



IT'S 5 O'CLOCK SOMEWHERE:

# Compensation for Assessment & Collection

Presented By: Tammy McRae, Montgomery County Tax Assessor -Collector  
Kim Roe, Montgomery County Chief Deputy

To understand how county tax assessor - collectors assess and charge collection fees to taxing jurisdictions for property tax collection.


# Objective


- 🍋 Overview of Section 6.27 and its application
- 🍋 Role of County Tax Assessor -Collector
- 🍋 Calculation of Collection Fees
- 🍋 Allocation of Fees to Taxing Jurisdictions
- 🍋 Best Practices and Considerations for Taxing Jurisdictions

Texas Property Tax Code Section 6.27 states that the county assessor -collector is entitled to a reasonable fee, which may not exceed actual costs incurred, for assessing and collecting taxes for a taxing unit pursuant to Section 6.23 (a)(1), (2), or (3).



# TPTC Sec. 6.27

 Collection Fee: The county tax assessor -collector charges a fee for collecting property taxes on behalf of other taxing jurisdictions.

 Fee Purpose: To compensate the county for the administrative costs of assessing and collecting fees.

The collection fee is the amount that the county tax assessor -collector charges to taxing jurisdictions for collecting property taxes on their behalf .

#### What It Covers:

- 🌴 Administrative, clerical and operational costs associated with the assessment and collection of taxes.

#### Who Pays the Fee:

- 🌴 Taxing jurisdictions (cities, counties, school districts, etc.). The fee is deducted from the total amount of taxes collected for the taxing jurisdiction.

# What is the Collection Fee?





## Fee Calculation Method: Parcel Count Approach

A rate is calculated based on the costs and the rate is applied to the number of parcels per jurisdiction. This method spreads costs more evenly across all jurisdictions regardless of tax base size.



# Calculating the Fee

Example Calculation :

-  Total Services Cost: \$1,000,000
-  Total Parcels Managed: 400,000
-  Fee per Parcel:  $\$1,000,000 / 400,000 = \$2.50$  per parcel
-  Jurisdiction with 12,000 parcels:  
 $12,000 * \$2.50 = \$30,000$

The county allocates a portion of the collected taxes to cover the cost of the collection fee. The fee is assessed after the property taxes have been collected, ensuring that the taxing jurisdiction is only charged for the actual amount collected.



# Allocating the Fee

## Example Allocation

- Rate per parcel: \$2.50
- Jurisdiction with 12,000 parcels:  $12,000 * \$2.50 = \$30,000$
- Withhold a percentage of the current taxes until fees are collected in full:

Total Daily Collections: \$25,000

Withholding 5%: \$1,250

Net Amount to Jurisdiction: \$23,750



Allocating  
the Fee



# Role of the Tax Assessor-Collector

## Responsibilities:

- ★ Levying taxes on behalf of various taxing jurisdictions
- ★ Collecting taxes and applying any necessary penalties or interest on delinquent payments.
- ★ Distributing tax revenue to the appropriate taxing jurisdiction after deducting the collection fee.
- ★ The county must clearly communicate the collection fee to the taxing jurisdictions.
- ★ Jurisdictions should receive detailed statements of fees assessed, amounts collected, and any other relevant charges.

## Implementation Review

Before implementing any collection fee structure:



Consult with your County Attorney to ensure compliance with the Texas Property Tax Code and related statutory requirements.



Have your County Auditor review calculations, cost allocations, and accounting procedures to ensure accuracy and transparency.



Maintain thorough documentation of the methodology and approvals for audit and legal reference.

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County  
Support