



Truth-in-Taxation

What You Need to Know

A quick look at some changes:

Old Things Are **OUT**

- Effective Tax Rate
- ~~Rollback Tax Rate~~
- ~~Effective M & O Rate~~
- ~~Two Public Hearings~~
- Hearing Notice 7 days*
- **No** Rate Adopted at Hearings
- 8% increase*
- Anticipated Collection Rate

*There are exceptions

New Things Are **IN**

- No-New-Revenue Tax Rate
- Voter-Approval Tax Rate
- No-New-Revenue M & O Rate
- One Public Hearing
- Hearing Notice 5 days
- **Can** Adopt Rate at Public Hearing
- 3.5% increase
- Actual Collection Rate

Things That Are Brand New

- Use Comptroller Prescribed Worksheets
- Certification of Worksheets
- Submission to County Tax Assessor-Collector
- Post on HOMEPAGE Information from Worksheets

Things That Are Brand New

- Appraisal District Notice of Estimated Taxes
- Appendix to Budget
- CFO or Auditor's Certification Concerning Debt
- Small Taxing Unit's Internet Posting

Things That Are Brand New

- De minimis tax rate
- Unused Increment rate
- Special Taxing Unit
- County Indigent Defense Compensation Expenditures
- Eligible County Hospital Expenditures

Databases

- Databases for Counties only (Section 26.16)
- Databases for Appraisal Districts (Section 26.17)
- Databases for ALL Taxing Units (Section 26.18)

New Dates and Times

- July 25 Certification or ESTIMATED Certification
- Deadline for injunction
- 71 days before Uniform Election Date
- Must wait 5 days before Hearing or Adoption
- Have 7 days to adopt tax rate

Modifications

- Last Year's Levy
- Number of petition signatures
- Adds "Wildfires" to disasters

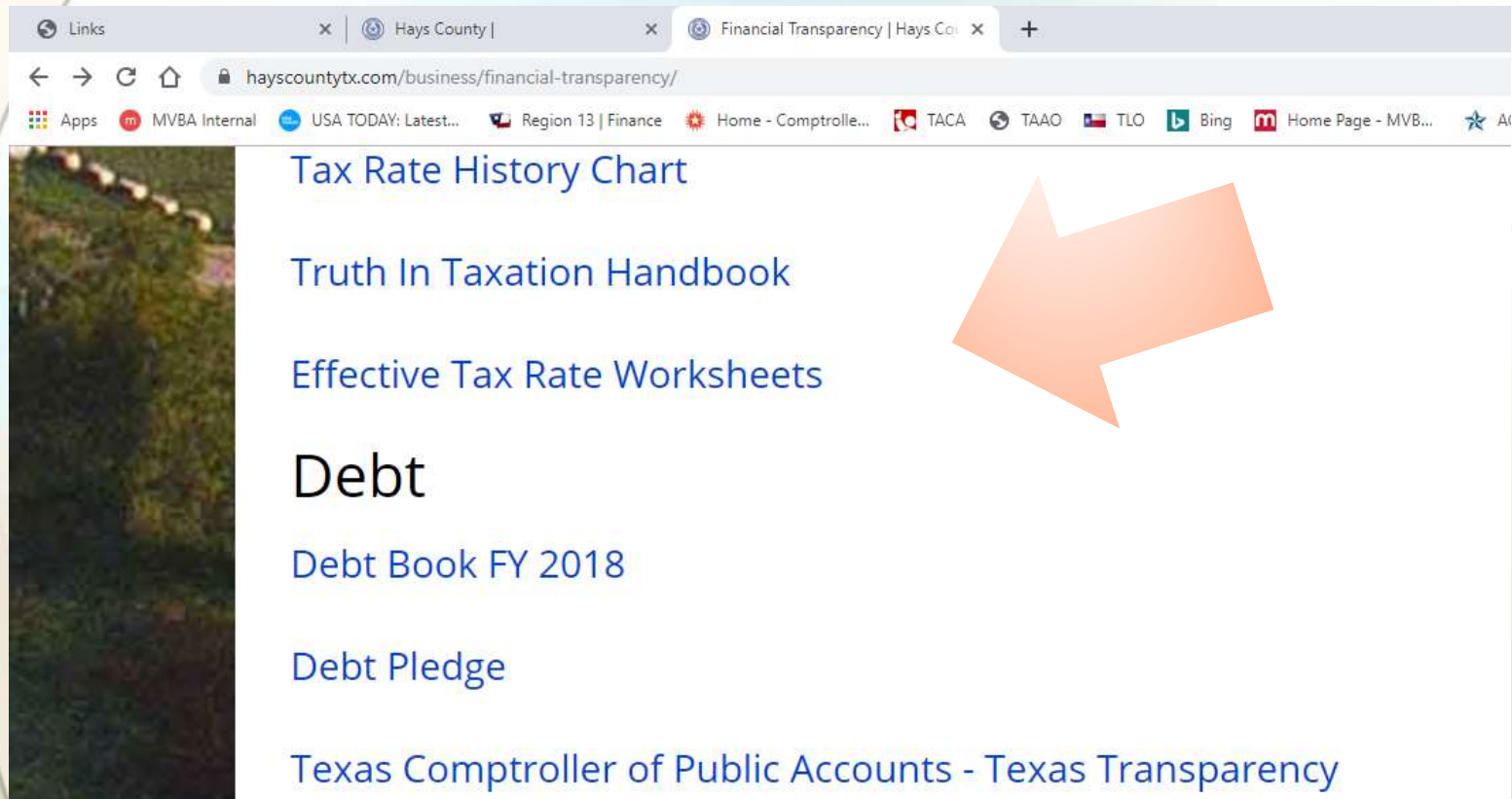
School Districts

- No more “tax swapping”
- Must use uniform election date
- Must conduct an Efficiency Audit
- Bond Election Ballot Language
- Defined Enrichment Rate
- 2020 Compressed Rate

Water Districts

- “Low tax rate” water district
- “Developed” water district
- Neither a “Low tax rate” nor “Developed” water district

Did you do it?



The screenshot shows a web browser window with the following elements:

- Browser tabs: Links, Hays County |, Financial Transparency | Hays Co |
- Address bar: hayscountytx.com/business/financial-transparency/
- Navigation icons: Back, Forward, Refresh, Home
- Search bar: hayscountytx.com/business/financial-transparency/
- Taskbar: Apps, MVBA Internal, USA TODAY: Latest..., Region 13 | Finance, Home - Comptrolle..., TACA, TAAO, TLO, Bing, Home Page - MVB...
- Page content:
 - [Tax Rate History Chart](#)
 - [Truth In Taxation Handbook](#)
 - [Effective Tax Rate Worksheets](#)
 - Debt**
 - [Debt Book FY 2018](#)
 - [Debt Pledge](#)
 - [Texas Comptroller of Public Accounts - Texas Transparency](#)

A large orange arrow points from the right side of the page towards the 'Debt' section.

We need a break



A quick look at some changes:

Old Things Are OUT

- Effective Tax Rate
- Rollback Tax Rate
- Effective M & O Rate
- Two Public Hearings
- Hearing Notice 7 days
- No Rate Adopted at Hearings
- 8% increase*
- Anticipated Collection Rate

New Things Are IN

- No-New-Revenue Tax Rate
- Voter-approval Tax Rate
- No-New-Revenue M & O Rate
- One Public Hearing
- Hearing Notice 5 days
- Can Adopt Rate at Public Hearing
- 3.5% increase*
- Actual Collection Rate

*There are exceptions

Public Hearing Notices

Three different notices depending on **PROPOSED** tax rate

Notice #1 – Tax Code Section 26.06 (b-1)

- Proposed rate EXCEEDS both NNR and VAR rates

Notice #2 – Tax Code Section 26.06 (b-2)

- Proposed rate EXCEEDS the NNR but not VAR

Notice #3 – Tax Code Section 26.06 (b-3)

- Proposed rate EXCEEDS the VAR but not the NNR

Public Hearing Notices

- Mail or Publish in Newspaper and Internet
- At least 5 days before meeting

	2019	2020	CHANGE
TOTAL TAX RATE (PER \$100 OF VALUE)	0.45599	0.44111	Decrease of .01488 or 3.26%
AVERAGE HOMESTEAD TAXABLE VALUE	175,000	178,500	Increase of 2%
TAX ON AVERAGE HOMESTEAD	\$797.98	\$787.38	Decrease of \$10.60 or 1.32%
TOTAL TAX LEVY ON ALL PROPERTIES	\$7,788,650.00	\$7,950,880	Increase of 162,230 or 2%

Meeting to Vote Notice

- Mail or Publish in Newspaper and Internet
- At least 5 days before meeting
- Homepage of website/Until meeting has concluded
- **How each governing body member voted**
- Tax Code Section 26.062 table

One Notice

Either

Public Hearing Notice #1, #2, #3

OR

Meeting to Vote

Increase Limit(s)

Special Taxing Unit

- Proposed M & O tax rate of 2.5 cents or less,
- Junior College,
or
- Hospital District

**Voter Approval Tax Rate =
No-New-Revenue M&O Rate
(times) 1.08
(plus) Current Debt Rate**

Increase Limit(s)

Taxing Units other than:

- Special Taxing Unit
- School District,
or
- Water District

**Voter Approval Tax Rate =
No-New-Revenue M&O Rate
(times) 1.035
(plus) Current Debt Rate
(plus) Unused Increment Rate**


Increase Limit(s)

Taxing Units other than (____) in a declared* disaster area:

- Special Taxing Unit
- School District,
or
- Water District

*Declared by the
governor or president

**Voter Approval Tax Rate =
No-New-Revenue M&O Rate
(times) 1.08
(plus) Current Debt Rate**



Anticipated vs Actual

Anticipated Collection Rate

- Estimated by Collector
- Current Taxes + Delinquent Taxes + Penalties + Interest
- Collected by July of the following year

Actual Collection Rate (Effective Jan 1, 2020)

- Can be more than 100%
- Look back three years of actual collections
- Anticipated Collection Rate equals lowest year

Anticipated vs Actual

- Anticipated 2017 = 98%
- Anticipated 2018 = 98%
- Anticipated 2019 = 98%
- **Anticipated 2020 = 100%**
- Actual 2017 = 100%
- Actual 2018 = 101%
- Actual 2019 = 101.5%

Things That Are Brand New (2021)

- Use Comptroller Prescribed Worksheets
- Certification of Worksheets
- Submission to County Tax Assessor-Collector
- Post on HOMEPAGE Information from worksheets

Comptroller Forms

Tax Code Section 5.07

- (f) ... **shall prescribe tax rate calculation forms**
- (g) **must** be in an **electronic format** and:
- (1) **can be filled in electronically;**

Comptroller Forms

(2) be capable of being **certified by the assessor** as accurately calculating the tax rates and using values of

- (A) **certified appraisal roll**; or
- (B) **the certified estimate**; and

Comptroller Forms

(3) can be **electronically incorporated** into the database maintained by

- Each Appraisal District
- **Submitted electronically to County TAC** (all or part)

(h) shall use the forms published on the comptroller's website as of January 1, 2019, modified as necessary

Comptroller Forms

(i) may revise the forms to reflect substantive changes on receipt of a request in writing.

- A revision under this subsection must be **approved**
 - By the **agreement of a majority**
 - Of the **members of a committee**
 - **Selected** by the Comptroller
 - Who are **present** at a committee meeting

Comptroller Forms

- The members of the committee must represent, equally,
 - **Taxpayers,**
 - **Taxing Units** or persons designated by taxing units, and
 - **Assessors**

*In the case of a revision for which the comptroller receives a request in writing, the person requesting the revision **shall pay the costs of mediation** if the Comptroller determines that mediation is required.*

Certification by Assessor (2021)

Tax Code Section 26.04

- (d-2) Assessor **may not submit** the NNR and VAR to the governing body and
- The taxing unit **may not adopt a tax rate**

until

- The assessor certifies they have **accurately calculated** the tax rates
- The assessor **used the values** shown on the certified appraisal roll

Information on Homepage

Tax Code Section 26.04

(e) By August 7 the assessor shall submit the rates to the governing body.

ASSESSOR shall post prominently on the homepage of the taxing unit's website:

- Form prescribed by the Comptroller
- **NNR, VAR**, with explanation of calculation
- The estimated amount of **I & S fund balances**
- The estimated amount of **M&O fund balances** remaining at the end of the current fiscal year;

Information on Homepage

(3) a schedule of the taxing unit's debt obligations:

(A) the amount of principal and interest that will be paid for debt, payments on debts that the taxing unit anticipates to incur in the next calendar year;

(B) the increase in taxes because of the anticipated collection rate; and

(C) any amount collected in excess of the previous year's anticipated collections

Notice of Effective Tax Rate

(insert year) **Property Tax Rates in** _____
(insert taxing unit name)

This notice concerns _____
(insert year) property tax rates for _____
(insert taxing unit name)

This year's effective tax rate:

Last year's adjusted taxes (after subtracting taxes on lost property) \$ _____

÷ This year's adjusted tax base (after subtracting value of new property) \$ _____

= This year's effective tax rate _____

This year's rollback tax rate:

Last year's adjusted operating taxes
(after subtracting taxes on lost property and adjusting for any
transferred function, tax increment financing, state criminal justice
mandate and/or enhanced indigent health care expenditures) \$ _____

÷ This year's adjusted tax base \$ _____

= This year's effective operating rate \$ _____ /\$100

x 1.08 = this year's maximum operating rate \$ _____ /\$100

+ This year's debt rate \$ _____ /\$100

= This year's total rollback rate \$ _____ /\$100

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.

Type of Property Tax Fund	Balance
	\$

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 revenues (or additional sales tax revenues, if applicable).

Description of Debt	Principal or Contract Payment To Be Paid From Property Taxes	Interest To Be Paid From Property Taxes	Other Amounts To Be Paid	Total Payment
	\$	\$	\$	\$

(expand as needed)

Total required for _____ debt service	\$	_____
<i>(current year)</i>		
- Amount (if any) paid from funds listed in Schedule A	\$	_____
- Amount (if any) paid from other resources	\$	_____
- Excess collections last year	\$	_____
= Total to be paid from taxes in _____	\$	_____
<i>(current year)</i>		
+ Amount added in anticipation that the taxing unit will collect		
only _____ % of its taxes in _____	\$	_____
<i>(current year)</i>		
= Total Debt Levy	\$	_____

Schedule E – Enhanced Indigent Health Care Expenditures

The _____ spent \$ _____ from _____ to _____
(name of taxing unit) *(amount)* *(beginning date)*
_____ on enhanced indigent health care at the increased minimum eligibility standards, less the amount of state assistance.
(ending date)

For the current tax year, the amount of increase above last year's enhanced indigent health care expenditures is \$ _____.
(amount of increase)

- **Criminal Justice Mandate**
- **County Indigent Defense Compensation Expenditures**
- **Eligible County Hospital Expenditures**

Let's look at a calendar



July 2020

August 2020

Su	Mo	Tu	We	Th	Fr	Sa
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	1	2	3	4	5

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
28	29	30	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25 
26	27	28	29	30	31	1



Certified Value or
Estimated Certified Value

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August 2020

September 2020

Su	Mo	Tu	We	Th	Fr	Sa
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	1	2	3

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
26	<ol style="list-style-type: none"> 1. Submit calculated rates to governing body 2. Post Comptroller Form ? on Homepage of website 3. Complete Sec. 26.17 Database 4. Appraisal District sends notice by mail or email 				31	1
2					7 	8
9					14	15
16					21	22
23	24 	25	26	27	28	29
30	31	71 st Day before Uniform Election Date		3	4	5

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September 2020

October 2020

Su	Mo	Tu	We	Th	Fr	Sa
27	28	29	30	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	1	2	3

Deadline to adopt tax rate
(except Water Districts)

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November 2020

December 2020

Su	Mo	Tu	We	Th	Fr	Sa
28	29	30	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3 	4	5	6	7
8	9	Uniform Election Day		12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	1	2	3	4	5

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Things That Are Brand New

- **Appraisal District Notice of Taxes**
- Appendix to Budget
- CFO or Auditor's Certification Concerning Debt
- Small Taxing Unit's Internet Posting

Appraisal District Notice

Why do we care...

- Tax Code Sections 26.04 and 26.05
- Notice Prescribed by Comptroller
- Mail or Email to each property owner
- Reference information in database (26.17)
- **Governing Body must wait 5 days after CAD notice (26.05 (d-1) before either a public hearing or meeting to adopt**
- Taxpayer can file injunction

Appendix to Budget

Tax Code Section 26.04 (e-5)

Governing Body adds an appendix **(Effective 2021)**

- To Taxing Unit's budget for fiscal year
- Tax Rate Calculation forms (worksheets)

Certification Concerning Debt

Tax Code Section 26.05 (e-1) (Effective 2020)

CFO or Auditor responsibility

- Written certification
- Additional Sales Tax Amount (if any) used to pay debt
- Comptroller prescribed form

Small Taxing Unit

Tax Code Section 26.052

- Small Taxing Unit Notice
- By mail or publishing 7 days before meeting
- If notice is published in newspaper

[Must also post on HOMEPAGE](#)

[On the Taxing Unit's website](#)

Things That Are Brand New

- De minimis tax rate
- Unused Increment rate
- ~~Special Taxing Unit~~
- ~~County Indigent Defense Compensation Expenditures~~
- ~~Eligible County Hospital Expenditures~~

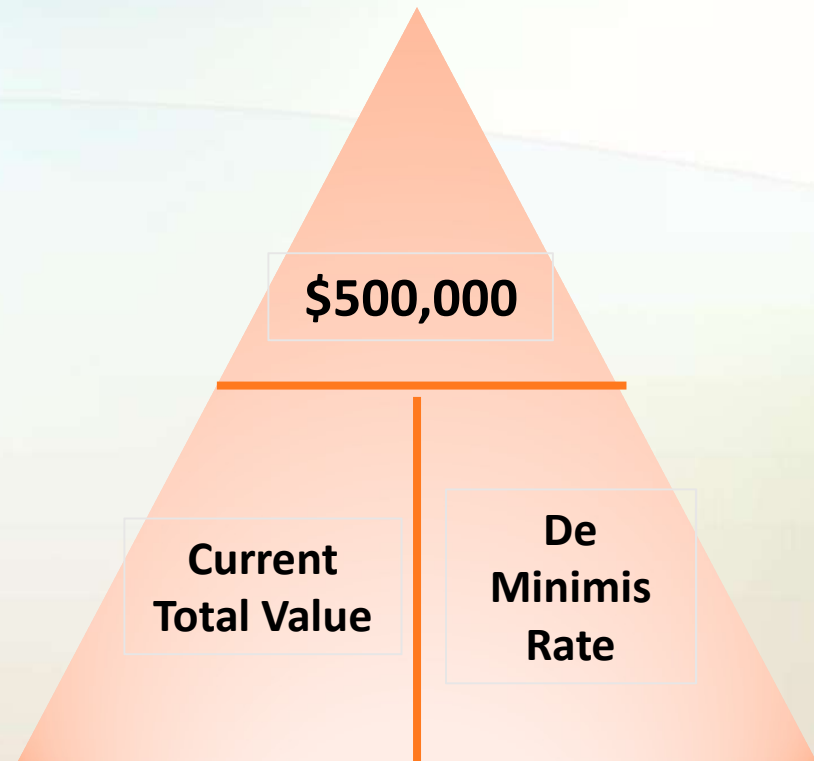
De Minimis Rate (DMR)

No-Revenue-Rate M&O Rate

+ Rate = \$500,000

+ Debt Rate

= DMR



De Minimis Rate

Who uses De Minimis Rate

- **Not** a School District
- **Not** a Special Taxing Unit
- **Not** City with more than 30,000
- **Not** a Water District
- **A County**
- **A Small City (> 30,000)**
- **Other Taxing Units with an M&O Rate above 2.5 cents**

De Minimis Rate

- DMR EXCEEDS VAR
- Adopted Rate **Equal to** or **Lower than** DMR rate
- Voters can petition
- 3% of registered voters
- If election passes
- Tax Rate is the Voter-Approval Rate

Example:

- Voter-Approval Rate = \$0.6412
- De Minimis Rate = \$0.6544
- Adopted Rate = \$0.6488*

*Possibility for petition

Unused Increment Rate

- Bank, Reserve, Store, Stock Pile
- Difference between VAR and Actual Tax Rate
- Look back 3 years
- For 2020 – Unused Increment Rate = Zero
- Expires Dec. 31, 2022

We need another break



New Dates and Times

- Deadline for injunction (Effective 2021)
- ~~Before a taxing unit delivers substantially all of its tax bills~~
- Within 15 days for tax rate adoption
- Owner is entitled to refund of the taxes paid
- And reasonable attorney's fees and court costs
- It is a defense in an action for an injunction under this subsection
- That the failure to comply was in good faith.

New Dates and Times (Notices/Meetings)

- Governing Body Proposes Rate
- Sets Date, Time and Place
- Public Hearing/Meeting to Adopt
- **Notice 5 days** in Newspaper, Internet (7 days)
- Notice 7 days on TV
- Hold Public Hearing/Meeting
- If Adopting later – **no less than 7 days**

New Dates and Times (Notices/Meetings)

PUBLIC NOTICE

All the procuring agencies of Government of Sindh are hereby informed that from 1st July, 2018, the authority is not receiving any document of new NITs / EoIs / pre-qualification notices for hosting / uploading on SPPRA old website as new self-catering website of Procurement Performance Management System (PPMS) has been activated. Therefore, all procuring agencies are advised to get themselves registered online on PPMS SPPRA new website (<https://ppms.ppr.sindh.gov.pk>) and to upload the documents by themselves.

It is further advised to all procuring agencies that after uploading the documents on new PPMS websites, they should regularly check their status for any observation made by the authority to ensure compliance of SPP Rules, 2010 in timely manner.

General public / interested bidders are also advised to check PPMS SPPRA website regularly for new NITs and other related reports / documents.



At least 5 days



Public Hearing

At least 7 days

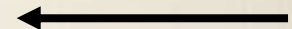


and/or
Meeting to Adopt



No more than 7 days

Meeting to Adopt



Databases

- Databases for Counties only (Section 26.16)
- Databases for Appraisal Districts (Section 26.17)
- Databases for ALL Taxing Units (Section 26.18)

Database for Counties

Tax Code Section 26.16

- Maintain a Website
- Post following rates:
 - **Adopted Rate**
 - **M & O Rate**
 - **Debt Rate**
 - **NNR and VAR Rates**

Each County MUST

- **Contact Info for Members of Governing Body of Taxing Unit**
- **Calculation Worksheets (Aug 7)**
- **Explanation of Rate Name Change (Expires 2026)**

Appraisal District Database

Tax Code Section 26.17

- Property Owner's name
- Property's Address
- Property's ID number
- Market Value
- Taxable Value
- Taxing Units
- Email of Taxing Unit
- Internet Link to Taxing Unit

Assessor's role in red

- (b)(5)No-New-Revenue Tax Rate
- (b)(5)Voter-Approval Tax Rate
- (b)(7)Proposed Tax Rate
- Difference between NNR and Proposed Rate
- (b)(12)(13)Date, Time and Place
- (b)(12)(13)Public Hearing/Meeting
- (e)(2)Tax Rate Calculations Forms

Appraisal District Database

Tax Code 26.17

Appraisal District shall make information available to the public not later than the third business day after the information is incorporated into database

Effective dates:

- Appraisal District with population of 200,000 or more
- Taxing units primarily or wholly within district
- **Tax year 2020**
- Less than 200,000
- **Tax Year 2021**

Database for ALL Taxing Units

Tax Code Section 26.18

- Maintain/Have Access to Website
- Format Prescribed by Comptroller
- Name of Each Member of G.B.
- Mailing, Email and Phone #
- Official Contact Information
- Recent Financial Audit

Each Taxing Unit Must:

- Budget for Two Proceeding Years
- Proposed/Adopted Budget
- Amount Change (Dollar/Percent)
- M&O Budget/Rates
- Debt Budget/Rates

One more small “mind” break



Odds and Ends

Tax Code 26.06 Notices

Tax Code 26.17 Database

Water Code 49.236 Notices

- **"The 86th Texas 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."**

Odds and Ends

The governing body of a taxing unit **may not** adopt a budget for a fiscal year or take any other action that has the effect of **decreasing the total compensation** to which a **first responder** employed by the taxing unit was entitled in the preceding fiscal year of the taxing unit.

Modifications

- Last Year's Levy
 - Portion of taxable value of property that is the subject of appeal **under Chapter 42 on July 25th** that is not in dispute
 - (already have taxable value that **was reduced** in an appeal under Chapter 42)

Modifications

- ~~Last Year's Levy~~
- Number of petition signatures
 - At least 3 percent of the registered voters
- Adds “Wildfires” to disasters
 - Tax Code 26.08 for school district disasters

School Districts

- No more “tax swapping”
- Must use uniform election date
- Must conduct an Efficiency Audit
- Bond Election Ballot Language
- Defined Enrichment Rate
- 2020 Compressed Rate

TEA Max M&O Tax Rates Drop From \$1.17 To \$1.068



HB 3 Year 1 (FY2020)

1. Tax rate is re-ordered
2. Tier one rate compressed by a factor of 93%
3. First two copper pennies become golden pennies.
4. Remaining copper pennies compressed by a factor of ~65%.
5. Rates in most cases cannot be raised for year 1 (see slide 19)



3:59 / 15:58



TEA Tier One M&O Rates Continue to Decline



HB 3 Year 2 (FY2021)

- 1. 2.5% Compression begins on Tier One
- 2. TRE threshold increased by one penny



Play (k)

Ass 12:57 / 15:58 wide or local property value growth in excess of 2.5%

CC HD

Water Districts

- “Low tax rate” water district
- “Developed” water district
- Neither a “Low tax rate” nor “Developed” water district

Water Districts

- “Low tax rate” water district
 - Has an 8% increase limit on M&O
 - On average homestead of preceding year
 - Automatic Election

Water Districts

- “Developed” water district
 - Has a 3.5% increase limit on M&O
 - On average homestead of preceding year
 - Automatic Election
 - Can go up to 8% for declared disaster

Water Districts

- “Undeveloped” water district
 - Has an 8% increase limit on M&O
 - On average homestead of preceding year
 - Must petition for rollback if adopted rate is over 8%

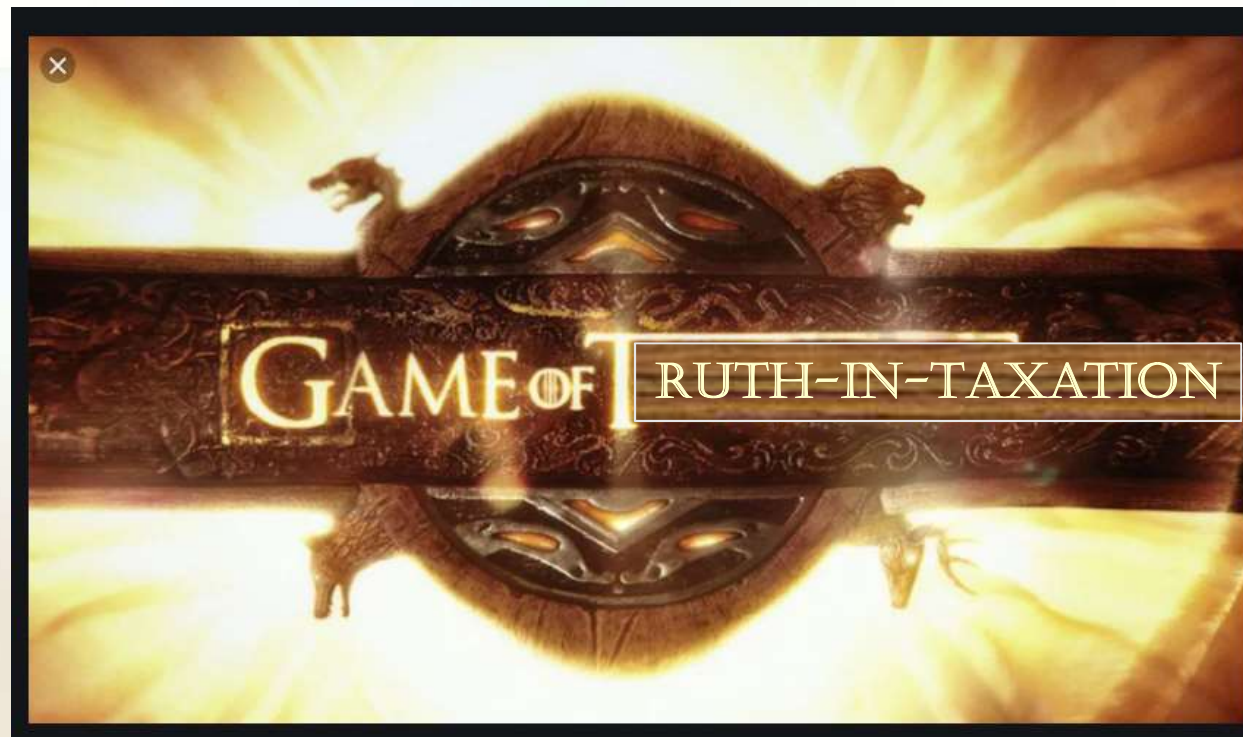
Water Districts

	Low Tax Rate Districts	Developed Districts	Undeveloped Districts
Water Code	49.23601	49.23602	49.23603
Defined	Adopted M&O Rate is 2.5 cents or less per \$100	Financed, completed and issued bonds to pay for at least 95% of projected build-out	Does not fit the definition of either 49.23601 or 49.23602
M&O increase limit on the AVG HS	8%	3.25%	8%
Trigger	Voter-Approval Rate	Mandatory Election Rate	Voter-Approval Rate
Exceeds limits	Automatic Election	Automatic Election	Petition

Remembering and Forgetting



“Summer is coming...”



Questions?

Connie Rose

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