

# GFOAT Mission Statement

Promoting Excellence in  
Government Finance

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# The Good, The Bad, and How to Keep Your Property Tax Rate from Getting Ugly

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# Tuesday, April 18

# Welcome & Introductions

Martie Simpson, CPA  
Executive Director, GFOAT

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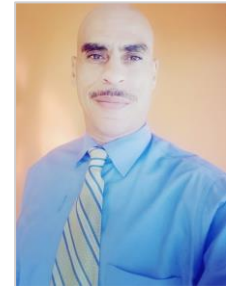
# Speaker Panel



Martie Simpson  
*Executive  
Director  
GFOAT*



Larry Gaddes  
*Tax Assessor/  
Collector,  
Williamson  
County*



Craig Williams  
*TNT Specialist,  
Comptroller of  
Public  
Accounts*



Susan Morgan  
*CFO, City of  
Round Rock*



Aaron Rector  
*Director of  
Admin  
Services, City  
of Keller*



Karen Rhodes  
*Budget and  
Research  
Director, City  
of Plano*

# SESSION OVERVIEW

- Tuesday
  - Legal, History & Purpose
  - Roles & Responsibilities
  - Timeline, Calendar & Publications
  - Understanding Your Tax Base
- Wednesday – Worksheet Day!
  - Walk through entire Form 50-856
  - Final observations from a Tax/Assessor Collector & a TNT Specialist

# Legal, History and Purpose of Truth in Taxation

Craig Williams

TNT Specialist, Comptroller of Public Accounts

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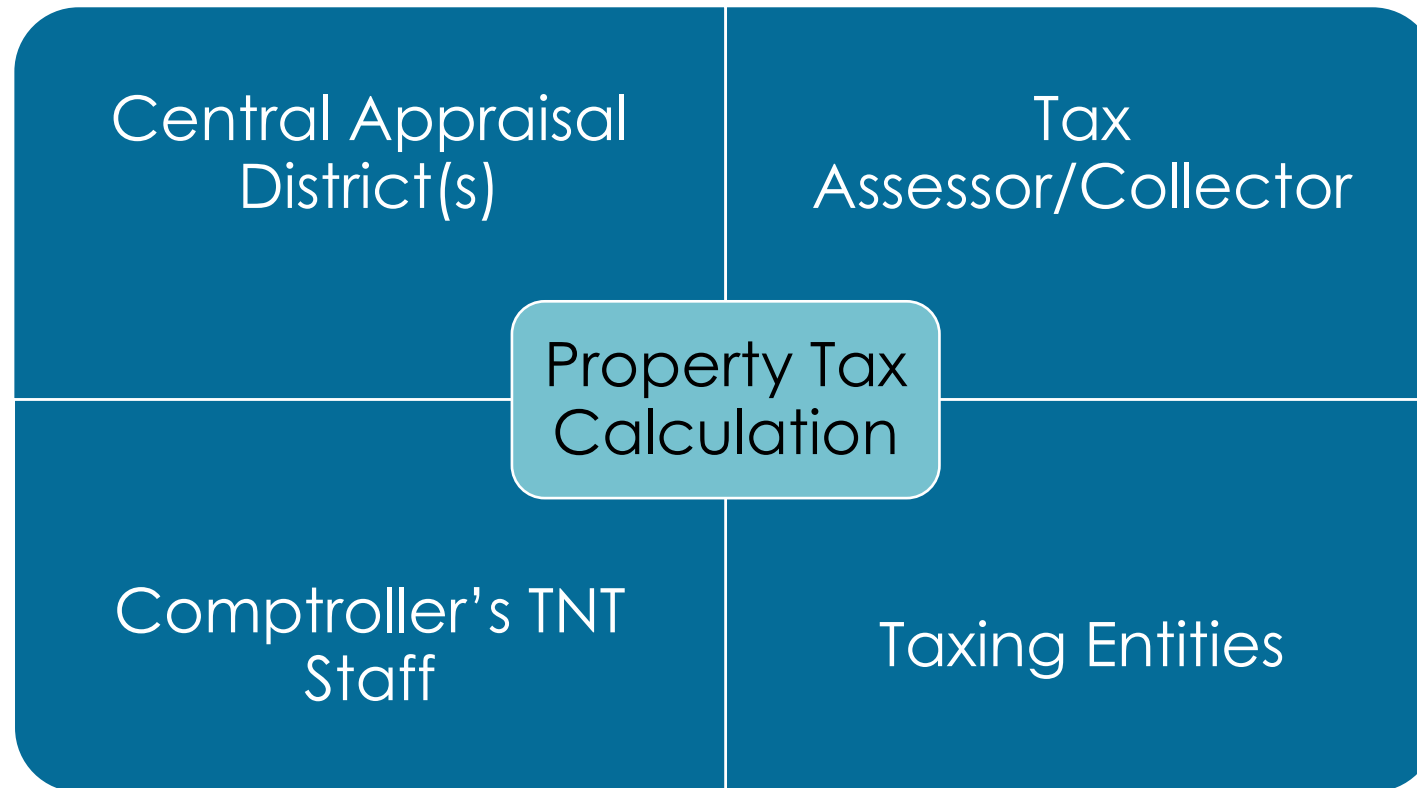
# Roles and Responsibilities: The CAD, The TAC, The Comptroller & The Finance Officers

Panel Discussion

Facilitated by Susan Morgan

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# PROPERTY TAX CALCULATION





# LESSONS FOR 2023

- Prepare early! Expect some changes and clarifications for 2023
  - Remember, the legislature is in session!
  - There could be changes for Tax Year 2023 and will almost certainly be changes for Tax Year 2024
- Read the Tax Code and have a check list ready
  - With each Tax Year, codes more strictly scrutinized and enforced
- Talk to your tax assessor collector(s) – **early and often**
- Talk to you chief appraiser(s) – **early and often**
- TACs and CADs do prepare and interpret details differently
  - Just like individual cities

# LESSONS FOR 2023, continued

- Questions? Help?
  - TML, Comptroller's TNT staff, your City Attorney and GFOAT
- Check your website, taxpayer website(s) and links before, during and after the adoption process
- Check your charter and ordinance requirements
- Reach out to your finance director friends
- **Caution:**
  - Be careful about copying other cities or prior years without understanding what may be different for your city
  - Citizens are getting more and more educated. Be prepared to support your data!

# Timeline, Calendar & Publications

Aaron Rector  
Karen Rhodes  
Martie Simpson

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# BRIEF REVIEW OF THE PROCESS

- Appraisal District Provides Value
- Governing Body Drafts Budgets
- Tax Assessor Calculates Rates, May Publish Notices
- Governing Body Proposes Rate/Holds Hearings
- Governing Body Adopts Tax Rate
  - Governing body must adopt a budget *first*
    - *Can be done at the same meeting as tax rate*
  - Governing body adopts a separate resolution if raising tax revenues
- Tax Assessor Mails Bills

NOTE: Overall process review 1<sup>st</sup> – then a walk through of De Minimis for Small Cities

# TAX RATE

ALL TAXING UNITS MUST PROPOSE A TAX RATE



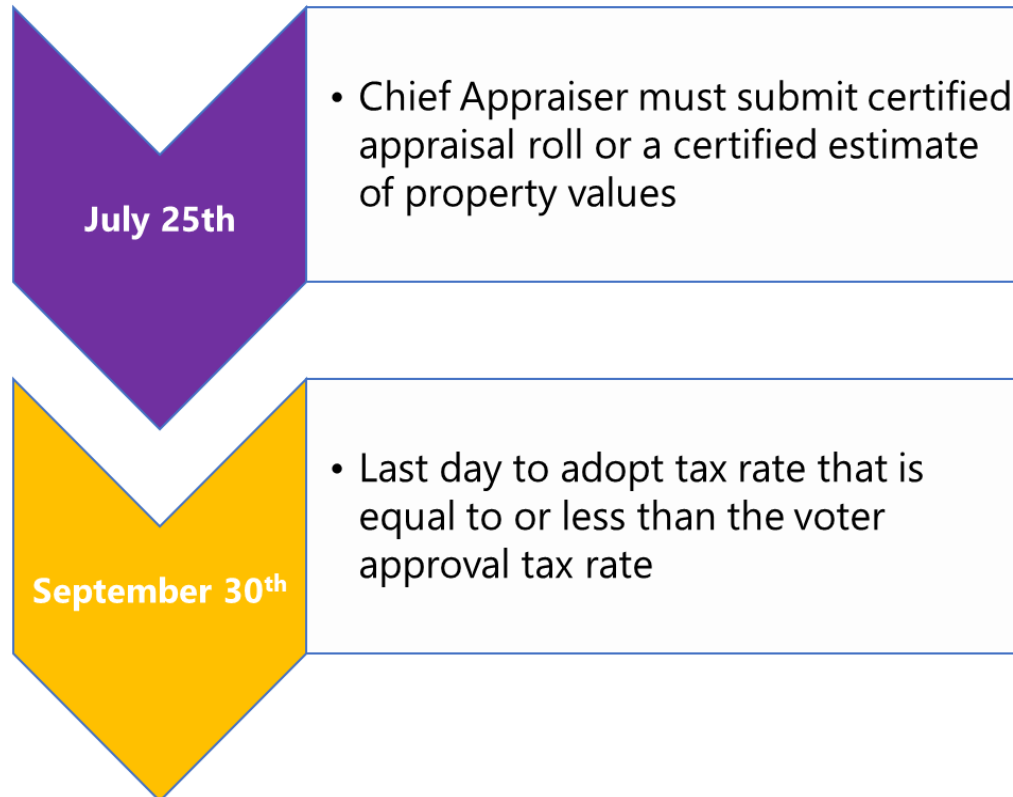
Property Tax Rates Have Two Components:

Interest & Sinking (I&S)/Debt Service Tax Rate  
– Debt Service Fund

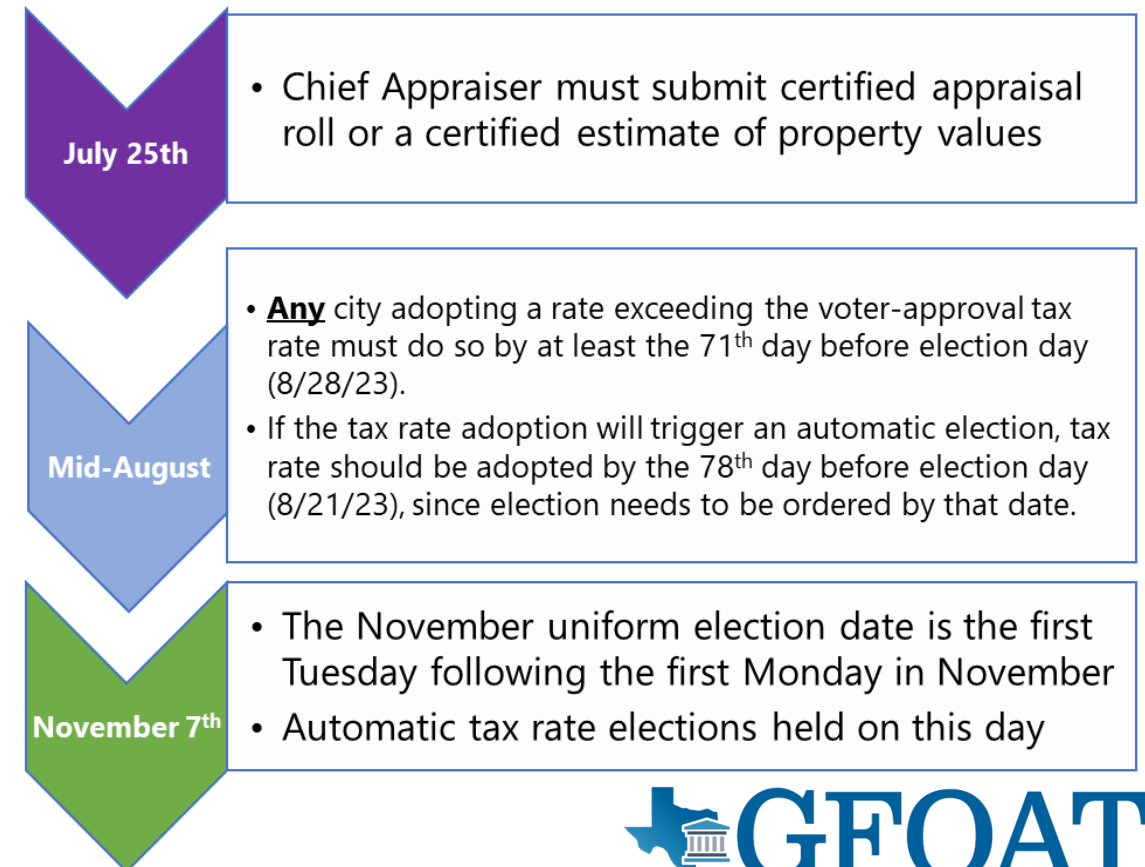
Maintenance & Operations (M&O) Tax Rate  
– General Fund

# TAX RATE TIMELINE

## Adopting Rate AT OR BELOW Voter-Approval Rate



## Adopting Rate ABOVE Voter-Approval Rate



# NOTICE OF TAX RATE – FORM 50-212

- ➔ No-new-revenue tax rate
- ➔ Voter-approval rate
- ➔ Explanation of how they were calculated
- ➔ Unencumbered fund balance
- ➔ Current year debt service
- ➔ Must be posted on the website
- ➔ Does not have to be in the newspaper
- ➔ Post when you deliver the proposed budget

# NOTICE OF TAX RATE FORM 50-212

Form 50-212

## Notice About \_\_\_\_\_ Tax Rates

(current year)

Property Tax Rates in \_\_\_\_\_  
(taxing unit's name)

This notice concerns the \_\_\_\_\_ property tax rates for \_\_\_\_\_  
(current year) (taxing unit's name)

This notice provides information about two tax rates used in adopting the current tax year's tax rate. The no-new-revenue tax rate would impose the same amount of taxes as last year if you compare properties taxed in both years. In most cases, the voter-approval tax rate is the highest tax rate a taxing unit can adopt without holding an election. In each case, these rates are calculated by dividing the total amount of taxes by the current taxable value with adjustments as required by state law. The rates are given per \$100 of property value.

*Taxing units preferring to list the rates can expand this section to include an explanation of how these tax rates were calculated.*

**This year's no-new-revenue tax rate** ..... \$ \_\_\_\_\_ /\$100

**This year's voter-approval tax rate** ..... \$ \_\_\_\_\_ /\$100

To see the full calculations, please visit \_\_\_\_\_ for a copy of the Tax Rate Calculation Worksheet.  
(website address)

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### Unencumbered Fund Balances

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

Type of Fund	Balance
	\$

**Current Year Debt Service**

The following amounts are for long-term debts that are secured by property taxes. These amounts will be paid from upcoming property tax revenues (or additional sales tax revenues, if applicable).



# SET PROPOSED RATE *(NOT TO EXCEED RATE)*

Take a record vote

Regular or Special City Council Meeting

- NOTE: Check your City's Charter!

The governing body can adopt a rate at or below this rate

Cannot exceed the rate approved at this meeting

# NOTICE OF PUBLIC HEARING OR MEETING

1. Must be posted if the taxing unit proposes a tax rate that:
  - Exceeds the no-new-revenue tax rate and the voter-approval tax rate
  - Exceeds the no-new-revenue tax rate but is less than or equal to the voter-approval rate
  - Exceeds the voter-approval tax rate and is less than or equal to the no-new-revenue tax rate **(Yes, that can happen!)**
2. Must be published in the newspaper or mailed to each property owner
3. Must be posted on the website

# PUBLISH NOTICE

If a taxing unit proposes a tax rate that is less than or equal to the no-new-revenue tax rate and the voter-approval tax rate, the taxing unit must provide notice of a public meeting <sup>18</sup>.

The Comptroller's office provides model forms that include the required statutory language.

- [Form 50-873- Notice of Public Hearing on Tax Increase \(PDF\)](#), used if the *proposed tax rate exceeds the no-new-revenue tax rate and the voter-approval tax rate*
- [Form 50-874- Notice of Public Hearing on Tax Increase \(PDF\)](#), used if the *proposed tax rate is greater than the voter-approval tax rate and the de minimis rate*
- [Form 50-875 – Notice of Public Hearing on Tax Increase \(PDF\)](#), used if the *proposed tax rate exceeds the no-new-revenue tax rate and the voter-approval tax rate but does not exceed the de minimis rate*
- [Form 50-876 – Notice of Public Hearing on Tax Increase \(PDF\)](#), used if the *proposed tax rate exceeds the no-new-revenue tax rate but does not exceed the voter-approval tax rate*
- [Form 50-877 – Notice of Public Hearing on Tax Increase \(PDF\)](#), used if the *proposed tax rate does not exceed the no-new-revenue tax rate but exceeds the voter-approval tax rate*
- ★ [Form 50-878 – Notice of Public Hearing on Tax Increase \(PDF\)](#), used if the *proposed tax rate exceeds the no-new-revenue tax rate and the voter-approval tax rate, and de minimis rate exceeds the voter-approval tax rate*
- [Form 50-879 – Notice of Public Hearing on Tax Increase \(PDF\)](#), used if the *proposed tax rate does not exceed the no-new-revenue tax rate or the de minimis rate but exceeds the voter-approval tax rate*
- ★ [Form 50-880 – Notice of Public Hearing on Tax Increase \(PDF\)](#), used if the *proposed tax rate does not exceed the no-new-revenue tax rate but exceeds the voter-approval tax rate and the de minimis rate exceeds the voter-approval rate*
- [Form 50-887 – Notice of Public Hearing on Tax Increase \(PDF\)](#), used if the *proposed tax rate exceeds the voter-approval tax rate but not the no-new-revenue tax rate and de minimis rate exceeds the voter-approval rate*

- You must use one of these forms
- All are available on the Comptroller's website
- For most entities, this will be prepared by your tax assessor/collector
- Forms are different for De Minimis cities ★

# PUBLISH NOTICE, continued

## Tax Increases for all taxing units OTHER than School Districts, Small Taxing Units and Water Districts

### Notice in Newspaper or Mail



- Notice of public hearing required by Tax Code Section 26.05 – may not be held before the 5<sup>th</sup> day (not ISDs) after the chief appraiser of each CAD in which the taxing unit participates has delivered the notice by Section 26.04 (e-2) and complied with Section 26.17(f).

### Public Hearing



- Governing body holds public hearing.
- Announces the date, time and place of vote (7<sup>th</sup> day deadline).

### Meeting to Adopt Tax Rate



- Governing body holds meeting to adopt tax rate
- Must not be held later than the 7<sup>th</sup> day after the public hearing.

# NOTICE OF PUBLIC HEARING ON TAX INCREASE

A tax rate of \$0.5335 per \$100 valuation has been proposed by the governing body of the City of Austin.

PROPOSED TAX RATE	\$0.5335 per \$100
NO-NEW-REVENUE TAX RATE	\$0.4284 per \$100
VOTER-APPROVAL TAX RATE	\$0.4460 per \$100

The no-new-revenue tax rate is the tax rate for the 2020 tax year that will raise the same amount of property tax revenue for the City of Austin from the same properties in both the 2019 tax year and the 2020 tax year.

The voter-approval rate is the highest rate that the City of Austin may adopt without holding an election to seek voter approval of that rate.

The proposed tax rate is greater than the no-new-revenue rate. This means that the City of Austin is proposing to increase property taxes for the 2020 tax year.

A PUBLIC HEARING ON THE PROPOSED TAX RATE WILL BE HELD ON August 12, 2020 at 10am the Palmer Events Center, 900 Barton Springs Road, Austin, Texas.

The proposed tax rate is also greater than the voter-approval tax rate. If the City of Austin adopts the proposed tax rate, the City of Austin is required to hold an election so that the voters may accept or reject the proposed tax rate. If a majority of the voters reject the proposed tax rate, the tax rate of the City of Austin will be the voter-approval tax rate. The election will be held on November 3, 2020. You may contact the Office of the City Clerk for information about voting locations. The hours of voting on election day are 7am to 7pm.

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

$$\text{Property tax amount} = (\text{tax rate}) \times (\text{taxable value of your property}) / 100$$

(Names of all members of the governing body below, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating absences.)

**FOR the proposal:** Steve Adler, Natasha Harper-Madison, Delia Garza, Sabino "Pio" Renteria, Gregorio "Greg" Casar, Ann Kitchen, Jimmy Flannigan, Leslie Pool, Paige Ellis, Kathie Tovo, Alison Alter

**AGAINST the proposal:**

**PRESENT and not voting:**

**ABSENT:**

The 86th Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.

The following table compares taxes imposed on the average residence

# REQUIRED NOTICE

## LARGE CITY EXAMPLE

# REQUIRED NOTICE

Statements required in notice if the proposed tax rate exceeds the no-new-revenue tax rate but does not exceed the voter-approval tax rate, as prescribed by Tax Code §26.06(b-2).

## NOTICE OF PUBLIC HEARING ON TAX INCREASE

A tax rate of \$0.342000 per \$100 valuation has been proposed by the governing body of City of Round Rock.

PROPOSED TAX RATE	\$0.342000 per \$100
NO-NEW-REVENUE TAX RATE	\$0.326408 per \$100
VOTER-APPROVAL TAX RATE	\$0.363244 per \$100

The no-new-revenue tax rate is the tax rate for the 2022 tax year that will raise the same amount of property tax revenue for City of Round Rock from the same properties in both the 2021 tax year and the 2022 tax year.

The voter-approval rate is the highest tax rate that City of Round Rock may adopt without holding an election to seek voter approval of the rate.

The proposed tax rate is greater than the no-new-revenue tax rate. This means that City of Round Rock is proposing to increase property taxes for the 2022 tax year.

A PUBLIC HEARING ON THE PROPOSED TAX RATE WILL BE HELD ON August 25, 2022 at 6:00 PM at 221 E. Main St., Round Rock, 78664.

The proposed tax rate is not greater than the voter-approval tax rate. As a result, City of Round Rock is not required to hold an election at which voters may accept or reject the proposed tax rate. However, you may express your support for or opposition to the proposed tax rate by contacting the members of the City Council of City of Round Rock at their offices or by attending the public hearing mentioned above.

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

$$\text{Property tax amount} = (\text{tax rate}) \times (\text{taxable value of your property}) / 100$$

(List names of all members of the governing body below, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating absences.)

FOR the proposal:	Mayor Craig Morgan, Mayor Pro-Tem Rene Flores, Councilmember Matthew Baker, Councilmember Frank Ortega, Councilmember Kristin Stevens, Councilmember Hilda Montgomery
AGAINST the proposal:	None
PRESENT and not voting:	None
ABSENT:	Councilmember Michelle Ly

The 86th Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.

The following table compares the taxes imposed on the average residence homestead by City of Round Rock last year to the taxes proposed to be imposed on the average residence homestead by City of Round Rock this year.

	2021	2022	Change
<b>Total tax rate (per \$100 of value)</b>	\$0.397000	\$0.342000	13.85% decrease
<b>Average homestead taxable value</b>	\$322,459	\$366,809	13.75% increase
<b>Tax on average homestead</b>	\$1,280	\$1,254	2.03% decrease
<b>Total tax levy on all properties</b>	\$69,428,717	\$74,190,150	6.86% increase

For assistance with tax calculations, please contact the tax assessor for City of Round Rock at

## MEDIUM CITY EXAMPLE

Statements required in notice if the proposed tax rate exceeds the no-new-revenue tax rate and the voter-approval tax rate but does not exceed the de minimis rate, as prescribed by Tax Code §§26.06(b-1) and 26.063(c).

## NOTICE OF PUBLIC HEARING ON TAX INCREASE

This notice only applies to a taxing unit other than a special taxing unit or municipality

A tax rate of \$ 0.454559 per \$100 valuation has been proposed by the governing body of  
City of Liberty Hill

PROPOSED TAX RATE	\$ <u>0.454559</u>	per \$100
NO-NEW-REVENUE TAX RATE	\$ <u>0.372087</u>	per \$100
VOTER-APPROVAL TAX RATE	\$ <u>0.407964</u>	per \$100
DE MINIMIS RATE	\$ <u>0.459916</u>	per \$100

The no-new-revenue tax rate is the tax rate for the 2022 tax year that will raise the same amount of property tax revenue for City of Liberty Hill from the same properties in both the 2021 tax year and the 2022 tax year.

The voter-approval rate is the highest tax rate that City of Liberty Hill may adopt without holding an election to seek voter approval of the rate, unless the de minimis rate for City of Liberty Hill exceeds the voter-approval rate for City of Liberty Hill.

The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate for City of Liberty Hill the rate that will raise \$500,000, and the current debt rate for City of Liberty Hill.

The proposed tax rate is greater than the no-new-revenue tax rate. This means that City of Liberty Hill is proposing to increase property taxes for the 2022 tax year.

A PUBLIC HEARING ON THE PROPOSED TAX RATE WILL BE HELD ON 8/17/2022 5:30 PM and 8/24/2022 6:00 PM at City of Liberty Hill, 2801 Ranch Road 1869, Liberty Hill, TX

The proposed tax rate is greater than the voter-approval tax rate but not greater than the de minimis rate. However, the proposed tax rate exceeds the rate that allows voters to petition for an election under Section 26.075, Tax Code. If City of Liberty Hill adopts the proposed tax rate, the qualified voters of the City of Liberty Hill may petition the City of Liberty Hill to require an election to be held to determine whether to reduce the proposed tax rate. If a majority of the voters reject the proposed tax rate, the tax rate of the City of Liberty Hill will be the voter-approval tax rate of the City of Liberty Hill.

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

$$\text{Property tax amount} = (\text{tax rate}) \times (\text{taxable value of your property}) / 100$$

(List names of all members of the governing body below, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating absences.)

FOR the proposal: Chris Pezold, Crystal Mancilla, Amanda Young, Angela Jones

AGAINST the proposal: \_\_\_\_\_

PRESENT and not voting: Liz Branigan

ABSENT: Will Crossland

# REQUIRED NOTICE

## SMALL CITY EXAMPLE *Under 30,000* DE MINIMIS RATE

# HOLD A PUBLIC HEARING

Held after the required notice is published to give taxpayers the opportunity to express their views

Small taxing units have no public hearing requirement

A quorum of the governing body must be present

Must be open to the public



# ADOPT A TAX RATE

Must adopt before September 30<sup>th</sup> or the 60<sup>th</sup> day after receiving the certified roll

Must hold an election on the next uniform election date if adopted rate exceeds the VAR

Rate must be adopted no later than the 71<sup>st</sup> day before the election date

# HOLD AUTOMATIC ELECTIONS *IF NECESSARY*

Must order election  
no later than the 78<sup>th</sup>  
day before the  
election

If the proposition  
fails, the taxing unit  
may not adopt a rate  
that exceeds the VAR

# AUTOMATIC ELECTION TRIGGERS

Voter-Approval

- Special taxing units
- City with a population of 30,000 or more

Greater:  
Voter-Approval  
or  
De Minimis

- Cities with population of less than 30,000
- Taxing units other than special taxing units

Voters do not  
approve  
adopted rate

- Rate lowered to voter-approval rate

Disaster  
Exception

- Election not required year after disaster

Effective Jan. 1, 2020

# ADOPTED TAX RATES - Summary

## What adopted tax rates trigger an election or petition

### ADOPTED TAX RATE IS:

<b>BELOW</b> voter-approval tax rate	No election required
<b>ABOVE</b> voter-approval tax rate but <b>BELOW</b> de minimis rate	Voters may petition for an election*
<b>ABOVE</b> voter-approval tax rate; Taxing unit does not calculate a de minimis rate	Election required**
<b>ABOVE</b> voter-approval tax rate and <b>ABOVE</b> 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.

# Failure to Comply With State Law



- Failure to adopt by deadline
  - Defaults city to lower of NNR or prior year tax rate
- Failure to comply with TNT
  - Any taxable property owner can challenge if failure to comply was not in good faith

# DE MINIMIS RATE (DMR) - CITIES LESS THAN 30,000 IN POPULATION

No-New-Revenue Maintenance and Operations Rate	+	The Rate Applied to Current Value That Will Impose a Rate Equal to \$500,000	+	Current Debt Service

# PUBLISH SIMPLIFIED NOTICE

- The Comptroller's office provides a model for the simplified notice
  - Form 50-878 Notice of Public Hearing on Tax Increase (PDF) –*Proposed tax rate exceeds the no-new-revenue tax rate and the voter-approval tax rate and the de minimis rate exceeds the voter-approval tax rate*
  - Form 50-887 Notice of Public Hearing on Tax Increase (PDF) –*Proposed tax rate exceeds the no-new-revenue tax rate exceeds the voter-approval tax rate but does not exceed the no-new-revenue tax rate and the de minimis rate exceeds the voter-approval tax rate.*

# PUBLISH NOTICE – VERY SMALL CITY

## Small Taxing Units

Tax Code Section 26.052



- Small taxing unit tax rate of .50 cents or less raising \$500,000 or less.
- Small notice in newspaper but also post on website homepage.



# AUTOMATIC ELECTION

## DMR Exceeds the VAR

- Proposed Tax Rate Exceeds DMR
- Must Publish Form 50-874
- Must Hold a Public Hearing
- Adopted Rate Exceeds DMR
- Automatic Election

## DMR Is Lower Than The VAR

- Proposed Tax Rate Exceeds the VAR
- Must Publish Form 50-880
- Must Hold a Public Hearing
- Adopted Rate Exceeds VAR
- Automatic Election

# POSSIBLE PETITION FOR ELECTION

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Proposed Rate Exceeds The VAR

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But Less Than or Equal To De Minimis

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Process Starts After Tax Rate is Formally Adopted

# PETITION PROCESS

## Voters Can Petition

- Must state that it is intended to require an election to reduce the tax rate
- Must be signed by at least 3% of registered voters
- Must be submitted to the governing body within 90 days of tax adoption

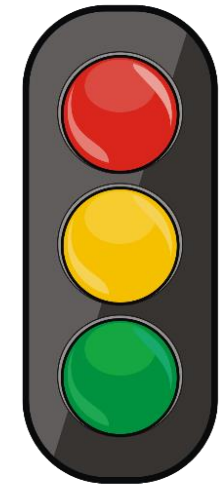
## Governing Body

- Has 20 days to validate upon receipt
- If no action, petition is automatically valid
- Must pass a resolution or order if petition is invalid
- Shall order an election on the next uniform election date if valid

# AUTOMATIC ELECTION TO ADOPT TAX RATE OF TAXING UNIT

**Scenario 1:** de minimis rate is greater than voter-approval rate

ADOPTED	RESULT
Greater than de minimis rate	Automatic election
Greater than voter-approval rate but less than or equal to de minimis rate	Petition required
Less than voter-approval rate	No election

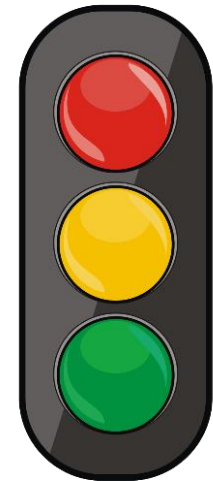


Note: "Voter-approval rates" refers to the standard voter-approval rate (3.5%) used by taxing entities that are not special taxing units and the special taxing unit voter-approval rate (8%).

# AUTOMATIC ELECTION TO APPROVE TAX RATE OF TAXING UNIT

**Scenario 2:** de minimis rate is less than voter-approval rate

ADOPTED TAX RATE	RESULT
Greater than voter-approval rate	Automatic election
Less than voter-approval rate but greater than of equal to de minimis rate	No election
Less than voter-approval rate and de minimis rate	No election



Note: "Voter-approval rates" refers to the standard voter-approval rate (3.5%) used by taxing entities that are not special taxing units and the special taxing unit voter-approval rate (8%).

# Publications & The Numbers

Susan Morgan

# ADOPTED TAX RATES

- **Question:** Your numbers don't match up – do you have a spreadsheet error?
- **Question:** Why are all these numbers different? There you go, trying to confuse the public again!
  - **Answer:** *No errors. Each publication comes from a different section of the statute*
  - **Answer:** *Intent of the legislature is to provide multiple views of the tax rates and revenues*
  - **Answer:** *And, yes, it is still very confusing!*

# REQUIRED TAX & BUDGET PUBLICATIONS

- Two governing statutes
  - Texas Tax Code, Section 26
  - Texas Local Government Code, Chapter 102
- Each require specific language, timing, location, and sometimes even font size
  - Websites, newspapers, budget documents, public access channels, motions and ordinance wording
- Intent of all is to provide uniform and proper notice and information to taxpayer
  - Sections were adopted at different times for different purposes



# REQUIRED TAX & BUDGET PUBLICATIONS

- **Motion** – Increase over **no-new-revenue rate**

“I move that the property tax rate be increased by the adoption of the tax of \$0.342000, which is effectively a **4.8 percent** increase in the tax rate.”

Property Tax Code Sec. 26.05(b)

- **Publication** – Increase in **budgeted revenues**

“This *budget* will raise more revenue from property taxes than last year’s *budget* by an amount of \$4,795,437 which is a **6.8 percent** increase from last year’s budget, and of that amount \$1,445,056 is tax revenue to be raised from new property added to the tax roll this year.”

Local Government Code Sec. 102.005(b)

- **Ordinance** – Increase in taxes for **maintenance and operations**

The tax rate will effectively be raised by **2.9%** and will raise taxes for M&O on a \$100,000 home by approximately \$6.43

Property Tax Code Sec. 26.05(b)(1)(B)

- **Newspaper Notice** – Increase in **tax levy**

Total tax levy on all properties increased \$4,761,433 or **6.86 percent**

Property Tax Code Sec. 26.06(b-2)

*NOTE: These represent some, but not all the various required publications*

# REQUIRED MOTION LANGUAGE

- **Motion** – Increase over *no-new-revenue rate*

“I move that the property tax rate be increased by the adoption of the tax of \$0.342000, which is effectively a **4.8 percent** increase in the tax rate.”

*Property Tax Code Sec. 26.05(b)*

Proposed Tax Rate	\$0.342000
No New Revenue Tax Rate*	\$0.326408
<b>PROPOSED INCREASE</b>	<b>1.6 cents</b> <b>+ 4.8 %</b>

\* Not impacted by current year sales tax for property tax reduction

# REQUIRED PUBLICATION LANGUAGE

- **Publication** – Increase in ***budgeted revenues***

“This *budget* will raise more revenue from property taxes than last year’s *budget* by an amount of \$4,795,437 which is a **6.8 percent** increase from last year’s budget, and of that amount \$1,445,056 is tax revenue to be raised from new property added to the tax roll this year.”

Local Government Code Sec. 102.005(b)

Revenues from new property	\$1,445,056
Additional revenues over FY 2021 <i>Budget</i> *	3,350,381
<b>TOTAL INCREASE</b>	<b>\$4,795,437</b>
	<b>+ 6.8 %</b>

\* Due to 1.6 cent increase

# REQUIRED ORDINANCE LANGUAGE

- **Ordinance** – Increase in taxes for maintenance and operations  
The tax rate will effectively be raised by 2.9% and will raise taxes for M&O on a \$100,000 taxable value by approximately \$6.43  
Property Tax Code Sec. 26.05(b)(1)(B)
- The tax rate is made up of two components – the M&O rate and the debt rate
- The City's 4.8% total rate increase based on separate calculation that does not take into account current sales tax or the two components. The conflicting separate M&O calculation is created by the sales tax for property tax reduction component of the calculation

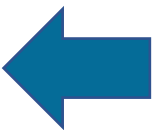
Proposed M&O Rate	\$0.224400
Debt Rate	\$0.117600
<b>Proposed Tax Rate</b>	<b>\$0.342000</b>

Proposed M&O Rate	\$0.224400
No-New-Revenue M&O Rate	\$0.217966
<b>Calculated Increase</b>	<b>\$0.006434</b>
	+ 2.9%

# TAX RATE NOTICE

Notice of Public Hearing on Tax Increase, as published

	2021	2022	Change
Total tax rate	\$0.397	\$0.342	13.85% decrease or \$0.055
Average homestead taxable value	\$322,459	\$366,809	13.75% increase
Tax on average homestead	\$1,280	\$1,254	2.03% decrease or \$26
Total tax levy on all properties	\$69,428,717	\$74,190,150	6.86% increase or \$4,761,433



Per Property Tax Code Sec. 26.06

# TAX RATE NOTICE

## **Total Tax Rate**

- Presents adopted rates NOT adjusted for change in values
- Compares nominal rate to nominal rate
- Does highlight the rate decrease when values rise

## **Average Homestead Taxable Value**

- Based on **Average** taxable value, not **Median**

## **Tax on Average Homestead**

- Average taxable value and nominal rate for each year
- Compares two different data sets

## **Total Tax Levy on All Properties**

- Prior year is based on actual collections
- LGC 102.005 notice is based on prior year budget
- Current year levy is as calculated based on strict calculation of levy
- City's budget reflects expected collections on properties still in ARB

# MEDIAN VS. AVERAGE

- The **Median** is the middle value in a dataset
- Half the homes are higher in value, and half the homes are lower in value
- Has been CORR standard indicator for taxable home values
- The **Average** is found by dividing the sum of all values by the number of items in a dataset
- Starting in 2019 law now requires use of average in notice publication

	<b>Median</b>	<b>Average</b>
Current Year Value	\$369,169	\$366,809
Prior Year Value	\$287,101	\$322,459
Change from Prior Year	\$82,068	\$44,350
Percent Change	28.6%	13.8%

# Understanding Your Tax Base

Panel Discussion

Facilitated by Martie Simpson, CPA  
Executive Director, GFOAT

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# Wednesday, April 19 Worksheet Day!

Larry Gaddes  
And the Whole Gang

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# TAX RATE CALCULATION WORKSHEET

## 2022 Tax Rate Calculation Worksheet Taxing Units Other Than School Districts or Water Districts

Form 50-856

<input type="text"/> <small>Taxing Unit Name</small>	<input type="text"/> <small>Phone (area code and number)</small>
<input type="text"/> <small>Taxing Unit's Address, City, State, ZIP Code</small>	<input type="text"/> <small>Taxing Unit's Website Address</small>

**GENERAL INFORMATION:** Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the no-new-revenue (NNR) tax rate and voter-approval tax rate for the taxing unit. These tax rates are expressed in dollars per \$100 of taxable value calculated. The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submits the rates to the governing body by Aug. 7 or as soon thereafter as practicable.

School districts do not use this form, but instead use Comptroller Form 50-859 *Tax Rate Calculation Worksheet, School District without Chapter 313 Agreements* or Comptroller Form 50-884 *Tax Rate Calculation Worksheet, School District with Chapter 313 Agreements*.

Water districts as defined under Water Code Section 49.001(1) do not use this form, but instead use Comptroller Form 50-858 *Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts* or Comptroller Form 50-860 *Developed Water District Voter-Approval Tax Rate Worksheet*.

The Comptroller's office provides this worksheet to assist taxing units in determining tax rates. The information provided in this worksheet is offered as technical assistance and not legal advice. Taxing units should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

### SECTION 1: No-New-Revenue Tax Rate

The NNR tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of taxes (no new taxes) if applied to the same properties that are taxed in both years. When appraisal values increase, the NNR tax rate should decrease.

The NNR tax rate for a county is the sum of the NNR tax rates calculated for each type of tax the county levies.

While uncommon, it is possible for a taxing unit to provide an exemption for only maintenance and operations taxes. In this case, the taxing unit will need to calculate the NNR tax rate separately for the maintenance and operations tax and the debt tax, then add the two components together.

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
1.	<b>2021 total taxable value.</b> Enter the amount of 2021 taxable value on the 2021 tax roll today. Include any adjustments since last year's certification; exclude Tax Code Section 25.25(d) one-fourth and one-third over-appraisal corrections from these adjustments. Exclude any property value subject to an appeal under Chapter 42 as of July 25 (will add undisputed value in Line 6). This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2) and the captured value for tax increment financing (adjustment is made by deducting TIF taxes, as reflected in Line 17). <sup>1</sup>	\$ <input type="text"/>
2.	<b>2021 tax ceilings.</b> Counties, cities and junior college districts. Enter 2021 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in 2021 or a prior year for homeowners age 65 or older or disabled, use this step. <sup>2</sup>	\$ <input type="text"/>
3.	<b>Preliminary 2021 adjusted taxable value.</b> Subtract Line 2 from Line 1.	\$ <input type="text"/>
4.	<b>2021 total adopted tax rate.</b>	\$ <input type="text"/> /\$100

# NO NEW REVENUE TAX RATE CALCULATION

Prior Year's Taxes	÷	Current Value of Property Taxed in the Prior Year	X	\$100	=	No New Revenue Tax Rate
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# NO NEW REVENUE TAX RATE M&O

$$\begin{array}{l} \text{NO NEW} \\ \text{REVENUE} \\ \text{TAX RATE} \end{array} - \begin{array}{l} \text{DEBT} \\ \text{RATE} \end{array} = \begin{array}{l} \text{NO-NEW-REVENUE} \\ \text{MAINTENANCE \&} \\ \text{OPERATIONS RATE} \end{array}$$

# VOTER APPROVAL TAX RATE

$$\begin{array}{cccccc} \text{NO NEW} & & & & & \text{VOTER} \\ \text{REVENUE} & & & & & \text{APPROVAL} \\ \text{MAINTENANCE} & \times & + & + & = & \text{TAX RATE} \\ & 1.035 & \text{CURRENT} & \text{UNUSED} & & \\ & & \text{DEBT} & \text{INCREMENT} & & \\ & & \text{RATE} & & & \\ \text{\&OAMP; OPERATIONS} & & & & & \\ \text{RATE} & & & & & \end{array}$$

# DE MINIMIS RATE CITIES *LESS THAN 30K POPUL.*

No New Revenue Maintenance and Operations Rate	+	The Rate Applied to Current Value That Will Impose a Rate Equal to \$500,000	+	Current Debt Service

# Property Tax Assistance Division

## *Truth-in-Taxation*

### **Cynthia Polanco**

Education and  
Communications Manager

### **Sally Velasquez**

Truth-In-Taxation Specialist  
[sally.Velasquez@cpa.texas.gov](mailto:sally.Velasquez@cpa.texas.gov)

### **Craig Williams**

Truth-In-Taxation Specialist  
[craig.Williams@cpa.texas.gov](mailto:craig.Williams@cpa.texas.gov)



# COMPTROLLER'S PROPERTY TAX RATE FORM COMMITTEE

## Members:

**Sheila Bennett**

**Assessor**

Tax Assessor – Collector  
Andrews ISD

**Laura Casey**

**Taxpayer**

Principal of L.L. Casey & Co., LLC  
Realtor and Property Tax Consultant

**Nathan Craddock**

**Taxing Unit**

County Auditor  
Tom Green County

**Larry Gaddes**

**Assessor**

Tax Assessor-Collector  
Williamson County

**Donna K. Lawrence**

**Taxpayer**

Property Tax Manager  
Denbury Resources

**Susan Morgan**

**Taxing Unit**

Chief Financial Officer  
City of Round Rock



# Frequently Asked Questions

Larry Gaddes, Craig Williams  
Panel of City Finance Officers

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**Thank You!**

# GFOAT Mission Statement

Promoting Excellence in  
Government Finance

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