

Property Tax/Budget Requirements

Texas Property Tax Code

PROPERTY TAX

Tax Rate Preparation

- **Finance staff shall calculate the no-new-revenue rate and the voter-approved rate and shall submit the rates to the governing body.**

Sec. 26.04(c) An officer or employee designated by the governing body shall calculate the no-new-revenue tax rate and the voter-approved tax rate for the unit.

1) The no-new-revenue rate, the voter-approved tax rate, and an explanation of how they were calculated;

The estimated amount of interest and sinking fund balances and the estimated amount of maintenance and operation or general fund balances remaining at the end of the current fiscal year that are not encumbered with or by corresponding existing debt obligation

- **The tax rate consists of two components (the Debt rate and the Maintenance & Operations rate), each of which must be approved separately.**

Sec. 26.04(e)(3) a schedule of the unit's debt obligations showing:

- (A) The amount of principal and interest that will be paid to service the unit's debt in the next year from property tax revenue, including payments of lawfully incurred contractual obligations providing security for the payment of the principal of and interest on bonds and other evidences of indebtedness issued on behalf of the unit by another political subdivision...
- (B) The amount by which taxes imposed for debt are to be increased because of the unit's anticipated collection rate; and
- (C) The total of the amounts listed in Paragraphs (A) – (B), less any amount collected in excess of the previous year's anticipated collections ...

Sec. 26.05(a) The tax rate consists of two components, each of which must be approved separately. The components are:

- (1) For a taxing unit other than a school district, the rate that, if applied to the total taxable value, will impose the total amount published under Section 26.04(e)(3)(C), less any amount of additional sales and use tax revenue that will be used to pay **debt service**... ; and,
- (2) The rate that, if applied to the total taxable value, will impose the amount of taxes needed to fund **maintenance and operation** expenditures of the unit for the next year.
- (3) The amount of **additional sales and use tax** revenue anticipated in calculations under Section 26.041 (d); the designated officer shall use the sales and use tax revenue for the last preceding four quarters for which the information is available as the basis for projecting the additional sales and use tax revenues for the current year.
- (4) A statement that the adoption of a tax rate equal to the no-new-revenue tax rate would result in an increase or decrease, as applicable, in the amount of taxes imposed by the unit as compared to last year's levy, and the amount of the increase or decrease;

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Public Hearings – Tax Rates

A public hearing is required.

Section 26.05(d): The governing body of a taxing unit other than a school district may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate calculated as provided by this chapter until the governing body has held a public hearing on the proposed tax rate and has otherwise complied with Section 26.06 and Section 26.065.

Finance staff shall submit the rates to be published in a newspaper by August 7 of each year.

Sec. 26.04(e) By August 7 or as soon thereafter as practicable, the designated officer or employee shall submit the rates to the governing body. He shall deliver by mail to each property owner in the unit or publish in a newspaper in the form prescribed by the comptroller:

The public hearing may not be held until the 5th day after the appraisal district delivers a required notice.

Section 26.05(d-1): The governing body of a taxing unit other than a school district may not hold a public hearing on a proposed tax rate or a public meeting to adopt a tax rate until the fifth day after the date the chief appraiser of each appraisal district in which the taxing unit participates has:

- (1) delivered the notice required by Section 26.04(e-2); and
- (2) complied with Section 26.17(f) (*development of Database of Property-tax-related Information*)

- **Date the Appraisal District Delivered the Notices:** _____
- **5 days later – *the earliest we could hold the public hearing:*** _____
- **Date of our Public Hearing – *should be after date above:*** _____

Notice for a public hearing must be given at least 5 days before the public hearing.

Section 26.06(a): A public hearing required by Section 26.05 may not be held before the fifth day after the date the notice of the public hearing is given.

- **Date of the Public Hearing:** _____
- **5 Days Prior, by which notice must be given:** _____
- **Date our Notice will be published in newspaper:** _____

- The public hearing must be on a weekday that is not a public holiday
- The public hearing must be held within a public building within the City limits
- Proponents and opponents of the tax increase must have an opportunity to express their views at the hearing

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- The newspaper notice must not be smaller than one-quarter page and the headline must be in 24-point or larger type.**

Section 26.06(b): The notice of a public hearing may not be smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and the headline on the notice must be in 24-point or larger type.

- New for 2020, there are **new specific statements required for the public hearing notice**. The alternative option available in the Local Government Code in previous years may no longer be used

There are specific statements for each of the following three scenarios. Forms are available on the Comptroller's website outlining the notice language for each scenario herein.

- (1) If the proposed tax rate exceeds **both** the no-new-revenue tax rate and the voter-approval tax rate
- (2) If the proposed tax rate exceeds the no-new-revenue tax rate but does **not** exceed the voter-approval tax rate
- (3) If the proposed tax rate does **not** exceed the no-new-revenue tax rate but does exceed the voter-approval tax rate

- The notice must be published in a newspaper** or must be mailed to each property owner in the taxing unit

Section 26.06(c): The notice of a public hearing under this section may be delivered by mail to each property owner in the taxing unit or may be published in a newspaper.

- The newspaper notice must not be in the part of the paper in which legal notices and classified ads appear**

Section 26.06(c): If the notice is published in a newspaper, it may not be in the part of the paper in which legal notices and classified advertisements appear.

- The City must post notice of the public hearing prominently on the **City's website** for at least 7 days immediately before the public hearing on the proposed tax rate increase AND at least 7 days immediately before the date of the vote proposing the increase in the tax rate

- The City must post notice of the public hearing on the **public access television channel**. This notice must be 60-seconds in length and shall run 5 times a day between the hours of 7am and 9pm for at least seven days immediately before the public hearing on the proposed tax rate increase and at least seven days before the vote on the tax rate.

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Tax Rate Adoption

- New for 2020, the governing body may vote on the proposed tax rate at the same meeting as the public hearing**

Section 26.06(d): The governing body may vote on the proposed tax rate at the public hearing.

- If the tax rate will generate more M&O revenue than the preceding year certain language is required in the resolution and on the City's website.**

Sec. 26.05(b) 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:

Resolution: "THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE"

Website: "(Insert name of unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE"

Sec. 26.05(b)(2) Include on the home page of any Internet website operated by the unit.

- If the tax rate exceeds the effective M&O rate certain language is required in the resolution and on the City's website.**

Sec. 26.05(b)(1)(B) If the tax rate exceeds the effective maintenance and operations rate, [include in the ordinance, resolution, or order in type larger than the type used in any other portion of the document] the following statement:

Resolution & Website: "THE TAX RATE WILL BE EFFECTIVELY 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)."

- Governing body shall adopt a tax rate before the later of September 30 or the 60th day after the date the certified appraisal roll is received.**

Sec. 26.05(a) The governing body of each taxing unit, before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, shall adopt a tax rate for the current tax year...

- The vote on the tax rate must be separate from the vote on the budget.** Sec. 26.05 (b)

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- For the vote on the tax rate, if the proposed rate exceeds the no-new-revenue rate, at least 60 percent of the members of the governing body must vote in favor of the tax rate and it must be a record vote.** Sec 26.05 (b)

- A motion to adopt the tax rate, if the proposed rate exceeds the no-new-revenue rate, must be made in a certain manner.** Sec. 26.05 (b)

Motion: *"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 no-new-revenue tax rate) percent increase in the tax rate."*

- Governing body shall notify the assessor of the tax rate adopted.**

Sec. 26.05(a) The governing body of each taxing unit, before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit ... shall notify the assessor for the unit of the rate adopted.

Brief Summary of Council Agenda Items

- Council Action: Item to set the proposed tax rate, set the public hearings and place, place an item on the future Council agendas to vote on the tax rate to fund the FY annual budget: _____
- Council: Tax Rate Public Hearing: _____
- Council Action: 1st Vote on Proposed Tax Rate: _____
- Council Action: Final Vote on Proposed Tax Rate: _____

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BUDGET

Proposed Budget

- **If the budget will raise more revenue from property taxes than the prior year, a certain statement is required on a cover page of the Proposed Budget.**

LG Code Sec 102.005(b) A proposed budget that will require raising more revenue from property taxes than in the previous year must contain a cover page with the following statement in 18-point or larger type:

"This budget will raise more total property taxes than last year's budget by (insert total dollar amount of increase and percentage increase), and of that amount (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll) is tax revenue to be raised from new property added to the tax roll this year."

- **The Proposed Budget shall be filed with the City Clerk at least 30 days before Council adopts a tax rate to be available for inspection and to be posted on the City website.**

LG Code Sec 102.005(a) The budget officer shall file the proposed budget with the municipal clerk before the 30th day before the date the governing body of the municipality makes its tax levy for the fiscal year.

LG Code Sec 102.005(c) The proposed budget shall be available for inspection by any person. If the municipality maintains an Internet website, the municipal clerk shall take action to ensure that the proposed budget is posted on the website.

- **Home Rule Charter: ARTICLE 8.- FINANCIAL ADMINISTRATION
Sec. 8.03.- ANNUAL BUDGET**

LG Code ch. 102; LG Code § 102.011.

(a) Content. The budget shall provide a complete financial plan of all City funds and activities and, except as required by law or this Charter, shall be in such form as the City Manager deems desirable or the City Council may require. A budget message explaining the budget both in fiscal terms and in terms of the work programs shall be submitted with the budget. It shall outline the proposed financial policies of the City for the ensuing fiscal year, describe the important features of the budget, indicate any major changes from the current year in financial policies, expenditures, and revenues, with reasons for such changes. It shall also summarize the City's debt position and include such other material as the City Manager deems desirable. The budget shall begin with a clear general summary of its contents and shall show in detail all estimated income, indicating the proposed property tax levy, and all proposed expenditures, including debt service, for the ensuing fiscal year. The proposed budget expenditures shall not exceed the total of estimated income. The budget shall be so arranged as to show comparative figures for actual and estimated income and expenditures of the current fiscal year and actual income and expenditures of the preceding fiscal year, compared to the estimate for the budgeted year. It shall include in separate sections:

- (1) an itemized estimate of the expense of conducting each department, division, and office;
- (2) reasons for proposed increases or decreases of such items of expenditure compared with the current fiscal year;

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- (3) a separate schedule for each department, indicating tasks to be accomplished by the department during the year, and additional desirable tasks to be accomplished, if possible;
 - (4) a statement of the total probable income of the City from taxes for the period covered by the estimate;
 - (5) tax levies, rates, and collections for the preceding five years;
 - (6) an itemization of all anticipated revenue from sources other than the tax levy;
 - (7) the amount required for interest on the City's debts, for sinking fund and for maturing serial bonds;
 - (8) the total amount of outstanding City debts, with a schedule of maturities on bond issue;
 - (9) anticipated net surplus or deficit for the ensuing fiscal year of each utility owned or operated by the City and the proposed method of its disposition (subsidiary budgets for each such utility giving detailed income and expenditure information shall be attached as appendices to the budget);
 - (10) a Capital Improvement Program, which may be revised and extended each year to indicate capital improvements pending or in process of construction or acquisition, and shall include the following items:
 - i. a summary of proposed programs;
 - ii. a list of all capital improvements which are proposed to be undertaken during the five (5) fiscal years next ensuing, with appropriate supporting information as to the necessity for such improvements;
 - iii. cost estimates, method of financing and recommended time schedules for each such improvement; and
 - iv. the estimated annual cost of operating and maintaining the facilities to be constructed or acquired; and
 - (11) such other information as may be required by the City Council.
- (b) Submission. On or before the first day of August of each year, the City Manager shall submit to the City Council a proposed budget and an accompanying message. The City Council shall review the proposed budget and revise same as deemed appropriate prior to general circulation for public hearing.
- (d) Amendment Before Adoption. After the hearing, the City Council may adopt the budget with or without amendment. In amending the budget, it may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law or for debt service or for estimated cash deficit, provided that no amendment to the budget shall increase the authorized expenditures to an amount greater than the total of estimated income plus funds available from prior years.

Public Hearings - Budget

A public hearing on the proposed budget shall be held and shall be open for all to attend.

LG Code Sec 102.006(a) The governing body of a municipality shall hold a public hearing on the proposed budget. Any person may attend and may participate in the hearing.

Notice must be given for the public hearing on the budget.

<https://d.docs.live.net/5c62444f913b46bb/Desktop/Round Rock Tax and Budget Checklist Sept 2020.docx>

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LG Code Sec 102.0065 Special Notice by Publication for Budget Hearing

- (a) The governing body of a municipality shall publish notice before a public hearing relating to a budget in at least one newspaper of general circulation in the county in which the municipality is located.
- (b) Notice published under this section is in addition to notice required by other law, except that if another law requires the governing body to give notice, by publication, of a hearing on a budget this section does not apply.
- (c) Notice under this section shall be published not earlier than the 30th or later than the 10th day before the date of the hearing.
- (d) Notice under this section must include, in type of a size at least equal to the type used for other items in the notice, any statement required to be included in the proposed budget under Section 102.005(b).

The public hearing for the budget must be at least 15 days after the proposed budget is filed and before the tax rate adoption.

LG Code Sec 102.006(b) The governing body shall set the hearing for a date occurring after the 15th day after the date the proposed budget is filed with the municipal clerk but before the date the governing body makes its tax levy.

APPROVED BUDGET FILED WITH MUNICIPAL CLERK: POSTING ON INTERNET

LG Code Sec. 102.008

(a) On final approval of the budget by the governing body of the municipality, the governing body shall:

(1) file the budget with the municipal clerk; and

(2) if the municipality maintains an Internet website, take action to ensure that:

(A) a copy of the budget, including the cover page, is posted on the website; and

(B) the record vote described by Section 102.007(d)(2) is posted on the website at least until the first anniversary of the date the budget is adopted.

(b) The governing body shall take action to ensure that the cover page of the budget is amended to include the property tax rates required by Section 102.007(d)(3) for the current fiscal year if the rates are not included on the cover page when the budget is filed with the municipal clerk. The governing body shall file an amended cover page with the municipal clerk and take action to ensure that the amended cover page is posted on the municipality's website.

**Home Rule Charter: ARTICLE 8.- FINANCIAL ADMINISTRATION
Sec. 8.02.- PUBLIC RECORD**

LG Records Act, V.T.C.A., LG Code ch. 201.

(a) Copies of the budget adopted shall be public records and shall be made available to the public for inspection upon request.

**Home Rule Charter: ARTICLE 8.- FINANCIAL ADMINISTRATION
Sec. 8.03.- ANNUAL BUDGET**

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LG Code ch. 102; LG Code § 102.011.

- (c) Public Notice and Hearing. The City Council shall post in the City Hall a general summary of the proposed budget and a notice stating:
- (1) the times and places where copies of the message and budget are available for inspection by the public; and
 - (2) the time and place, not less than two (2) weeks after such publication, for a public hearing on the budget.

Adoption

ADOPTION OF BUDGET

LG Code Sec.102.007.

- (a) At the conclusion of the public hearing, the governing body of the municipality shall take action on the proposed budget. A vote to adopt the budget must be a record vote.
- (b) The governing body may make any changes in the budget that it considers warranted by the law or by the best interest of the municipal taxpayers.
- (c) Adoption of a budget that will require raising more revenue from property taxes than in the previous year requires a separate vote of the governing body to ratify the property tax increase reflected in the budget. A vote under this subsection is in addition to and separate from the vote to adopt the budget or a vote to set the tax rate required by Chapter 26, Tax Code, or other law.
- (d) An adopted budget must contain a cover page that includes:
 - (1) **one of the following statements** in 18-point or larger type that accurately describes the adopted budget:
 - (A) "This budget will raise more revenue from property taxes than last year's budget by an amount of (insert total dollar amount of increase), which is a (insert percentage increase) percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";
 - (B) "This budget will raise less revenue from property taxes than last year's budget by an amount of (insert total dollar amount of decrease), which is a (insert percentage decrease) percent decrease from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll)."; or
 - (C) "This budget will raise the same amount of revenue from property taxes as last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";
 - (2) the record vote of each member of the governing body by name voting on the adoption of the budget;
 - (3) the municipal property tax rates for the preceding fiscal year, and each municipal property tax rate that has been adopted or calculated for the current fiscal year, including:
 - (A) the property tax rate;

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- (B) the no-new-revenue tax rate;
- (C) the effective maintenance and operations tax rate;
- (D) the voter-approved tax rate; and
- (E) the debt rate; and

(4) the total amount of municipal debt obligations.

(e) In this section, "debt obligation" means an issued public security as defined by Section 1201.002, Government Code, secured by property taxes.

**Home Rule Charter: ARTICLE 8.- FINANCIAL ADMINISTRATION
Sec. 8.01.- FISCAL YEAR**

LG Code § 101.022, V.T.C.A., Tax Code § 1.05.

(a) The fiscal year of the City shall begin on the first day of each October and end on the last day of September of the succeeding year. All funds collected by the City during any fiscal year, including both current and delinquent revenues, shall belong to such fiscal year and, except for funds derived to pay interest and create a sinking fund on the bonded indebtedness of the City, may be applied to the payment of expenses incurred during such fiscal year, except as provided in this Charter. Any revenues uncollected at the end of any fiscal year, and any unencumbered funds actually on hand, shall become resources of the next succeeding fiscal year.

**Home Rule Charter: ARTICLE 8.- FINANCIAL ADMINISTRATION
Sec. 8.03.- ANNUAL BUDGET**

LG Code ch. 102; LG Code § 102.011

(e) Adoption. The budget shall be finally adopted not later than the final day of the last month of the fiscal year. Adoption of the budget shall constitute a levy of the property tax therein proposed. Should the City Council take no final action on or prior to such day the budget, as submitted, together with its proposed tax levy, shall be deemed to have been finally adopted by the City Council. No budget shall be adopted or appropriations made unless the total of estimated revenues, income and funds available shall be equal to or in excess of such budget or appropriations, except as otherwise provided in this Article.

Brief Summary of Council Agenda Items

- Council: Budget Public Hearing: _____
- Council Action: 1st vote on Proposed Budget: _____
- Council Action: Final vote on Proposed Budget: _____
- Council Action: Ratify the Property Tax increase to fund the Adopted Budget: _____

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S.B. 2 Checklist

- By August 7th the City must post notice on the City's website in the form prescribed by the comptroller.
- A new table must be included at the end of the notice of the hearing on the tax rate or meeting to adopt the tax rate.
- The City must fill in the new tax rate calculation forms from the comptroller and must be signed by a designated officer or employee of the City after completion as accurately calculating the applicable tax rates and using values that are the same as the values shown in either the City's certified appraisal roll or the certified estimate of taxable value.
- The tax rate may not be submitted to or adopted by City Council until the designated officer or employee certifies the tax rate calculation forms that he or she has accurately calculated the tax rates.
- The City must hold one public tax rate hearing. The hearing must not be held before the fifth day after the date the notice of the public hearing is given.
- City Council may not hold the public hearing or public meeting to adopt a tax rate until the fifth day after the date the chief appraiser of each appraisal district in which the city participates has delivered its tax estimate notice.
- City Council may vote on the proposed tax rate at the public hearing.
- Tax rate calculations forms must be submitted electronically to the county assessor-collector of each county the city is located and the assessor-collector must post the forms to the county's website.
- There will be a new property tax database the City will need to provide information for. WILCO will enter the information on our behalf. We will have to enter the following for Travis:
 1. The no-new-revenue tax rate and the voter approved tax rate
 2. The proposed tax rate
 3. The date, time, and location of the public hearing, if applicable, on the proposed tax rate
 4. The date, time, and location of the public meeting, if applicable, at which the tax rate will be adopted and
 5. The tax rate calculation forms
- The City is also required to post information on the City's website. The following information is required and includes:
 1. The name of each member of the City Council
 2. The mailing address, email address, and telephone number of the City
 3. The official contact information for each member of the City Council
 4. The City's budget for the previous two years
 5. The City's proposed or adopted budget for the current year
 6. The change in the amount of the City's budget from the preceding year to the current year, by dollar amount and percentage
 7. The amount of property tax revenue budgeted for maintenance and operations for the current year and previous two years
 8. The tax rate for maintenance and operations adopted by the City for the current year and previous two years
 9. The tax rate for debt service adopted by the City for the current year and previous two years and
 10. The most recent financial audit of the City

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- Tax rate forms must be included in the appendix of the City's Budget Book.