt this tax without a vote of our citizens. Is this correct? [Yes.](#)
3. If we define this tax to build a fund for a future sewer system, does this place any restrictions on future city councils regarding spending these funds for other uses? [An ad valorem tax \(property tax\) would normally be for general revenue, but you can decide where in your annual budget to spend the money. You can adopt the tax and then budget it accordingly.](#)
4. Is there any state restriction on the amount of future increases without a vote of the citizens? [Yes, going forward you will be limited by SB 2. More information on the rate calculation is available in \[this Q&A\]\(#\).](#)