Disclaimer:
This presentation was created on May 22, 2019

Before HB 3 and SB 2 were finalized
Truth-in-Taxation
2019

TACA’s 85th Annual Conference
What is TNT?

* Texas Constitution

* Tax Code Chapter 26

* Makes taxpayers aware of rate proposals

* Can limit tax increases
Where do you find TNT?

* Tax Code
* Education Code
* Water Code
* Local Government Code
* Election Code
A brief overview of the process:

* **Appraisal District** provides value;
* **Governing Body** drafts budgets;
* **Tax Assessor** calculates rates, publishes notices;
* **Governing body** proposes rate/holds hearings;
* **Governing body** adopts tax rate;
* **Tax Assessor** mails bills
The Texas Legislature has met this year and made changes to our laws.
Value $\times$ Rate = Levy

Value **certified** by the Appraisal District

Rate **adopted** by the Governing Body
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The rates:

• Last year’s tax rate – on the appraisal notice
• The effective tax rate
• The maintenance and operations rate
• The effective maintenance and operations rate
• The debt rate
• The rollback rate
• The sales tax gain rate
• The pollution control rate
• The proposed tax rate
• The adopted tax rate
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EFFECTIVE TAX RATE =

(Last Year’s Levy – Lost Property Levy)

(Current Total Value – New Property Value)
Value times Rate equals Levy

*If value rises the rate should decrease to create the same levy*

For example:

\[ 5,000,000,000 \times \frac{.80}{\$100} = \$40,000,000. \]

\[ 5,700,000,000 \times \frac{.80}{\$100} = \$45,600,000. \]
Value times Rate equals Levy

*If value rises the rate should decrease to create the same levy*

For example:

\[ 5,000,000,000 \times \frac{.80}{100} = \$40,000,000. \]

\[ 5,700,000,000 \times \frac{.70175}{100} = \$40,000,000. \]
Value times Rate equals Levy

If value decreases the rate should increase to create the same levy

For example:

\[ 5,000,000,000 \times \frac{.80}{\$100} = \$40,000,000. \]

\[ 4,500,000,000 \times \frac{.888\ldots}{\$100} = \$40,000,000. \]
Effective Tax Rate Compares

Last year’s Total Tax Levy

This year’s Total Tax Levy (using current values)

The Debt Levy is not separated
Truth-in-Taxation 2019
Rollback Rate Shows Limit

Last year’s M & O Levy

This year’s Effective M & O Levy with 8% increase

Add Current Debt Levy
Truth-in-Taxation 2019

DEBT
DEBT LEVY

★ It can be increased from one year to the next

★ It can be adjusted for anticipated collections

★ It CANNOT be rollbacked

★ Debt Levy can only be used to retire debt
Appraisal District(s) provide:

1. Certified taxable values
2. Values of properties under protest
3. Values of properties known but not certified
4. Value of properties with tax ceilings
5. Value of new real property and improvements
6. Value of property value lost
7. Value of captured appraised value for TIFs

Issues arise when you have to work with more than one appraisal district and/or different software programs
Comptroller provides:
  1. Railroad rolling stock value
  2. Sales tax information (if applicable)

Collectors provide:
  1. Refund information
  2. Excess collections
  3. Anticipated collection rate
Governing body provides:

1. Debt information
2. Unencumbered fund balance
3. Amount of TIF payments
4. Amount if transferring a function
5. Sales tax monies spent for M&O
6. Enhanced Indigent Health Care information
7. Criminal Justice Mandate Information
Four Types of Taxing Units

* County
* City
* School
* Special Districts

Five Categories - TNT Requirements

* Counties and Cities
* School Districts
* Water Districts
* Small Taxing Units
* All Other Taxing Units
ALL TAXING UNITS MUST PROPOSE A TAX RATE
- **July 25**: Certified appraisal roll received
- **Aug 1**: Submit values to governing body
- **Aug 7**: Calculate and (sometimes) publish rates
- **Aug – Sept**: Propose rate, publish notices, hold hearings
- **Sept 30**: Before this date – adopt rate
- **Oct 1**: Mail tax statements
School Districts

* Notice for Budget and Tax Rate
* Public Hearing
* Election or TRE
* Chapter 313
TNT calculations:

* Chapter 313 only effects M&O value
* Calculate effective M&O
* Calculate effective I&S
* Add together
School Districts

* One notice

* One publication

* July 1 or Sept 1 Calendars

* July 1 notice exception
  
  • District intends to adopt rate above previously published proposed rate
  
  • District intends to adopt rate above the rollback rate
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Adopt tax rate first - *Ed. Code 44.004 (i) and (j)*

* Two meetings

* Two notices
NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

The __________________________ will hold a public meeting at: __________________________ in __________________________. The purpose of this meeting is to discuss the school district's budget that will determine the tax rate that will be adopted. Public participation in the discussion is invited.

The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to discuss the revised notice.

Maintenance Tax $_____________________/100 (Proposed rate for maintenance and operations)
School Debt Service Tax Approved by Local Voters $_____________________/100 (proposed rate to pay bonded indebtedness)

Comparison of Proposed Rates with Last Year's Rates

<table>
<thead>
<tr>
<th>Maintenance &amp; Operations</th>
<th>Interest &amp; Sinking Fund*</th>
<th>Total</th>
<th>Local Revenue Per Student</th>
<th>State Revenue Per Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last Year's Rate</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Rate to Maintain Same Level of Maintenance &amp; Operations Revenue &amp; Pay Debt Service</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Proposed Rate</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

* The Interest & Sinking Fund tax revenue is used to pay for bonded indebtedness on construction, equipment, or both. The bonds and the tax rate necessary to pay these bonds were approved by the voters of this district.

Comparison of Proposed Levy with Last Year's Levy on Average Residence

<table>
<thead>
<tr>
<th></th>
<th>Last Year</th>
<th>This Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Market Value of Residences</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Average Taxable Value of Residences</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Last Year's Rate Versus Proposed Rate per $100 Value</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Taxes Due on Average Residence</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Increase (Decrease) in Taxes</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Under state law, the dollar amount of school taxes imposed on the residence homestead of a person 65 years of age or older or of the surviving spouse of such a person, if the surviving spouse was 55 years of age or older when the person died, may not be increased above the amount paid in the first year after the person turned 65, regardless of changes in tax rate or property value.

Notice of Rollback Rate: The highest tax rate the district can adopt before requiring voter approval at an election is ________________. This election will be automatically held if the district adopts a rate in excess of the rollback rate of ________________.

Total Appraised Value and Total Taxable Value (as calculated under Tax Code Section 26.04)

<table>
<thead>
<tr>
<th></th>
<th>Preceding Tax Year</th>
<th>Current Tax Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total appraised value* of all property</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Total appraised value* of new property**</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Total taxable value*** of all property</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Total taxable value*** of new property**</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

* "Appraised value" is the amount shown on the appraisal roll and defined by Tax Code Section 1.04(b).
** "New property" is defined by Tax Code Section 26.012(c).13.
*** "Taxable value" is defined by Tax Code Section 1.041(10).

Bonded Indebtedness

Total amount of outstanding and unpaid bonded indebtedness* $______________

* Outstanding principal.

Fund Balances

The following estimated balances will remain at the end of the current fiscal year and are not encumbered with or by a corresponding debt obligation, less estimated funds necessary for operating the district before receipt of the first state aid payment:

Maintenance and Operations Fund Balance(s) $______________
Interest & Sinking Fund Balance(s) $______________
Overlapping procedures

Budget Process
- Notice
- Hearing
- Adoption

Tax Rate Process
- Notice
- Hearings (if applicable)
- Adoption
Loc. Gov’t Code and Tax Code

- Notice before Sept 1 or 30 days after receipt of appraisal roll
- Publish in newspaper and put on website
- Two public hearings if proposed rate exceeds limit
- Three days between public hearings
- Adopt rate no earlier than 3 or later than 14 after second hearing
- Adopt M&O and I&S separately
NOTICE OF TAX YEAR
PROPOSED PROPERTY TAX RATE FOR

(insert name of county or municipality)

A tax rate of $_________ per $100 valuation has been proposed by the governing body of
(insert name of county or municipality)

PROPOSED TAX RATE $_________ per $100
PRECEDING YEAR'S TAX RATE $_________ per $100
EFFECTIVE TAX RATE $_________ per $100

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for
(insert name of county or municipality) from the same properties in both the (preceding)
tax year and the (current) tax year.

YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS FOLLOWS:

property tax amount = (rate) x (taxable value of your property) / 100

For assistance or detailed information about tax calculations, please contact:
(insert name of county or municipal tax assessor-collector)
(insert name of county or municipality) tax assessor-collector
(insert address)
(insert telephone number)
(insert email address)
(insert internet website address, if applicable)
NOTICE OF (year) TAX YEAR
PROPOSED PROPERTY TAX RATE FOR
(INsert NAME OF COUNTY OR MUNICIPALITY)

A tax rate of $___________ per $100 valuation has been proposed for adoption by the governing body of __________________________. This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate.

The governing body of __________________________ proposes to use revenue attributable to the tax rate increase for the purpose of __________________________.

<table>
<thead>
<tr>
<th>PROPOSED TAX RATE</th>
<th>$____________ per $100</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRECEDING YEAR'S TAX RATE</td>
<td>$____________ per $100</td>
</tr>
<tr>
<td>EFFECTIVE TAX RATE</td>
<td>$____________ per $100</td>
</tr>
<tr>
<td>ROLLBACK TAX RATE</td>
<td>$____________ per $100</td>
</tr>
</tbody>
</table>

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for __________________________ from the same properties in both the preceding and the current tax year.

The rollback tax rate is the highest rate that __________________________ may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the rollback rate.

YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS FOLLOWS:

property tax amount = (rate) x (taxable value of your property) / 100

For assistance or detailed information about tax calculations, please contact:

__________________________ tax assessor-collector
__________________________
__________________________
__________________________
__________________________

You are urged to attend and express your views at the following public hearings on the proposed tax rate:

First Hearing: __________________________ at __________________________.
Second Hearing: __________________________ at __________________________.
72-hour notice

Loc. Govt Code Notice (before Sept 1)

Newspaper/Internet

Second public hearing

72-hour notice

No earlier than 3 days

No more than 14 days

Before Sept 30
DID YOU KNOW THAT
78%
OF TEXAS FIREFIGHTERS ARE VOLUNTEERS?
VFIS OF TEXAS
Small Taxing Units:

* Could be a city or county
* No public hearing requirements
* Notice in the legal or classified section
Small Taxing Unit Notice

The [name of taxing unit] will hold a meeting at [time] on [date] at [location] to consider adopting a proposed tax rate for tax year [year]. The proposed tax rate is [rate] per $100 of value.

(*Include this statement if the proposed tax rate exceeds the taxing unit’s effective tax rate calculated under Tax Code Section 26.04.)

The proposed tax rate would increase total taxes in [name of taxing unit] by [percentage] %.*

* (percentage by which the proposed tax rate exceeds the effective tax rate)
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All Other Taxing Units (AOTU):

* Must publish ETR
* Up to three notices
* Who are these units
All Other Taxing Units Forms

50-212 Notice of Effective Tax Rate

50-197 Notice of Public Hearing on Tax Increase

50-198 Notice of Tax Revenue Increase
Notice of Effective Tax Rate

Form 50-212

This notice concerns [insert property name]

Last year's effective tax rate:
- Last year's operating taxes: $[insert amount]
- Last year's debt taxes: $[insert amount]
- Last year's total taxes: $[insert amount]
- Last year's total tax rate: $[insert amount] per $100 of property value

This year's effective tax rate:
- This year's adjusted base (after subtracting base on last property): $[insert amount]
- This year's effective tax rate: $[insert amount] per $100 of property value

In the last year, the property is estimated to collect an additional tax on property taxes. This tax must be included in the following lines:
- Sales tax adjustment rate: $[insert amount]
- Excise tax rate: $[insert amount]

This year's rollback tax rate:
- Last year's adjusted operating tax (after subtracting tax on last property) and adjusting for any unincorporated function, debt retirement, sales general and local tax, and special district taxes: $[insert amount]
- Last year's effective operating rate: $[insert amount]
- Last year's maximum operating rate: $[insert amount]
- Last year's total rollback rate: $[insert amount]

A hospital district collects an additional sales tax to fund property taxes. If any one district collects this tax, it must include the following line:
- Additional rollback rate for pollution control: $[insert amount]

Schedule A - Unencumbered Fund Balances

Type of Property Tax Fund

<table>
<thead>
<tr>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$[insert amount]</td>
</tr>
</tbody>
</table>

Schedule B - Current Year Debt Service

The tax rate plans to pay the following amounts for long-term debt that is secured by property taxes. These amounts will be paid from property tax revenue or additional sales tax revenue, if applicable.

<table>
<thead>
<tr>
<th>Description of Debt</th>
<th>Principal or Contract Payment Due (Real Estate</th>
<th>Real Estate</th>
<th>Total Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taxes</td>
<td>Other Taxes</td>
<td>Total Payment</td>
</tr>
<tr>
<td></td>
<td>$[insert amount]</td>
<td>$[insert amount]</td>
<td>$[insert amount]</td>
</tr>
</tbody>
</table>

Schedule C - Expected Revenue from Additional Sales Tax

For hospitals with additional sales for an exclusive property tax, the tax rate plans to pay the following: $[insert amount]

Schedule D - Transfer of Department, Function or Activity

The [insert department], operated on [insert function or activity] for the [insert fiscal year], spent $[insert amount]...

Schedule E - Enhanced Indigent Healthcare Expenditures

For the current year, the amount of increase above last year's enhanced indigent care expenditures is $[insert amount].

For more information, visit our website: [insert website]

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Truth-in-Taxation 2019
# Notice of Effective Tax Rate

**Form 50-212**

This notice concerns the property tax for the current tax year. It presents information about the effective tax rate. The rate is based on the assessment of property and is adjusted for various factors, such as sales tax, property tax, and rollback rates. The purpose of this notice is to inform taxpayers of the changes in the tax rates and their impact on property taxes.

<table>
<thead>
<tr>
<th>Property Tax Rates in</th>
<th>(street year)</th>
<th>(street mailing list)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Last year’s tax rate:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Last year’s total tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Last year’s tax hike</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Last year’s total tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>This year’s effective tax rate:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Last year’s adjusted tax rate (after subtracting taxes on this property)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This year’s adjusted tax rate (after subtracting value of new property)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This year’s effective tax rate (Maximum rate after leaving out or not paying for additional expenses)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>This year’s rollback rate:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Last year’s adjusted tax rate (after subtracting taxes on this property and adjusting for any special assessment, debt service payment, or assistance to health care expenditures)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This year’s adjusted tax rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This year’s effective tax rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This year’s rollback rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>For a taxing unit with rollbacks:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For a taxing unit with rollbacks for pollution control</td>
<td></td>
<td></td>
</tr>
<tr>
<td>For a taxing unit with rollbacks for pollution control</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Property Tax Administration Division at the Texas Comptroller of Public Accounts provides property tax information and resources for taxpayers, local taxing authorities, municipal districts, and appraisal districts. For more information, visit the website: [Texas Comptroller of Public Accounts](https://www.texastax.com).
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Statement of Increase/Decrease

If ___________________________ adopts a ___________________________ tax rate equal to the effective tax rate of $ ___________________________ per $100 of value, taxes would ___________________________ compared to current taxes by $ ___________________________.

Schedule A – Unencumbered Fund Balances

The following estimated balances will be left in the taxing unit’s property tax accounts at the end of the fiscal year. These balances are not encumbered by a corresponding debt obligation.

<table>
<thead>
<tr>
<th>Type of Property Tax Fund</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>_________________________</td>
<td>_______</td>
</tr>
</tbody>
</table>

Schedule B – Current Year Debt Service

The taxing unit plans to pay the following amounts for long-term debts that are secured by property taxes. These amounts will be paid from property tax revenue or additional sales tax revenues, if applicable.

<table>
<thead>
<tr>
<th>Description of Debt</th>
<th>Principal or Contract Payment Due in Current Year</th>
<th>Interest Due in Current Year</th>
<th>Other Amounts to the Debt Total Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>____________________</td>
<td>_______________</td>
<td>__________________________</td>
<td>__________________________</td>
</tr>
</tbody>
</table>

Schedule C – Expected Revenue from Additional Sales Tax

For hospital districts with additional sales tax to reduce property taxes, the taxing unit estimated that it will receive $ ___________________________ in additional sales and use tax revenues.

Schedule D – Transfer of Department, Function or Activity

The ___________________________ department, ___________________________ function, ___________________________ project, or ___________________________ activity will be transferred to the ___________________________ department, ___________________________ function, ___________________________ project, or ___________________________ activity (name of new department, function, project, or activity) effective ___________________________ (name of new department, function, project, or activity) on ___________________________.

For more information, visit our website: controller.texas.gov/taxinfo/propstax
If these taxing units do not **PROPOSE** a rate that exceeds the limits

No other notice is necessary
Notice of Public Hearing on Tax Increase

The ______________________ will hold two public hearings on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by __________ percent (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax rate calculated under Tax Code Chapter 26). Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.

The first public hearing will be held on ______________________ at ______________________ at ______________________.

The second public hearing will be held on ______________________ at ______________________ at ______________________.

The members of the governing body voted on the proposal to consider the tax increase as follows:

FOR: ______________________

AGAINST: ______________________

PRESENT and not voting: ______________________

ABSENT: ______________________

The average taxable value of a residence homestead in ______________________ last year was $ ______________________.

The average taxable value of a residence homestead in ______________________ this year is $ ______________________.

Based on last year’s tax rate of $ ______________________ per $100 of taxable value, the amount of taxes imposed last year on the average home was $ ______________________.

The average tax rate is $ ______________________ per $100 of taxable value, the amount of taxes imposed this year on the average home would be $ ______________________.

If the governing body adopts the effective tax rate for this year of $ ______________________ per $100 of taxable value, the amount of taxes imposed this year on the average home would be $ ______________________.

If the governing body adopts the proposed tax rate of $ ______________________ per $100 of taxable value, the amount of taxes imposed this year on the average home would be $ ______________________.

Members of the public are encouraged to attend the hearings and express their views.

NOTICE OF TAX REVENUE INCREASE

The ______________________ conducted public hearings on ______________________ and ______________________ on a proposal to increase the total tax revenues of the ______________________ from properties on the tax roll in the preceding tax year by __________ percent.

The total tax revenues proposed to be raised last year at last year’s tax rate of ______________________.

for each $100 of taxable value was $ ______________________.

The total tax revenues proposed to be raised this year at the proposed tax rate of ______________________.

for each $100 of taxable value, excluding tax revenue to be raised from new property added to the tax roll this year, is ______________________.

The total tax revenues proposed to be raised this year at the proposed tax rate of ______________________.

for each $100 of taxable value, including tax revenue to be raised from new property added to the tax roll this year, is ______________________.

The ______________________ is scheduled to vote on the tax rate that will result in that tax increase at a public meeting to be held on ______________________.

The ______________________ proposes to use the increase in total tax revenue for the purpose of ______________________.
Harris County
Water District No. 36
Water Districts:

* Do **NOT** calculate an effective tax rate
* Must have one public hearing
* Have a unique formula for rollback rate
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Water District
Notice of Public Hearing on Tax Rate

The (name of the district) will hold a public hearing on a proposed tax rate for the tax year (year of tax levy) on (date and time) at (meeting place). Your individual taxes may increase or decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.

FOR the proposal: (names of all members of the governing body and how each voted on the proposed tax rate)

AGAINST the proposal: (governing body and how each voted on the proposed tax rate)

PRESENT and not voting: (governing body and how each voted on the proposed tax rate)

ABSENT:

The following table compares taxes on an average residence homestead in this taxing unit last year to taxes proposed on the average residence homestead this year.

<table>
<thead>
<tr>
<th>Last Year</th>
<th>This Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total tax rate (per $100 of value)</td>
<td>/$100</td>
</tr>
<tr>
<td>Difference in rates per $100 of value</td>
<td>$</td>
</tr>
<tr>
<td>Percentage increase/decrease in rate</td>
<td>%</td>
</tr>
<tr>
<td>Average appraised residence homestead value</td>
<td>$</td>
</tr>
<tr>
<td>General homestead exemptions available</td>
<td>(excluding 65 years of age or older or disabled person’s exemptions)</td>
</tr>
<tr>
<td>Average residence homestead taxable value</td>
<td>$</td>
</tr>
<tr>
<td>Tax on average residence homestead</td>
<td>$</td>
</tr>
<tr>
<td>Annual increase/decrease in taxes if proposed tax rate is adopted (+/-) and percentage of increase (+/-)</td>
<td>$</td>
</tr>
</tbody>
</table>

NOTICE OF TAXPayers' RIGHT TO ROLLBACK ELECTION

If taxes on the average residence homestead increase by more than eight percent, the qualified voters of the water district by petition may require that an election be held to determine whether to reduce the operation and maintenance tax rate to the rollback tax rate under Section 49.236(d), Water Code.

Include the following statement if the water district proposes to adopt a combined tax rate that would authorize the qualified voters of the district to require a rollback election (the proposed tax rate exceeds the rollback tax rate).

The (governing body of the water district) proposes to use the tax increase for the purpose of (description of purpose of increase).
“I move…”
The three conditions:

1. If motion exceeds effective tax rate
2. If imposing more funds from M&O
3. If tax rate exceeds effective M&O rate
Tax Code Section 26.05 (b)

A motion to adopt an ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate must be made in the following form:

"I move that the property tax rate be increased by the adoption of a tax rate of (specify tax rate), which is effectively a (insert percentage by which the proposed tax rate exceeds the effective tax rate) percent increase in the tax rate."
If the ordinance, resolution, or order sets a tax rate that, if applied to the total taxable value, will impose an amount of taxes to fund maintenance and operation expenditures of the taxing unit that exceeds the amount of taxes imposed for that purpose in the preceding year, the taxing unit must:

(1) include in the ordinance, resolution, or order in type larger than the type used in any other portion of the document:

(A) the following statement: "THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE."; and
(B) if the tax rate *exceeds the effective maintenance and operations rate*, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A $100,000 HOME BY APPROXIMATELY $ (Insert amount)."; and

(2) *include on the home page of any Internet website* operated by the unit:

(A) the following statement: "(Insert name of unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR’S TAX RATE"; and

(B) if the tax rate *exceeds the effective maintenance and operations rate*, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A $100,000 HOME BY APPROXIMATELY $ (Insert amount)."
Rollback Election process

- Governing body adopts rate
- Tax Assessor get roll approved
- Tax Assessor mails statements
- Qualified voters get petition signatures
- Governing body validates signatures
- Governing body calls election
- If election passes
- Tax Assessor mails corrected bills
- Collector sends refunds
Rollback Timelines

• Voters have **90** days from date of rate adoption

• Governing body has **20** days from date of submission

• Election held not earlier than **30 nor later than 90** days

• Delinquent date extended by certain number of days

• Refunds sent within **60** days
Hypothetical rollback chronicle:

- Governing body adopts rate Sept. 20th
- Tax statements are mailed Oct. 1
- Petition is presented on Dec. 19th
  - Validation is complete on Jan 8th
  - Election is set for March 1
  - Canvass is complete by March 2
  - Corrected tax statements are mailed March 31
  - Refunds must be made by May 1
  - New delinquency date is Feb. 1 plus 182 (Aug 1).
Questions

House Bill 3 / Senate Bill 2
Issues:

- HB 3 affects school districts **THIS year**
- Must compress rate **AGAIN**
- July 1 school districts **HAD** to publish Budget Notice
- Resources for schools
  - Texas Education Agency
  - Texas Association of School Business Officials
  - Comptroller of Public Accounts
  - Each other
This template is being provided by BOK Financial Securities, Inc. as a service to all school districts.

It reflects my understanding of the school finance provisions contained in HB 3 and the school finance provisions adopted by previous sessions as well. Thanks go to Region 13 for continuing to allow this template to be posted to their website.

Omar Garcia (ogarcia@bokf.com)
BOK Financial Securities, Inc.
toll free 1-855-243-5917; (cell 512-565-7005)

If I understand this allotment correctly (and that is a big if), it is being highly touted as being sufficient to cover the cost of providing full-day Pre K, so only time will tell if that will be the case. Eligible Pre-K students still only generate half ADA.

**ROUND 2 - Additions as follows:**

1. New HB 3 C&T data entry cells: J34 for C&T FTES, Grades 7-12 (bill deleted the Grade 7-12 requirement related to students with disabilities), so what goes in Cell J34 is the FTES of all C&T students in Grades 7-12 and what goes in J35 is current low Advanced C&T FTES + the FTES of students in P-Tech Program + the FTES of students in a New Tech Network campus (don't know what that is yet).
2. A School Safety Allotment has been added - no new data entry cell required...it is estimated to be $9.72 per Total Refined ADA.
3. A new 18-19 data entry cell (G70) has been added to bring in the portion of a district's 18-19 M&O tax rate that exceeded the district's 18-19 rollback rate due to Harvey..."Harvey" districts were allowed to exceed their rollback rate without triggering a TRE.
4. This release also contains my 1st shot at the *Comparison With Proposed Rates to Last Year's Rates* that is part of the Notice that you have to publish (see 'Notice1920' tab and my commentary below the Notice).
5. The CAD credit has been factored in, so now net capture is calculated.

**ROUND 2 - Corrections as follows:**

1. The amount of Tier 1 recapture has been recalculated - the amount of ASF was being counted twice and obviously shouldn't have been.
2. The Equalized Wealth Transition Grant was not being calculated at all and now it is, if applicable.
3. The 103% that is used in determining the Formula Transition Grant was not factored in correctly (Cell H173 on the 'SOF1920-HB3' tab) - seems I forgot the math I learned in 5th Grade (chalk yet another one up to old age).
4. For district's that had a 18-19 M&O rate less than $1.00 and therefore got compressed below the $9.3 HB 3 compressed rate, the calculations are now set up to recognize tax effort up to and beyond the new "voter-approval" (rollback) rate.

Reportedly, a 'TO THE ADMINISTRATOR ADDRESSED' letter from TEA will be sent out soon (maybe you've already received it) and will hopefully address the lingering issues that are still out there (does 30% ring a bell?)...so sit tight - it will all work out...maybe.
Senate Bill 2

- Goes into effect for Tax Year 2020
- Comptroller should have forms updated by July 1
House Bill 3 (HB 3) Implementation: Tax Rate Compression
Let’s learn a new language:

- No-new-revenue tax rate
- Voter-approved tax rate
- De minimis tax rate
- Special taxing unit
“We will survive”
Truth-in-Taxation 2019

Questions??

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