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McCreary Veselka Bragg & Allen P.C. Attorneys at Law

Truth-in-Taxation 2020-21

A Guide for Setting Tax Rates

Introduction

We are pleased to present this easy-to-use guidebook to help you with this year's Truth-in-Taxation activities. Thoroughly updated for 2020, including information from the Office of the Texas Comptroller of Public Accounts*

**Only MVBA puts
all this information
in one convenient
place for you.**

This is intended as a guide for assessors and those individuals designated by a governing body to perform the preliminary tax rate procedures according to the Texas Constitution, Tax Code Chapter 26, Education Code Chapter 44 and Water Code Chapter 49.

*The guidebook will reference Comptroller web links and form numbers as of the date of publication.

This guide offers:

- Clear concise definitions of all phrases important to Texas taxing units
- How to calculate no-new-revenue and voter-approval tax rates, plus considerations for additional sales tax
- Detailed steps to conduct voter-approval elections or possible petitions
- Full support for each category of taxing unit with regards to Truth-in-Taxation laws:
 - special taxing units
 - small taxing units
 - school districts
 - water districts
 - counties, municipalities and other taxing units
- Guidance for each of these categories includes procedures, notice requirements, planning calendars, related forms and exceptions

MVBA is pleased to release its Truth-in-Taxation 2020-21 A guide for Setting Tax Rates. We are hopeful that this will help you navigate the many changes in Truth-in-Taxation laws that were passed in the 86th Regular Session of the Texas Legislature. This guide represents our best effort to interpret SB 2 and the other laws that govern assessment, calculations, notices, timetables, and other issues related to Truth-in-Taxation. Given the major overhaul of the Truth-in-Taxation process, this guide remains a work in progress. Many of the issues covered in this guide may change as the Comptroller's office adopts new rules and publishes new forms. If you are an MVBA client and have any questions about how to apply the Truth-in-Taxation laws, please call an MVBA attorney or Connie Rose for specific advice on your specific situation.

If you are reading this guide, and are not an MVBA client, then the information provided in this guide does not, and is not intended to, constitute legal advice; instead, all information, content, and materials available in this guide are for general informational purposes only.

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Executive Overview

The Texas Constitution and Tax Code require taxing units to comply with certain steps when adopting their tax rates. In addition, taxing units are obliged to follow legislative guidelines that ensure the public is informed of any increase.

Senate Bill 2 (SB 2) from the 86th Texas Legislature made numerous changes to Truth-in-Taxation procedures. The bill changed the names of rates, added new rates, changed notices, categories and calculations. Because of the enormous impact of this law change, there will be references made to previous actions or terminology as well as current.

Two purposes of Truth-in-Taxation laws

- Make taxpayers aware of tax rate proposals
- Allow taxpayers to rollback or limit tax increases

Four Truth-in-Taxation principles

- Property owners have the right to know about increases in their properties' appraised value and to be notified of estimated taxes that could result from the new value.
- A taxing unit other than a water district, must calculate its no-new-revenue and voter-approval tax rates before adopting a current tax rate.
- A taxing unit must publish a notice about either a public hearing or meeting to adopt a tax rate.
- If the taxing unit adopts a rate that exceeds the voter-approval rate, voters may limit the rate.

Tax Rates

No-new-revenue Tax Rate

A calculated rate that would provide the taxing unit with about the same amount of revenue it received in the year before on property taxed in both years. If the property values rise, the no-new-revenue tax rate will go down and vice versa.

Voter-approval Tax Rate

A calculated maximum rate allowed by law without voter approval.

De minimis Tax Rate

A tax rate that is equal to the total of the no-new-revenue's M&O rate, plus a rate when applied to the taxing unit's current total value will create a levy of \$500,000, plus the current debt rate. This tax rate is not utilized by all taxing units.

Unused Increment Tax Rate

According to SB 2, the unused increment tax rate for years previous to 2020 is equal to zero. Beginning in 2021 the unused increment tax rate will be greater of zero or the difference between the voter-approval tax rate and the actual tax rate for 2020. In 2022, the unused increment tax rate will be the greater of zero or the difference between the voter-approval tax rates and the actual tax rates for 2020 and 2021. And finally, the 2023 unused tax rate will be the greater of zero or the difference between the voter-approval tax rates and actual tax rates for 2020, 2021 and 2022.

Tax Rate Elections

Voters in a taxing unit will have the opportunity to approve or not a tax rate adopted by a governing body that exceeds the voter-approval rate at an election held on a uniform election date.

Tax Rates (cont.)

School District Tax Rates

The 86th Texas Legislature passed HB 3 which changed school financing and the process for creating a voter-approval tax rate. Guidance from the Comptroller's office and Texas Education Agency is essential in adopting a school district's tax rate for 2020.

Water District Tax Rates

Water districts will be subject to one of three categories based on their maintenance and operations rate and development. While some water districts will have access to an 8% increase associated with their M&O rate, others will be limited to a 3.5% increase.

Taxing units other than school, water or special districts

The voter-approval tax rate provides the taxing unit with about the same amount of tax revenue it levied in the previous year, plus a 3.5% increase for day-to-day operations, in addition to funds necessary to pay debts in the coming year.

Special Taxing Unit

Created by SB 2, a special taxing unit is a hospital district, a junior college or a taxing unit, other than a school district that has a proposed M&O rate of 2.5 cents or less per \$100 of value.

by calculating the no-new-revenue and voter-approval tax rates.

Each category of taxing unit follows a slightly different planning calendar. In some instances, there are two calendars to review:

- one for a taxing unit whose proposed tax rate does NOT exceed limits and
- another for a taxing unit whose proposed tax rate EXCEEDs the limits.

If a taxing unit's governing body does not propose a tax rate that exceeds the legislative limits, it can adopt the property tax rate at a scheduled meeting for that purpose following the proper notice requirements.

General Provisions for Texas Taxing Units

All taxing units, other than school districts and water districts

If a taxing unit levied a property tax in the previous year and intends to levy a tax in the current year, it must calculate a no-new-revenue and voter-approval tax rate. Beginning in 2021 the designated officer or employee (hereafter referred to as the assessor) shall calculate these rates and submit them to the governing body after certifying that the rates were accurately calculated and that the taxing unit's certified values were used in the calculation. The governing body may not adopt a tax rate unless the worksheets are certified by the assessor. The assessor shall then submit these tax rate worksheets to the county tax assessor-collector.

By August 7 or as soon thereafter as practicable, the county tax assessor-collector shall post on the website of the county for each taxing unit (all or part of the territory of which is located in the county) the tax rate calculation worksheets used by the assessor of each taxing unit to calculate the no-new-revenue and voter-approval tax rates. Additionally, the name and official contact information for each member of the governing body of the taxing unit shall be posted on the county's website.

Timetables for Truth-in-Taxation activities

The Tax Code establishes many target dates for Truth-in-Taxation activities. Although circumstances may force appraisal districts or taxing units to alter their timetables, a well-planned calendar provides a framework for successful Truth-in-Taxation events. Beginning in July, taxing units take the first step toward adopting a tax rate

School districts calculate a no-new-revenue M&O rate and voter-approval rate; water districts calculate a voter-approval tax rate but not a no-new-revenue rate.

New taxing units

Legal counsel should be sought by a taxing unit that has not levied a property tax and intends to do so.

Consolidation of two or more taxing units

A newly consolidated taxing unit handles no-new-revenue and voter-approval rate calculations differently.

- To determine the no-new-revenue tax rate, the newly consolidated unit calculates last year's taxes separately for each unit and combines these levies. This combined tax levy is divided by the total current year value for the consolidated unit.
- To determine the voter-approval tax rate, separately calculate, and then combine the M&O tax levies of each unit. Divide the combined M&O levies by the total taxable value for the current year. The calculation for the debt rate remains the same with no additional steps. Add the calculation for the no-new-revenue M&O and the debt rate to get the voter-approval rate.

Vote requirements for proposed tax rates that exceed limits

State law requires that at least 60% of the members of the governing body of a taxing unit, other than a school district, must vote in favor of a tax rate that exceeds the no-new-revenue rate. For a school district, a vote setting the tax rate that exceeds the sum of the no-new-revenue M&O tax rate and the debt rate, must be a record vote, and at least 60 percent of the members of the governing body must vote in favor of the rate.

Failure to comply

If the taxing unit fails to comply in good faith with the computation or publication requirements, a taxpayer of the unit may seek an injunction to prohibit the unit from adopting a tax rate.

Additionally, if a taxing unit fails to comply in good faith with certain tax rate adoption procedures, a taxpayer of the unit may seek an injunction restraining the collection of taxes. This injunctive action must be filed prior to the date the taxing unit delivers substantially all of its tax bills.

The injunction process does not apply to small taxing units that follow Tax Code Section 26.052 or to water districts.

Important note

Beginning January 1, 2021:

A taxpayer is entitled to an injunction prohibiting the taxing unit from adopting a tax rate if the assessor, chief appraiser, or taxing unit, as applicable, has not complied with the computation, publication, or posting requirements as required. It is a defense in an action for an injunction if the failure to comply was in good faith.

A taxpayer is entitled to an injunction restraining the collection of taxes if the taxing unit has not complied with the Truth-in-Taxation procedures. It is a defense in an action for an injunction if failure to comply was in good faith. An action to enjoin the collection of taxes must be filed not later than the 15th day after the date the taxing unit adopts a tax rate. This is a change in the deadline to take action.

Administer a voter-approval election

If a taxing unit adopts a tax rate that exceeds the voter-approval rate an automatic election will be held. The

governing body of the taxing unit must call the election to be held on the uniform election date that occurs in November. If a majority of the votes favor the adopted tax rate, no change is made. If, however, the adopted tax rate is not approved by the voters, the taxing unit's tax rate for the current year will be reduced to the calculated voter-approval rate.

A school district is also required to hold an automatic election if the school board adopts a rate above the voter-approval rate.

Open meetings

In compliance with the open-meetings law, Government Code Chapter 551, all taxing units must post notice of the unit's meetings and the meetings must be open to the public.

A new law that went into effect Sept. 1, 2019 applies to a special purpose district subject to Water Code Chapters 51, 53, 54, or 55, that has a population of 500 or more. The district must make an audio recording of reasonable quality of the hearing and provide the recording to a resident in an electronic format not later than the fifth business day after the date of the hearing, on written request made not later than the third day before a public hearing to consider the adoption of a property tax rate.

Deadline to adopt tax rate

Tax Code Section 26.05 requires a taxing unit, other than a water district, to adopt its rate before September 30 or by the 60th day after the taxing unit receives the certified appraisal roll, whichever date is later.

Failure to adopt a tax rate by this deadline

If a taxing unit misses the deadline, the unit must adopt the lower of its no-new-revenue rate or last year's tax rate. The governing body must ratify the applicable tax rate as the adopted rate before the fifth day after establishing that tax rate.

Tax rate exceeding the voter-approval rate

According to the Tax Code, if the governing body intends to adopt a tax rate that exceeds the voter-approval rate, they must do so not later than the 71st day before the next uniform election date that occurs in November. However, Election Code Section 3.005 (c), states that an election held on a uniform election date shall be ordered not later than the **78th** day before election date.

Agenda item and official action

State law requires most counties, general law cities and usually school districts to adopt a budget before they adopt a tax rate. These taxing units may adopt a tax rate at the same meeting as long as the budget is adopted first as a separate item.

Other taxing units should refer to their enabling legislation, such as the Local Government Code, Water Code, etc. for specific guidance.

The taxing unit's governing body must adopt a tax rate by official action and set it out in a written resolution, ordinance or order. Tax Code Section 26.05 (b) provides specific language relative to this procedure and can be found in the appendix

General Truth-in-Taxation planning calendar for all taxing units

This calendar covers the entire Truth-in-Taxation process and includes both suggested and mandated Tax Code dates.

Date	Activity
April-May	Mailing of notices of appraised value by chief appraiser
April 1	Chief appraiser consults with assessor concerning the form in which the roll will be provided
April 30	Certification by chief appraiser of an estimate of taxable value for county, city or school district
May 15 (or as soon as practicable)	Submission of appraisal records to Appraisal Review Board (ARB)
July 20	Deadline for ARB to approve appraisal records (August 30 for a county of one million or more)
July 25	Deadline for chief appraiser to certify appraisal roll to assessor (if an ARB has not approved the appraisal roll by July 20, the chief appraiser shall certify an estimate to the assessor)
August 1 (or as soon as practicable)	Assessor submits appraisal roll to governing body Collector for the taxing unit certifies the anticipated collection rate for the current year
August 7 (or as soon as practicable)	Chief appraiser shall deliver by mail or e-mail to each property owner a notice that the estimated amount of taxes to be imposed by each taxing unit may be found in the property tax database maintained by the appraisal (2020/2021)
August 7 (or as soon as practicable)	Assessor submits the no-new-revenue and voter-approval tax rates to the governing body and posts prominently on the home page of the taxing unit 's website information about the no-new-revenue and voter-approval rates County tax assessor-collector shall post on the website the tax rate calculation forms
August	Governing body that intends to adopt a tax rate that exceeds the voter-approval rate must do so at least 78 days before the uniform election date
August-September	Governing body adopts its budget, holds a public hearing if required, and adopts a tax rate
September 29	A taxing unit must adopt its rate by this date or 60 days after receiving the certified appraisal roll, whichever is later

The Calculation Process

The no-new-revenue 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 if applied to the same properties taxed in both years.

Calculating the no-new-revenue tax rate requires both last year's taxes (levy) and the current year's taxable value for property taxed in both years. In short, divide the levy by the value and multiply that number by 100 to get the no-new-revenue tax rate.

The chief appraiser certifies and delivers the appraisal roll to the taxing unit. This includes the estimated value of properties under protest and the values of properties not under protest that are also not listed in the certified appraisal roll.

The taxing unit's assessor determines the following and submits it to the governing body:

- total appraised and taxable value of property in the taxing unit,
- total appraised and taxable value of new improvements and
- total taxable value of property annexed since the previous year.

The governing body designates an officer or employee to calculate the no-new-revenue and voter-approval tax rates.

Beginning January 1, 2021, the designated officer or employee (also known as the assessor) must certify that he/she has accurately calculated the applicable tax rates and used the values that were certified by the appraisal district. The worksheets used to calculate the no-new-revenue and voter-approval rates and provide for that certification will be prescribed by the Comptroller.

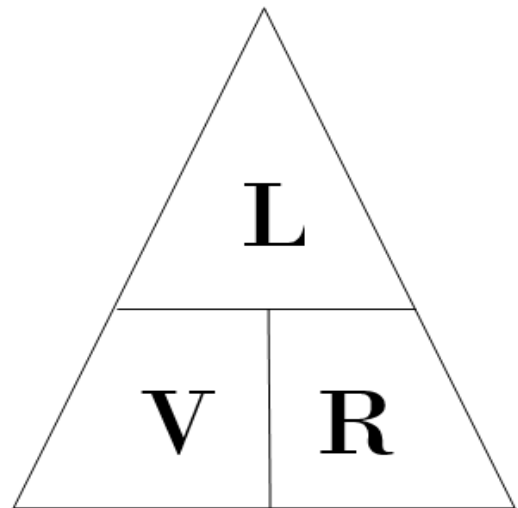
(LAST YEAR'S TAXES – LOST PROPERTY LEVY)

÷

(CURRENT TOTAL VALUE – NEW PROPERTY
VALUE)

X 100 =

NO-NEW-REVENUE TAX RATE



This is the common representation for the formula used to find a rate. The crossline substitutes for the division symbol.

No-new-revenue Tax Rate

Comptroller Worksheets

Beginning in 2021, state law requires the Comptroller's office to create tax rate calculation worksheets in an electronic format that can be filled electronically. The basis for these forms will be the Comptroller's 2019 tax rate calculation worksheets.

These worksheets must be capable of being certified by the assessor:

- (1) as accurately calculating the applicable tax rates and
- (2) using values that were certified by the appraisal district.

The worksheets must then be electronically incorporated into the appraisal district's database and submitted to the county tax assessor-collector.

New legislation beginning January 1, 2020

There were major changes made to Tax Code Chapter 26 and the Truth-in-Taxation process by Senate Bill 2. The most evident of those changes are the names of certain tax rates. The rate previously known as the *effective tax rate* and the *effective M&O rate* will now be called the no-new-revenue (NNR) tax rate and the no-new-revenue M&O rate. The rate formally known as the *rollback rate* is now the voter-approval rate (VAR). This publication will refer to the aforementioned rates by their current names.

Line-by-line explanations of No-new-revenue tax rate calculations

This guidebook will reference Comptroller forms by their numbers and include a copy of the most recent version of those forms.

The first section of these worksheets is used to calculate the no-new-revenue tax rate.

The following references Comptroller names and form numbers:

2020 Tax Rate Calculation Worksheets

- Taxing Units Other Than School Districts or Water Districts (Comptroller Form 50-856)
- School Districts (Comptroller Form 50-859 and 50-859-A)

For taxing units other than school or water districts, Lines 1-17 of the no-new-revenue tax rate worksheet are used to calculate last year's adjusted taxes (Levy). Lines 18-25 determine the current total value with adjustments. The Tax Code defines the current total value as the total taxable value with tax ceiling and pollution control adjustments. The Comptroller's worksheets label this the total taxable value (Line 21). Lines 26 and 27 produce the current year's no-new-revenue tax rate.

Water districts are not required to calculate the no-new-revenue tax rate.

Last year's levy

Prior year's taxes

First, determine the total taxes for the prior year including all supplements and corrections that have occurred to the tax roll since the prior year's certification and tax rate adoption. The process begins by making value adjustments that will eventually be converted to reflect a tax levy.

However, do not include corrections ordered according to Tax Code Section 25.25 (d) for late appraisal roll

changes ordered by the Appraisal Review Board (ARB). To do so would result in lower no-new-revenue and voter-approval tax rates for the taxing unit. **A new adjustment excludes property subject to a Chapter 42 appeal.** This value is as of the date of calculation **(Line 1)**.

Tax ceiling adjustment

If a county, city or junior college adopted the tax ceiling provision in the prior tax year for homeowners age 65 or older or disabled, that taxing unit adjusts last year's value by subtracting the value of those homesteads. School districts have a state-mandated ceiling for homeowners age 65 or older or disabled persons and must subtract the value of these properties **(Line 2)**.

Subtracting the value lost because of these tax ceilings changes the results in the taxing units adjusted taxes for the prior tax year **(Line 3)**.

Court appeals

Any court-ordered value changes made in the prior year must be included as a separate step in the tax rate calculation. A taxing unit may increase the last tax year's taxes to reflect lost taxes due to a court-overruled ARB decision with a lower taxable value. Including these adjustments in the last year's levy results in higher no-new-revenue and voter-approval tax rates that give the taxing units the ability to recapture revenue removed from last year's taxes **(Line 5)**.

In addition, a new adjustment beginning in 2020 is made reflecting the portion of taxable value that is not in dispute of property that is the subject of a Chapter 42 appeal on July 25th **(Line 6)**.

The next step is to add the Chapter 42 changes together **(Line 7)**. These court-ordered adjustments are then added to the previous value in **Line 3** for a further adjusted value **(Line 8)**.

Lost value

Taxing units must reduce last year's total taxes for the amount of lost property levy. This is the amount of taxes on property value that was taxable in the prior year, but not the current year; such as property value not taxed in the current year that ceased to be a part of the taxing unit **(Line 9)**, received a new exemption **(Line 10)** or qualified for special appraisal in the current year for the first time **(Line 11)**. Property that first qualified for a new exemption does not include freeport, goods-in-transit, or temporary disaster exemptions. The total amount of lost property levy is reflected in **Line 12** and this amount is subtracted from the already adjusted value in **Line 8**. **(Line 13)**.

Converting value to levy

Most of the adjustments are made using value, however, this information must be converted into levy. Convert the previous adjustments of value into levy by multiplying last year's total tax rate **(Line 4)** times the adjusted values **(Line 13)** and divide by 100 to equal the adjusted tax. This creates a partially adjusted last year's tax levy **(Line 14)**.

Refunds

Taxing units required to refund taxes for tax years previous to the last year include the refunded taxes in last year's levy adjustments. Include all types of refunds for years before the prior year including court decisions older than one year, corrections and payment errors **(Line 15)**. Refund information can be obtained from the collector.

Tax Increment Financing (TIF)

Taxing units exclude the taxes agreed to be paid into a TIF fund and the portion of captured appraised value that corresponds to the TIF payment in calculating both the

no-new-revenue and voter-approval tax rates. School districts do not make this calculation.

The captured appraised value is the difference between the current appraised value and the base appraised value, which is the value that existed at the time the TIF was created. The taxes on the base appraised value remain with the taxing unit. Only the portion of the captured appraised value that corresponds to the portion of the tax increment agreed to be paid into the TIF fund may be excluded in the tax rate calculations.

If a taxing unit does not have TIF-captured appraised value in the current year to exclude from the no-new-revenue and voter-approval tax rate calculations (**Line 18D**), then it does not have any TIF taxes to exclude in those calculations (**Line 16**). This provision addresses the situation when the taxable values in a TIF decline rather than continue to increase.

Last year's taxes

Finally, adding the refunds (**Line 15**) and subtracting the funds that have been agreed to be deposited into the TIF fund (**Line 16**) to the already adjusted levy (**Line 14**) will result in last year's adjusted levy (**Line 17**).

While the beginning adjustments in this process were done using values, those values were eventually converted to a levy. Making all the appropriate adjustments results in last year's levy (**Line 17**).

Current taxable value

Certified value or certified estimated value

Before calculating its no-new-revenue tax rate, a taxing unit must adjust the current tax year values. Adjustments made represent properties taxed in both years. Start with the total taxable value on the certified appraisal roll as of the date of calculation or if the appraisal district's ARB that has not approved the appraisal roll by July 20, start with the appraisal district's

certified estimate of taxable value (**Line 18A**). Counties add the railroad rolling stock value received from and certified by the Comptroller's office (**Line 18B**).

Current TIF adjustment

A taxing unit, other than a school district, subtracts the captured appraised value of property taxable in a TIF zone that corresponds to agreed-upon levy to be paid into the tax increment fund. The TIF-captured appraised value to be deducted in the no-new-revenue and voter-approval calculations do not include any value that is included as new property value. This provision prevents a taxing unit from including the same value in two different deductions in the calculations (**Line 18D**).

The certified value is adjusted by adding railroad rolling stock value, if applicable, and subtracting the current TIF captured appraised value (**Line 18E**).

Properties under protest or not certified

If a property's value is under protest when the taxing unit receives the certified appraisal roll (or the estimated certified appraisal roll), the chief appraiser submits both the appraisal district's and taxpayer's estimated taxes. In calculating the no-new-revenue and voter-approval tax rates, the taxing unit uses the lower taxable value.

If the property owner did not estimate a value, the chief appraiser must estimate the outcome of the ARB appeal. The following two rules govern this estimate:

- If this year's appraised value is the same or less than last year's, the chief appraiser estimates the value that would be assigned if the property owner wins their appeal.
- If this year's value is greater than last year's, the chief appraiser uses last year's value. However, if it's likely that the ARB will reduce the value, the chief appraiser should estimate the ARB value.

The taxing unit adds the value of properties still under protest that have not been determined by the ARB (**Line 19A**).

The chief appraiser also must give taxing units a list of taxable properties that the chief appraiser knows about, but that are not included on the certified appraisal roll. These properties are also not on the list of properties that are still under protest.

The chief appraiser includes the market value, appraised value and exemptions for the prior year and a reasonable estimate of the market value, appraised value and exemptions for the current year. A taxing unit's assessor must use the lower of the market, appraised or taxable value for computing the taxing unit's no-new-revenue and voter-approval tax rates (**Line 19B**).

Tax Ceiling adjustment

If a county, city or junior college adopted a tax ceiling provision in the prior tax year, the current year's values are adjusted by subtracting (**Line 21**) the current year's values of homesteads with tax ceilings for both age 65 and older and disabled homeowners (**Line 20**). All other taxing units use zero for Line 20.

New property value

The taxing unit subtracts the value of new property; that is property that has been annexed since January 1 of the prior tax year (**Line 22**).

For real property, new value includes additions to existing improvements, such as a garage, or new separate structures added to a property containing existing improvements, such as a company expansion made after January 1 of the prior tax year. Only the value of the individual new improvement is new value. The increased value of any existing structure is not new value.

For personal property, new value includes only the personal property that is located in a new improvement and that entered the taxing unit after January 1 of the prior tax year.

New property value also includes property value in the current year that was previously exempt under an abatement agreement. New property value for tax abatements applies to agreements that are expiring and to agreements that have a declining percentage or amount of exemption each year.

Certain taxing units include value changes that increase in value from the preceding year as new property. This includes land value that was increased from the prior year because the land was subdivided by plat; had water sewer or drainage lines installed; or paving of undeveloped land (**Line 23**).

The next step is to add annexed property value (**Line 22**) and new improvements and expiring abatements value (**Line 23**) together for a total amount of new property value (**Line 24**).

Current total value with adjustments

By subtracting any new property value, the unit adjusts the current year's taxable value to include only property taxed in the current tax year and the prior tax year (**Line 25**).

The final step in the no-new-revenue calculation is to divide last year's levy (**Line 17**) by the current year's taxable value (**Line 25**) and multiply by 100. The product is the current year's no-new-revenue tax rate (**Line 26**).

Special cases

The no-new-revenue tax rate for a county is the sum of the no-new-revenue tax rates calculated for each type of tax a county may levy (**Line 27**). Not all counties levy all three taxes. These rates are commonly referred to as:

- County General Tax;
- Farm-to-Market, Flood Control Tax and;
- Special Road and Bridge

No-new-revenue tax rate calculation

Calculating the no-new-revenue rate requires the prior year's taxes (Lines 1-17) and the current year's taxable value for property taxed in both years (Lines 18-25). Dividing the levy by the value (and multiplying by 100 to convert to a rate per \$100 of value) produces the no-new-revenue tax rate (Line 26 or 27).

Voter-approval Tax Rate

To preserve a taxing unit's ability to pay their debt service, the Texas legislature split these calculations into two components:

Maintenance and Operations (M&O) rate

- includes salaries, utilities, and other day-to-day operations and
- with an allowed limited increase, is the maximum rate a taxing unit can adopt without an election

Debt service rate

- covers the interest and principal on bonds and other debt secured by property tax revenues
- also called "Interest and Sinking (I&S)"
- does not depend on prior year's debt taxes at all, but the amount of levy needed for the current year
- does not trigger an election to approve the tax rate when the portion of the overall rate used to retire debt rises

Taxing units will now use different calculations for their voter-approval rates based on certain applicable criteria.

Special taxing unit

There is a new category of taxing entity called a "special taxing unit". Special taxing units consists of hospital districts, junior college districts and a taxing unit (other than a school district) that proposes an M&O rate of 2.5 cents or less per \$100 of value for the current year. These taxing units use the following formula for their voter-approval rate:

$$\begin{array}{c} \text{No-new-revenue M\&O rate X 1.08} \\ + \\ \text{Current Debt rate} \end{array}$$

There will be an automatic election if a special taxing unit adopts a rate that exceeds the voter-approval rate.

Disasters

The governing body of a taxing unit, other than a special taxing unit, may direct the assessor to use the formula above to calculate its voter-approval rate, if the taxing unit is located in a declared disaster area during the current tax year by the governor or president. The assessor shall continue to use this formula until the earlier of the second year in which the total taxable value shown on the appraisal roll exceeds the total of taxable value on Jan. 1 of the tax year in which the disaster occurred or the third year after the disaster occurred.

Unused Increment Rate

Taxing units other than special taxing units use the following formula for determining their voter-approval rate:

$$\begin{array}{c} \text{No-new-revenue M\&O rate X 1.035} \\ + \\ \text{Current Debt rate} \\ + \\ \text{Unused Increment Rate} \end{array}$$

The definition of voter-approval tax rate is slightly different in Tax Code Section 26.013 than it is in Section 26.04. You must take an extra step to deduct the previous year's unused increment rate from that year's voter-approval rate before subtracting the actual tax rate. Failure to take this step would result in a much higher unused increment rate.

For tax years previous to 2020 the unused increment tax rate is zero. The next formula is for the calculation of the unused increment rate beginning in 2021:

$$\begin{array}{c} (\text{year 1 voter-approval tax rate} - \text{year 1 actual tax rate}) \\ + \\ (\text{year 2 voter-approval tax rate} - \text{year 2 actual tax rate}) \\ + \\ (\text{year 3 voter-approval tax rate} - \text{year 3 actual tax rate}) \end{array}$$

Year 1 means the third tax year preceding the current tax year, year 2 means the second year preceding the current tax year and year 3 means the tax year preceding the current tax year **(Line 61 through Line 65)**.

De minimis tax rate

This rate created by the legislature is another benchmark rate. It is not used by a school district, water district, special taxing unit or a city with a population of 30,000 or more. Other taxing units (including cities with a population of less than 30,000) will use this rate when determining which notice is applicable to publish and if an automatic election for tax rate approval must be held. Here is how a portion of the de minimis rate is calculated:

$$\begin{array}{c} \$500,000 \\ \div \\ \text{current total value} \\ \text{X 100} = \\ \text{Rate} \end{array}$$

The actual de minimis rate is the sum of:

$$\begin{array}{c} \text{No-new-revenue M\&O rate} \\ + \\ (\text{The rate that equals \$500,000 in levy}) \\ + \\ \text{Current year's debt rate} \\ = \\ \text{De minimis rate} \end{array}$$

In some instances, the de minimis rate will be higher than the voter-approval rate. When this occurs, a taxing unit that adopts a rate that is higher than the voter-approval tax rate but lower than the de minimis rate will not have

to have an automatic election to approve the rate. However, the taxing unit would be subject to a petition process that could force the governing body to call an election to **rollback** the adopted tax rate **to the voter-approval rate**. The petition must be submitted to the governing body within 90 days of the tax rate's adoption and be signed by at least 3 percent of the registered voters in the taxing unit to be valid. **(Lines 66 through Line 70).**

Calculation process

Calculations for the voter-approval tax rate are more complicated than for the no-new-revenue tax rate. Ultimately, the voter-approval tax rate is the sum of the M&O rate with a limited increase and the debt service rate.

In most cases, this rate will exceed the no-new-revenue tax rate. However, on occasion, decreases in the taxing unit's debt service will cause the no-new-revenue rate to be higher than the voter-approval tax rate.

Line-by-line explanations of the voter-approval rate calculations

The second section of the Comptroller's worksheets is used to calculate the voter-approval rate.

This is a continuation from section one and the no-new-revenue tax rate calculations. The process involves calculating the M&O levy for the prior year and dividing that by the current taxable value. Once the no-new-revenue M&O rate is calculated and increased by the appropriate percentage - creating a voter-approval rate, the unused increment tax rate (if applicable) and current debt rate are added to create a total voter-approval rate.

Beginning in 2020, the no-new-revenue M&O rate could have many adjustments relating to expenses from

criminal justice mandate and/or indigent defense compensation (counties only) and county hospital expenditures, (counties and or cities).

M&O component

To calculate the current year's no-new-revenue M&O rate, start with last year's M&O rate **(Line 28)**. Multiply the adjusted taxable value for the preceding year **(Line 29)** by last year's M&O rate, then divide by \$100. This produces the M&O tax levy for the previous year **(Line 30)**.

Adjustments and Special Provisions

Some taxing units must perform extra steps to adjust their maintenance and operations levy. Many of these adjustments provide for a higher voter-approval tax rate.

Sales tax. Counties, cities and hospital districts may add the sale tax revenue spent on M&O from the previous fiscal year **(Line 31A)**. This information is obtained from the governing body's auditor or chief financial officer.

Counties only. Exclude the amount of sales tax revenue which was distributed for economic development grants under Local Government Code Section 381. The county subtracts this amount from the sales tax revenue spent in the calculation of the county's no-new-revenue M&O rate **(Line 31A)**.

Refunds. Taxing units required to refund taxes for tax years previous to the last year include the refunded taxes in last year's M&O levy only. Taxing units include all types of refunds for years before the prior including court decisions older than one year, corrections and payment errors **(Line 31B)**. This may or may not be the same amount entered on Line 15 of the no-new-revenue tax rate worksheet, depending on whether or not the taxing unit has debt. Refund information can be obtained from the collector.

Tax Increment Financing (TIF). Taxes paid into the tax increment fund for a reinvestment zone are deducted **(Line 31C)**.

Transferring a function or activity. If a taxing unit discontinues all of a department, function or activity and transfers it to another taxing unit by written contract, the two taxing units must adjust their M&O rates accordingly. The taxing unit discontinuing the function subtracts the amount spent for the function in the 12 months preceding the month of the voter-approval tax rate calculation. If the taxing unit did not operate this function for this 12-month period, the discontinuing taxing unit uses the amount spent in the last full fiscal year in which the taxing unit operated the function. The taxing unit receiving the function adds this amount to the voter-approval tax rate for the functions expenses **(Line 31D)**.

Add the 2019 M&O levy **(Line 30)** to the adjustments made for various Tax Code provisions **(Line 31E)** to create an adjusted 2019 levy **(Line 31)**. Dividing this levy amount **(Line 31)** by the current total value **(Line 32)** will produce a no-new-revenue M&O rate that is unadjusted **(Line 33)**.

Rate Adjustments

Senate Bill 2 (SB 2) added a couple of adjustments to the no-new-revenue M&O rate. In addition to the already established Criminal Justice Mandate Rate and the Enhanced Indigent Health Care Rate, SB 2 added the County Indigent Defense Compensation Rate and the Eligible County Hospital Expenditures Rate.

Criminal Justice Mandate Counties may increase their voter-approval tax rate to replace funds spent to house prisoners sentenced to state correctional facilities. This amount includes the cost during the previous 12 months to keep inmates in county-paid facilities after they have been sentenced to a Texas Department of Criminal Justice facility **(Line 34)**. The county auditor certifies the amount based on information provided by the county

sheriff, minus any amount received from the state for reimbursement. If the amount is the same or less than the previous year, the county does not adjust the M&O rate. The county continues to use the same 12-month period in subsequent years. For more information on this mandate, call the Texas Commission on Jail Standards at (512) 463-5505.

Enhanced indigent health care. A taxing unit can increase its voter-approval rate to generate funds it will spend for enhanced indigent health care expenses. This is the amount spent for M&O costs of providing indigent healthcare at the increased minimum eligibility standards. Deduct any state assistance received for these expenses. Compute the enhanced indigent health care expenditures for the prior tax year by subtracting the taxing unit's increased expenditures from July 1 of the year preceding last year through June 30 of last year and the amount of any state assistance from the enhanced expenditures for the current year. Any remaining amount is the increased amount for the current year **(Line 35)**.

County Indigent Defense Compensation Rate Counties may add a rate relative to indigent defense compensation expenditures. The formula for calculating this rate is the lesser of:

(Current Tax Year's Indigent Defense Compensation Expenditures – Preceding Tax Year's Indigent Defense Compensation Expenditures)

or

(Preceding Tax Year's Indigent Defense Compensation Expenditures X .05)

÷

(Current Total Value – New Property Value)

X 100

A county enters the amount paid to provide appointed counsel for indigent individuals between July 1 and June 30 of the previous year and the amount from the same time period for the current year, less any state grants received **(Line 36A and Line 36B)**. These amounts are then divided by the current total value **(Line 32)** which creates two rates. The county enters the lesser of the two rates calculated **(Line 36)**.

County Hospital Expenditures Rate An eligible county or city can add a rate for county hospital expenditures to maintain and operate an eligible county hospital. The formula for calculating this rate is of lesser of:

**(Current Tax Year's Eligible County Hospital
Expenditures – Preceding Tax Year's Eligible County
Hospital Expenditures)**

Or

**(Preceding Tax Year's Eligible County Expenditures X
.08)**

÷

(Current Total Value – New Property Value)

X 100

The procedure and time period are similar to the county indigent defense compensation rate calculation. An eligible county or city enters the amount paid to maintain and operate an eligible county hospital between July 1 and June 30 of the previous year and the current year. **(Lines 37A and 37B)**. These amounts are divided by the current total value **(Line 32)** to create two separate rates. The county or city would use the lesser of the two rates calculated **(Line 37)**.

Finally, a taxing unit will add all of these rate adjustments **(Lines 34, 35, 36 and 37, as applicable)** to the NNR M&O

rate **(Line 33)** to create an adjusted NNR M&O rate **(Line 38)**.

Allowable increase. Depending on the taxing unit or the circumstance, a taxing unit will use one of the following formulas for calculating the voter-approval tax rate (VAR). A special taxing unit or a taxing unit that has instructed the designated employee as being one that qualified as having a disaster will multiply the no-new-revenue M&O rate **(Line 38)** by 1.08 to equal the voter-approval rate **(Line 39 top portion)**.

A taxing unit, other than a special taxing unit will multiply the no-new-revenue M&O rate **(Line 38)** by 1.035 to equal its voter-approval rate **(Line 39 bottom portion)**.

In both instances, this rate represents a calculated voter-approval rate with the applicable allowed increase.

Debt Service Component

This portion of the voter-approval tax rate is the rate necessary to pay the taxing unit's debt payments in the coming year **(Line 46)**.

The portion of the overall rate used to retire debt may rise as high as necessary to pay for the taxing unit's debt expenditures. This step concerns the actual debt payments **(Line 40A)** required for the current fiscal year. Remember, these are the debt payments that the current year's property taxes will pay; last year's debt levy is irrelevant.

A taxing unit that pays its debt with other funds, in addition to the debt service funds, should include those amounts in the calculation **(Lines 40B-D)**. This would include debt payments made with unencumbered funds **(Line 40B)** or sales tax money **(Line 40C)** or other resources **(Line 40D)**. The governing body of a taxing unit that imposes an additional sale and use tax may not adopt a debt rate until the chief financial officer or the auditor for the taxing unit submits a written certification

that the amount of additional sales and use tax revenue that will be used to pay debt service has been deducted. The certification must be completed on Comptroller form (50-882) **(Line 40C)**. Subtracting these extra payments will reduce the amount of debt to be paid and create a lower debt rate.

Debt Collections and Anticipated Collection Rate

By August 1, or as soon thereafter as practicable, the collector for the taxing unit must certify any excess collections to the assessor and an anticipated collection rate for the current year. A taxing unit that levies a debt service tax must consider these excess payments and anticipated collections in calculating the debt service component of its voter-approval tax rate.

Excess Debt Collections

The law requires the collector to compare the actual collected amount for last year's debt, from July 1 of last year through June 30 of the current year, against the amount which the collector had estimated according to last year's anticipated collection rate. Actual collections include current taxes, delinquent taxes, special appraisal rollback taxes, penalties and interest.

EXAMPLE | Excess Debt Collections

Last year, the governing body needed \$475,000 to pay its debt service, however, the collector's certified anticipated collection rate for that year was 95%. Using the following formula, \$500,000 was levied by the governing body for debt.

$$(\$475,000 \div .95 = \$500,000)$$

The collector determines that between July 1 of last year and June 30 of this year, \$485,000 was actually collected for debt and certifies a \$10,000 excess in collections to the assessor for this year

$$(\$485,000 - \$475,000 = \$10,000).$$

The certified excess collections amount **(Line 41)** is subtracted from the amount of debt owned **(Line 40E)** to produce an adjusted debt amount **(Line 42)**. This happens when the taxing unit takes in more debt tax dollars than estimated by the collector.

Anticipated Collection Rate

The collector will not know the precise amount of debt tax dollars to be collected for current year until the collection period has been completed, however, Truth-in-Taxation laws require the collector give an anticipated collection rate.

To find the anticipated collection rate, the collector must estimate the taxing unit's total debt collections from July 1 of the current year through June 30 of the next year. This estimate equals the total tax dollars that will be collected from current taxes, delinquent taxes, special appraisal rollback taxes, penalties and interest.

Beginning Jan. 1, 2020, the anticipated collection rate cannot go lower than the lowest actual collection rate of the unit for any of the preceding three years **(Line 43)**.

EXAMPLE | Anticipated Collection Rate

2017 Actual Collection Rate = 98%

2018 Actual Collection Rate = 101%

2019 Actual Collection Rate = 99.5%

The collector cannot certify an anticipated collection rate lower than 98%.

Dividing the debt amount needed **(Line 42)** by the anticipated collection rate **(Line 43)** equals the amount of debt adjusted for collections **(Line 44)**. Using an anticipated collection rate of less than 100% in the calculations creates a higher debt levy. If the collector's anticipated collection rate exceeds 100% the assessor will use a number greater than 100 in the calculations. Using a percentage higher than 100 will produce a smaller debt service amount.

Example:

Debt = \$750,000

Anticipated Collection Rate = 101%

$(\$750,000 \div 1.01 = \$742,575)$

Calculating the Debt Rate

The debt service component does not use the same adjusted current taxable value as the No-new-revenue tax rate or the No-new-revenue M&O rate.

The debt tax rate uses the taxable value of all properties less properties with a tax ceiling or the appropriate portion of any TIF-captured appraised value **(Line 45)**. Dividing the adjusted debt payments **(Line 44)** by the current year's total taxable value **(Line 45)** and multiplying by 100 creates the debt rate **(Line 46)**.

According to Tax Code Section 26.05 (a), a governing body must adopt the calculated debt rate. School

districts have an additional provision in the Education Code that allows the district to adopt a lower debt rate.

Total Voter-Approval Rate

Adding the voter-approval rate **(Line 39)** and the debt rate **(Line 46)** creates the total voter-approval rate for taxing units other than school districts or water districts **(Line 47)**. For certain counties, the total VAR is **Line 48**.

An automatic election will be held if a taxing unit adopts a rate above the voter-approval rate.

Exceptions

If a taxing unit adopts a rate that exceeds the voter-approval rate but that is lower than the taxing unit's de minimis rate, no automatic election will be held, however, the taxing unit would be subject to a possible rollback petition and election.

When increased expenditures by a taxing unit are necessary to respond to a qualified disaster, an election is not required to approve the tax rate adopted by the governing body for the year following the year in which the disaster occurs. This is a circumstance where a taxing unit that would use the 8% increase formula instead using 3.5%.

Voter-approval Tax Rate Calculation

Calculating the voter-approval tax rate requires the prior year's M&O taxes plus either an 8% increase or a 3.5% increase; depending on the qualifications of the taxing unit **(Line 38)**. Adding the debt rate **(Line 46)** to this rate creates a total voter-approval rate **(Line 47 or 48)** whichever is applicable) for a taxing unit other than a school or water district.

See other sections of this guide for calculating a school district voter-approval rate or a water district voter-approval rate.

Additional Sales Tax to Reduce Property Taxes

Tax Code provisions allow cities, counties and hospital districts to levy a sales tax specifically to reduce property taxes. In each case, the taxing unit reduces its no-new-revenue and voter-approval tax rates to offset the expected sales tax revenue.

Timing a Sales Tax Election

Local voters must approve imposing or abolishing the additional sales tax by election. Elections may be held on either of the two general election dates in May or November. If the additional sales tax to reduce property taxes passes, the taxing unit will calculate the reduced no-new-revenue and voter-approval tax rates using Section 3, **Lines 49-56** of the Comptroller's Tax Rate Calculation Worksheet.

Collecting the sales tax begins on Oct 1 following the first full quarter after the taxing unit notifies the Comptroller's office of the election results. A taxing unit that held a successful election in November of 2019 or May of 2020 will adjust its 2020 rates.

Impact on no-new-revenue and voter-approval tax rates

A taxing unit that adopted the additional sales tax in prior years adjusts only its voter-approval tax rate each year thereafter.

However, a taxing unit that adopted the additional sales tax in November of the previous year or in May of the current year must adjust both its no-new-revenue rate and voter-approval tax rates.

Steps for the first year

For the first-year adjustment to both no-new-revenue and voter-approval tax rates, compute an additional tax rate based on an estimate of sales tax revenue and subtract that rate from the no-new-revenue and voter-approval tax rates.

This adjustment is known as the sales tax gain rate. To calculate it for the first time, contact the Comptroller's office to get an estimate of the last four-quarter's total dollar volume of business activity subject to sales tax (**Line 49**). The Comptroller's Tax Allocation Division can be reached at (800) 531-5441, extension 3-4530.

Multiply that estimate by the voter approved additional sales tax rate (usually .005) and multiply that result by 95% (**Line 50 top portion**). Using 95% yields a conservative amount to offset low first-year estimates of total taxable sales. This number is the sales tax revenue estimate for the first year.

ESTIMATE OF BUSINESS ACTIVITY SUBJECT TO SALES TAX DURING THE LAST FOUR QUARTERS (from Comptroller's Office)
X
VOTER-APPROVED ADDITIONAL SALES TAX RATE
X
95%
=
SALES TAX REVENUE ESTIMATE

Divide the estimated sales tax levy (**Line 50**) by the current year's total taxable value (**Line 51**) and multiply by \$100 to arrive at the sales tax gain rate (**Line 52**). Subtract the sales tax gain rate from the no-new-revenue rate (**Line 53**) and the voter-approval rate (**Line 55**) to adjust for the anticipated additional sales tax (**Lines 54 and 56**).

Counties exclude the amount of sales tax revenue that is or will be distributed by the county for economic development grants which are created and authorized by Local Government Code Chapter 381.

Steps for following years

No-new-revenue tax rate

Once the taxing unit has collected the additional sales tax for the year, its property tax revenues will already reflect any tax rate reduction arising from the additional sales tax. As a result, an adjustment to the no-new-revenue tax rate is no longer necessary.

Voter-approval tax rate

Since the M&O component of the voter-approval rate uses last year's sales tax revenue, the taxing unit must continue to subtract a sales tax adjustment rate from the voter-approval tax rate **(Line 56)**.

Sales tax adjustment rate

After the first year, the sales tax adjustment rate is based on actual sales tax collections in the previous four quarters. This information is readily available on the Comptroller's website and can be accessed at: comptroller.texas.gov/taxes/sales. Click on Local Sales and Use Tax Allocation and then select Allocation Payment Historical Summary by local jurisdiction.

Unlike the first year, there is no 95% adjustment. To calculate the sales tax adjustment rate, the taxing unit must divide the additional sales tax revenue from the previous four quarters **(Line 50 lower portion)** by this year's total taxable value **(Line 51)**. Multiply this number by \$100 to arrive at the sales tax gain rate **(Line 52)**.

Cities should only use that portion of sales tax revenue allocated for property tax relief. For this reason, some cities will only use a portion of the entire amount of sales tax collected.

EXAMPLE | Proportion Sales Tax

The following is a city's Local Sales Tax Rate History from the Comptroller's website:

.005 – Economic/Industrial Section 4B

.005 – Property Tax Relief

.01 – Regular Rate

.02 – Total Rate

To determine the portion used for property tax reduction, divide the Total Rate by the portion for Property Tax Relief ($.02 \div .005 = 4$). This represents one-fourth of the total amount of sales tax received is dedicated to property tax reduction.

A city's previous four quarters of \$6,000,000 from sales tax will use 1/4 of that amount for property tax relief ($6,000,000 \div 4 = \$1,500,000$).

Changing the additional sales tax rate

If the taxing unit either increases or decreases the sales tax rate from last year; there is an additional step to determine the projected sales tax.

If the sales tax rate increased (for example from .0025 to .005), the taxing unit must have two projections. The first projection uses the increased rate; the second projection does not. The difference between the two projections is the extra revenue generated by the rate increase. In the first year that the rate changed, the no-new-revenue rate is the rate before the increase, less a rate for the extra revenue. To determine the revenue gain rate to subtract, divide the revenue gain by the current total property value (less new property value)

If the sales tax rate decreased (for example, from .005 to .0025), then the taxing unit again has two sales tax projections; the new decreased rate and the old rate. The difference between the two projections is the revenue loss for the rate change. In the first year that the rate changed, the no-new-revenue rate is the rate before the decrease, plus a rate for the revenue loss. To determine the revenue loss rate to add, divide the revenue loss by the current total property value (less new property value).

Abolishing the additional sales tax

If voters abolish the additional sales tax to reduce property taxes, the taxing unit adjusts its no-new-revenue tax rate upward by adding a sales tax loss rate. To calculate this rate, divide sales tax revenue for the last four quarters by the current year's property value, then add the result in calculating the no-new-revenue tax rate.

To calculate the voter-approval rate, the taxing unit includes the sales tax in the M&O rate but does not include the sales tax loss rate.

Tax bills and the additional sales tax

Taxing units that levy the additional sales tax must show on the tax bills the amount of additional property taxes that the taxpayer would have paid had the additional sales tax not been adopted. The language on the property tax statement could be similar to: "Tax amount adjusted by \$XX.XX due to sales tax property tax relief."

To calculate this amount, multiply the property's taxable value by the sales tax adjustment rate **(Line 52)**.

City mass transit sales tax

In the tax year in which a city has set an election on whether to impose a local sales and use tax for mass

transit, the city may not make no-new-revenue and voter-approval calculations until the outcome of the election is determined.

If the election is determined in favor of imposition of the tax, the city must subtract from the city's voter-approval and no-new-revenue tax rates the amount that, if applied to the city's current total value, would be equal to the amount of property taxes budgeted in the current year to pay for expenses related to mass transit services.

Additional Protection for Pollution Control

A taxing unit may raise its rate for M&O funds to pay for a facility, device or method for control of air, water or land pollution. This includes any land structure, building, installation, evacuation, machinery, equipment or device that is used, wholly or partly to meet or exceed pollution control requirements.

For example, a taxing unit discovers asbestos during a remodeling project and must abate it before proceeding. The taxing unit's expenses are those necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality (TCEQ). The TCEQ executive director issues a determination letter stating the portion of the cost of the installation for pollution control **(Line 57)**. The taxing unit must provide its tax assessor a copy of the TCEQ letter. The tax assessor will accept the copy stating the cost of the pollution control as conclusive evidence and shall adjust the voter-approval rate. Taxing units should check for rules regarding this process by calling TCEQ's Air Quality Division at (512) 239-6348 or online at: <https://tceq.texas.gov/airquality/taxrelief>.

Comptroller Form 50-856 Section 4 provides the steps necessary to adjust the VAR for pollution control expenses. To find the additional rate for pollution control that is to be added to the voter-approval tax rate divide the amount certified by the TCEQ letter **(Line 57)** by the

taxing unit's current total value **(Line 58)**. Multiply the result by 100 to create a pollution control rate **(Line 59)**. Add this rate to the applicable voter-approval rate **(Line 60)**.

Unused Increment Rate

Section 5 of the worksheet provides the steps necessary to complete the unused increment rate and adjust the voter-approval rate accordingly **(Lines 61 through Line 65)**. Each step provides for the difference between the actual adopted tax rate and the voter approval rate for the three previous years. SB 2 states the unused increment rate before 2020 is zero. Taxing units that use 3.5% increase for calculating their VAR add the unused increment rate as part of the VAR formula **(Line 65)**.

$$\begin{array}{r} \text{No-new-revenue M\&O rate X1.035} \\ + \\ \text{Current Debt Rate} \\ + \\ \text{Unused Increment Rate} \\ = \\ \text{Voter-approval Tax Rate} \end{array}$$

De Minimis Rate

The next portion of the Comptroller's worksheet (Section 6) is the calculation of the De minimis rate. This section is used by a city with a population of less than 30,000 or a taxing unit that does not meet the definition of a special taxing unit. The calculation begins with the NNR

M&O rate **(Line 66)**. The next two steps create the portion of the rate that will create a levy of \$500,00. This is done by dividing \$500,000 by the total taxable value **(Line 67)** and then multiplying by \$100 to create a component of the De minimis rate **(Line 68)**.

The De minimis rate **(Line 70)** is created by adding the NNR M&O rate **(Line 66)** plus the rate needed to create \$500,000 **(Line 68)** plus the calculated debt rate **(Line 69)**.

Depending on a taxing unit's levy, the De minimis rate could calculate to be greater than the voter-approval tax rate. In that instance, if a taxing unit's governing body adopts a rate greater than the VAR but less than the De minimis rate, there is no automatic election to approve the tax rate, however, the taxing unit would be subject to a possible petition by the voters to call for an election that would rollback the adopted rate to the voter-approval rate.

Final Steps

Once all the rates are calculated and adjusted the Comptroller's form provides a couple of final steps. Section 7 of the worksheet identifies the final calculated No-new-revenue tax rate, the Voter-approval tax rate and the De minimis rate, if applicable. In Section 8 the taxing unit representative that has been designated by the governing body will sign and date the form stating that the rates were calculated according to the requirements of the Tax Code.

Notices, Public Hearings and Elections

Texas Taxing Units

Texas has 254 counties, over 1,000 cities and school districts and almost 2,000 special districts that levy a property tax. This means over four thousand taxing units across the state that must comply with some form of Truth-in-Taxation procedure including rate calculations, notices and public hearings.

Beginning January 1, 2020 all taxing units, other than school and water districts must comply with posting the following information on their website.

Procedures

After receiving the certified appraisal roll by August 7 or as soon thereafter as practicable, the taxing unit's assessor calculates, submits to the governing body and publishes online the unit's no-new-revenue and voter-approval rates. Almost simultaneously, the chief appraiser notifies the property owner of information on the appraisal district's website relative to estimating property taxes. Included in this notice is:

- directions to a taxing unit's website that contains information about the actions taken or proposed to be taken by the unit which may affect taxes and
- how to contact a taxing unit's assessor for information on the rate calculations.

Once the governing body has received the calculated rates, it will propose a rate necessary to fund its upcoming budget. The rate proposed by the governing body will determine whether or not it must hold a public hearing and which notice it will have to publish.

Beginning on January 1, 2021, the governing body of a taxing unit shall include in the budget's appendix for the year the assessor's tax rate calculation worksheets.

After the required notice has been timely published, depending on the proposed tax rate a taxing unit will either adopt its rate at a public meeting or hold a public hearing and then adopt its tax rate. However, this

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hearing may not be held until the fifth day after the appraisal district has sent its notice (applicable to all units in 2021).

The governing body must adopt a tax rate before September 30 or 60 days after receiving the certified appraisal roll. If a governing body intends to adopt a rate that exceeds its voter-approval rate, it must adopt a tax rate no later than 78 days (mid-August) before the uniform election date that occurs in November.

The adopted tax rate consists of two components. Each is approved separately. The governing body will adopt both a debt rate (according to Tax Code specifications), and a maintenance and operations rate. The taxing unit's governing body must set out the rate in a written resolution, ordinance or order using specific language as required by Tax Code Section 26.05 (b). This language is provided in the Appendix. The governing body shall notify the assessor of the adopted tax rate.

The assessor will enter the amount of tax determined using the appraisal roll and the adopted tax rate and submit this information to the governing body for approval. The tax roll is created once the governing body has approved the amounts submitted by the assessor. The assessor will mail the tax statements.

Failure to comply

If the assessor of a taxing unit does not calculate or publish these required rates and additional information, a property owner in the taxing unit may seek an injunction to prohibit the unit from adopting a tax rate. The district court may grant an injunction if it finds that the unit did not act in good faith.

Beginning in 2021, the failure to comply in good faith is used as a defense by the taxing unit and states that the assessor or the chief appraiser failed to compute, publish or post required information on the applicable website databases.

A taxing unit that is restrained may not adopt a tax rate and will not be able to either create or mail a tax bill until it complies with all the requirements for adopting a tax rate.

Notice of calculated rates

The assessor for each taxing unit calculates the appropriate rates required by Tax Code Chapter 26 and submits those rates to the governing body by August 7 or as soon thereafter as practicable. The assessor also posts prominently on the homepage of the taxing unit's website a *Notice of Tax Rates* form (50-212) prescribed by the Comptroller.

Content of the notice

This notice includes the following information:

- no-new-revenue tax rate,
- voter-approval tax rate,
- unencumbered fund balances,
- debt service information and
- special additional rate provisions.

A taxing unit should not publish information that is not relative to it. For example, a city would not publish information about State Criminal Justice Mandate.

Calculated Tax Rates

The no-new-revenue and voter-approval tax rates are those rates found on the Comptroller's worksheet.

Unencumbered Funds

Unencumbered fund balances are the amounts remaining in each tax fund at the end of the current fiscal year. Fund balances are "unencumbered" if they are not needed to meet a corresponding maintenance and operations or debt obligation. These balances are obtained from the taxing unit's budget officer.

Debt Service Information

Debts that meet the four criteria of debt service as identified on the Comptroller's worksheet are listed. This information reports the amount of debt to be paid with property taxes. The taxing unit's budget officer provides the information used for a debt rate calculation and it is this data from the worksheet that is published.

Special Additional Rate Provisions

Criminal Justice Mandate. Counties may increase their voter-approval rate to replace funds spent to house prisoners sentenced to state correctional facilities. This amount includes the cost to keep inmates in county-paid facilities after they have been sentenced to a Texas Department of Criminal Justice facility. The county auditor certifies the amount based on information provided by the county sheriff. This matches the information on the Comptroller's worksheet.

County Costs for Indigent Defense Compensation. Counties may add a rate relative to indigent defense compensation expenditures. The information used to create the higher voter-approval rate can be obtained from the Comptroller's worksheet.

County Hospital Expenditures. An eligible county or city can add to the voter-approval rate for county hospital expenditures. Again, information used to create the additional voter-approval tax rate is derived from the Comptroller's worksheet and is included in the online publication.

Enhanced Indigent Health Care. A taxing unit that has enhanced indigent healthcare expenditures will complete this portion of the notice. It describes and states the amount of enhanced indigent healthcare expenditures, both for the preceding year and the current year, less any state assistance received. For the preceding tax year 2019, the unit's enhanced expenditures are computed from July 1, 2018 through June 30, 2019. The current year is from July 1, 2019 through June 30, 2020.

Meeting to Propose a Tax Rate

Once the required rates have been calculated and published online, the taxing unit's governing body will propose a tax rate to fund the unit's budget needs. The governing body will have to meet and the members must vote for or against the proposed tax rate. A record vote is required. After the governing body has proposed a tax rate it must publish a notice of its proposed rate and may have to hold a public hearing before it adopts its tax rate.

If a governing body is required to hold a public hearing, it may choose to adopt the tax rate at the public hearing or at a future date. If a tax rate is not adopted at the public hearing, a meeting to vote on the tax increase must be held within 7 days of the public hearing however, no additional notice is required.

(The following notices are not for taxing units which calculate a de minimis rate)

Proposed rate does not exceed limits

A governing body that proposes a tax rate that does not exceed the lower of the no-new-revenue or voter-approval tax rates does not have to hold a public hearing. The taxing unit will publish a *NOTICE OF MEETING TO VOTE ON TAX RATE*:

The Notice has:

- the different rates listed,
- an explanation of each rate, tax calculation formula,
- date, time and place of meeting,
- how the members voted,
- contact information for the calculations,
- statement about the 86th Legislature and
- the comparison chart (on page 25).

This notice will notify the public of the date, time and place of the meeting to vote on the proposed rate (Comptroller Form 50-883). Thereafter the governing body of the taxing unit will meet and adopt the tax rate.

Proposed rate exceeds NNR but not VAR

When the governing body proposes a rate that exceeds the no-new-revenue rate but not the voter-approval rate, the governing body will have to:

- publish a *NOTICE OF PUBLIC HEARING ON TAX INCREASE* and
- hold a public hearing.

This notice will contain all of the elements described in the notice above, except it will include the date, time and place for a public hearing (Comptroller Form 50-876). In addition, this notice states no election will be held but that this is a tax increase. The public will be encouraged to express their views at the public hearing or by contacting the members of the governing body at their offices.

Proposed rate exceeds VAR

If the governing body proposes to adopt a tax rate that either:

- does not exceed the no-new-revenue tax rate but does **exceed** the voter-approval-tax rate, or
- exceeds both the no-new-revenue tax rate **and** the voter-approval-tax rate

it must:

- publish a *NOTICE OF PUBLIC HEARING ON TAX INCREASE*,
- hold a public hearing,
- hold an election for the voters to accept or reject the adopted tax rate.

Sometimes the voter-approval rate is lower than the no-new-revenue rate. This can happen when a taxing unit retires most or all of its debt. If the governing body proposes a rate that exceeds the voter-approval rate but does not exceed the no-new-revenue tax rate it will publish Comptroller Form 50-877. This notice is very similar to the first one except there is a line explaining that the taxing unit is not proposing to increase property taxes. If the governing body proposes a rate that exceeds both the no-new-revenue rate and the voter-approval rate it will publish Comptroller Form 50-873.

Both of these notices must state that if the governing body adopts the proposed tax rate it must hold an

election for the voters to accept or reject the tax rate and include the date of the election.

Notices for taxing units that calculate a De Minimis Tax Rate

Taxing units other than special taxing units and cities with a population of less than 30,000 will calculate a de minimis rate. Accordingly, there will be instances where the de minimis rate is higher than the voter-approval rate. These taxing units will publish specific notices that will depend on whether the proposed rate exceeds either the no-new-revenue rate (NNR), the voter-approval rate (VAR) or the de minimis rate (DMR). Depending on the rate adopted, the taxing unit may either have to call an election for the voters to approve the adopted rate or the voters may petition for an election to rollback the adopted rate to the voter-approval rate.

Taxing unit must hold a public hearing and call an election for voters to approve tax rate

If the calculated DMR exceeds the VAR and the governing body proposes a rate that exceeds the DMR rate, it must publish Comptroller's form 50-874 and hold a public hearing. Similarly, if the governing body proposes to adopt a rate higher than the VAR, and the DMR is lower than the VAR, the taxing unit must publish Comptroller form 50-880. In either situation, if the governing body adopts the proposed rate, it must call an election to have the rate approved by the voters.

These notices are similar to the other notices but will add the de minimis rate to the list of rates and an explanation of the rate. It will also state that an automatic election will be held and the date of the election. If a majority of the voters do not approve the governing body's rate, it will be reduced to the voter-approval rate.

Taxing unit must hold a public hearing and voters may petition for an election to rollback the tax rate.

This is a circumstance where the calculated DMR exceeds the both the NNR and the VAR or the DMR exceeds the VAR but not the NNR and the governing body's proposed rate is equal to or less than the DMR. Depending on the actual situation as described above, the taxing unit will publish either Comptroller form 50-875 or Comptroller form 50-879.

These notices have all the elements found in the previous notice and adds the de minimis rate to the list of rates and an explanation of that rate. However, the notice states that an automatic election is not mandated; instead the voters may petition for an election to reduce the rate to the voter-approval rate.

While all the notices contain the same format and chart, there is specific language relative to each one. The differences are either:

- extra information about a mandated election,
- information regarding a petition process or
- encouragement to express your views.

The governing body's proposed tax rate is the catalyst for the selection of the correct notice.

Notice of Public Hearing

The governing body must notify the public after it has determined the date to have the public hearing. The notice must comply with all statutory language required in the Tax Code. The Comptroller's office provides such notices which can be found at: <https://comptroller.texas.gov/taxes/property-tax/forms/> and in this guidebook's Appendix.

Content of the notice

After the governing body has proposed a tax rate it must publish a notice of either the meeting at which it will adopt its tax rate or the meeting at which it will conduct a public hearing before adopting its tax rate. The first part of the notice lists the following:

- Proposed Tax Rate
- No-new-revenue Tax Rate

- Voter-approval Tax Rate

After this list is an explanation of each of the rates. The notice then lists the date, time and place for the hearing.

If the governing body has proposed a tax rate that requires an election and the governing body adopts that rate, the notice will state that an automatic election will be held on a specified date at which voters may approve or reject the adopted rate. Ultimately, the tax rate for the taxing unit will be determined by a majority of the voters.

Information on where to obtain voting locations and hours is included in the notice.

The next portion of the notice shows how to calculate taxes based on each of the listed rates. It uses a formula of rate times taxable value equals a property tax.

how each voted on the proposal to increase taxes or if the member was absent are listed.

There is the statement “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 telephone number and the email address of the taxing unit’s assessor are provided for inquiries regarding tax calculations.

Special notation: If applicable, Tax Code Sections 26.044 Criminal Justice Mandate, 26.0441 Indigent Health Care, 26.0442 Indigent Defense Compensation and 26.0443 Eligible Hospital Expenditure information must be added to the notice.

Following this statement is a chart with explanations:

	2019	2020	CHANGE
TOTAL TAX RATE (PER \$100 OF VALUE)	2019 adopted rate	2020 proposed rate	Statement of nominal and percentage difference
AVERAGE HOMESTEAD TAXABLE VALUE	2019 avg. taxable value of residence homestead	2020 avg. taxable value of residence homestead	Statement of percentage difference
TAX ON AVERAGE HOMESTEAD	2019 amount of taxes on average homestead	2019 amount of taxes on average homestead	Statement of nominal and percentage difference
TOTAL TAX LEVY ON ALL PROPERTIES	2019 Levy	(Proposed rate x current total value)/100	Statement of nominal and percentage difference

The names of all members of the governing body and

Notice Delivery

The notice of public hearing or the meeting to vote may be delivered by mail to each property owner in the taxing unit or may be published in a newspaper. If the taxing unit publishes the notice in a newspaper, it must also post the notice prominently on the homepage of the unit's website. The online notice will remain on the homepage until the public hearing/meeting is concluded.

Newspaper requirements

The notice may be mailed to each property owner in the unit or published in the newspaper at least 5 days before the public hearing. The publishing requirements are:

- at least a quarter-page ad in a standard or tabloid-size newspaper,
- headline must be in 24-point type or larger,
- may not appear in the legal or classified section of newspaper and
- must strictly follow statutory language in Tax Code Section 26.06.

Website and TV

In addition to the newspaper requirements listed, a taxing unit shall also post prominently on its website homepage the same notice. This notice must be posted on the website at least 7 days before the public hearing and remains until the hearing is concluded. These same requirements apply to a taxing unit that does not have a public hearing but must publish a notice before the meeting to vote on the tax rate.

If the taxing unit has free access to a television channel, the unit shall request that the station carry a 60-second notice of the public hearing at least 5 times a day between 7 AM and 9 PM. The notice will run for at least 7 days immediately before the public hearing.

Both the website and TV notice must contain substantially the same information that is in the quarter-page notice published in the newspaper.

The additional notice does not apply to a taxing unit that is unable to comply because of the failure of an electronic or mechanical device or due to other circumstances beyond its control.

Important Note – CAD Notice

Beginning in 2020, in an appraisal district with a population of 200,000 or more, there is a stipulation concerning the timing of a governing body's meeting and the appraisal district's responsibility to notify the property owners. A taxing unit may not hold a public hearing or a meeting to adopt a tax rate until the fifth day after the chief appraiser of each appraisal district in which the taxing unit participates has delivered, by mail or email to each property owner, a notice that the estimated amount of taxes may be found in the property tax database maintained by the appraisal district. This requirement will be applicable to all taxing units in 2021.

Public Hearing Requirements

Once the taxing unit's assessor publishes the no-new-revenue and voter-approval tax rates and reports them to the governing body, the governing body assumes the duty of complying with Truth-in-Taxation laws.

If a governing body's proposed tax rate requires it to have a public hearing it must:

- have a quorum of the governing body present,
- take place within the boundaries of the taxing unit,
- be conducted on a weekday that is not a holiday,
- take place in a public building, or if a public building isn't available, in a building normally open to the public, and
- allow taxpayers an opportunity to express their views.

If the governing body does not adopt a tax rate at the public hearing, the meeting to adopt the tax rate must be

held in a similar manner, however, there is no requirement that it be held on a weekday that is not a holiday.

Elections and Rollback Petitions

In the past, a taxing unit other than a school district would not have to hold an election to approve its tax rate if it adopted a rate that exceeded its limit. Beginning in 2020, a taxing unit that adopts a rate that exceeds its limit will have to hold an automatic election.

Different taxing units have different methods for calculating the limit (voter-approval tax rate) that determines whether or not an election must be held.

If the governing body of a special taxing unit or a city with a population of 30,000 or more adopts a rate that exceeds its voter-approval rate, it must hold an automatic election.

If the governing body of a taxing unit other than a special taxing unit or a city with a population of less than 30,000 adopts a tax rate that exceeds the greater of the voter-approval rate or its de minimis rate, it must hold an automatic election.

However, when the tax rate is an increased expenditure for a qualified disaster (tornado, hurricane, flood, wildfire or other calamity not including drought) declared by the governor, an automatic election is not required for the year following the year in which the disaster occurs.

The election must be held on the uniform election date in November as described in Election Code 41.001.

The ballot

There is specific language in that Tax Code required on the ballot. Specifically, the voter is asked to vote for or against approving the tax rate adopted. If a majority of the voters cast a ballot in favor of the proposition, the rate for the current year is the rate adopted by the governing body. If the proposition is not approved, the taxing unit's rate is the voter-approval rate.

Tax collections and refunds

If the taxing unit had already begun collecting taxes based on its adopted rate at the time of the election, some taxpayers may have paid taxes under the adopted tax rate. The taxing unit must refund the difference between the taxes levied under the adopted tax rate and taxes levied under the voter-approval tax rate if the election fails.

The taxing unit has 60 days from the date the election results are certified to send refunds. After 60 days, taxing units must pay interest on refunds of 1% per month or part of a month, from the date the election results were certified to the date the refund is mailed.

If the refund is less than \$1.00, the taxing unit shall refund the difference only upon a taxpayer's request. The taxpayer must apply for the refund of less than \$1.00 within 90 days after the date the refund becomes due or forfeit the right to the refund. .

Corrected tax bill

If a taxpayer has not paid his taxes, the assessor will mail a corrected tax bill and the reason for it.

Petition process

There is a provision for a petition process to reduce a tax rate for certain taxing units by calling an election to rollback the adopted tax rate to the voter-approval rate.

A taxing unit other than a:

- special taxing unit,
- a school district, or a
- city with a population of 30,000 or more

that adopts a tax rate that exceeds the voter-approval rate but is less than its de minimis rate would be subject to a possible rollback petition. The process starts after the taxing unit formally adopts the tax rate.

A petition must meet specific requirements:

- It must state the intention to require an election to reduce the tax rate for the current year.

- It must be signed by at least 3 percent of the registered voters of the tax unit as shown on the most recent list of registered voters.
- It must be submitted to the governing body within 90 days of the tax rate adoption.

Petition's validity

The taxing unit's governing body is responsible for determining if a rollback petition is valid. Once the governing body validates the petition, they must adopt a resolution regarding its validity within 20 days of receipt. If the governing body takes no action within 20 days of receipt, the petition is automatically valid.

If the governing body determines that the petition is invalid, it should pass a resolution or order setting the petition aside and specifying the reasons why.

Hold election

If the governing body for a taxing unit determines the petition to be valid or takes no action on its validity within the required time, it must set an election date. The governing body shall order an election to be held on the next uniform election date that allows sufficient time to comply with requirements of other laws.

Specific ballot language

The ballots for the election ask the voter if they wish to reduce the tax rate to the voter-approval rate. If a majority of the voters approve this proposition, the tax rate for the current year is reduced to the voter-approval rate. If the proposition fails, the current adopted tax rate stands.

Tax refunds

Any taxpayer that paid a tax bill using an adopted tax rate that is reduced to the voter-approval tax rate by an election will be eligible for an automatic refund using the

same deadlines and procedures as a taxing unit that had an automatic election. (See Tax Collections and Refunds)

If the taxpayer has not paid his taxes, a corrected tax bill will be sent to the taxpayer by the assessor and a reason for the correction. The delinquency date is postponed by the number of days between the mailing of the original bill and the corrected bill.

Databases

Database for Taxing Units

Beginning in 2020, for taxing units that participate in an appraisal district that has a population of 200,000 or more, the unit must post certain information on a generally accessible website. The information required is:

- the name of each member of the governing body,
- the mailing address, email address and telephone number of the taxing unit,
- the official contact information for each member if that information is different from that taxing unit's,
- the taxing unit's budget for the preceding two years,
- the taxing unit's proposed or adopted budget for the current year,
- the change in the amount of the taxing unit's budget from the preceding year to the current year by dollar amount and percentage,
- property tax revenue budgeted for M&O and debt service in the preceding 2 years and the current year,
- the maintenance and operations rate and the debt rate for the preceding two years,
- the maintenance and operations rate and the debt rate for the current year and,
- the most recent financial audit of the taxing unit.

All other taxing units are required to post this information beginning in 2021.

Database for Appraisal Districts

Beginning in 2020 an appraisal district located in a county that has a population of 200,000 or more, and in 2021 all appraisal districts, must create and maintain a property tax database that:

1. Is identified by the name of the county in which the appraisal district is located and not the name of the appraisal district.
2. Contains information that is provided by the designated officer or employee of the taxing unit, including the unit's proposed tax rate, the NNR, VAR, date and time of any public hearing or meeting, and the tax rate calculations forms used to calculate its tax rates.
3. Is continuously updated as preliminary and revised data become available.
4. Is available to the public.
5. Is searchable by property address and owner.
6. Includes a link to the taxing unit's Internet website.
7. Allows a property owner to electronically complete and submit to the taxing unit a form on which the owner may provide the owner's opinion as to whether the proposed rate should be adopted. Must include the owner's name, contact information and physical address if the owner's property is located in the taxing unit.
8. Include the following statement: "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."

The database must include as to each property on the appraisal roll:

1. the property's identification number;
2. the property's market value;
3. the property's taxable value;
4. the name of each taxing unit in which the property is located;
5. for each taxing unit other than a school district in which the property is located:
 - a. (A) the no-new-revenue tax rate; and
 - b. (B) the voter-approval tax rate;
6. for each school district in which the property is located:
 - a. (A) the tax rate that would maintain the same amount of state and local revenue per weighted student that the district received

- in the school year beginning in the preceding tax year; and
- b. (B) the voter-approval tax rate;
- 7. the tax rate proposed by the governing body of each taxing unit in which the property is located;
- 8. for each taxing unit other than a school district in which the property is located, the taxes that would be imposed on the property if the taxing unit adopted a tax rate equal to:
 - a. (A) the no-new-revenue tax rate; and
 - b. (B) the proposed tax rate;
- 9. for each school district in which the property is located, the taxes that would be imposed on the property if the district adopted a tax rate equal to:
 - a. (A) the tax rate that would maintain the same amount of state and local revenue per weighted student that the district received in the school year beginning in the preceding tax year; and
 - b. (B) the proposed tax rate;
- 10. for each taxing unit other than a school district in which the property is located, the difference between the amount calculated under Subdivision (8)(A) and the amount calculated under Subdivision (8)(B);
- 11. for each school district in which the property is located, the difference between the amount calculated under Subdivision (9)(A) and the amount calculated under Subdivision (9)(B);

- 12. the date, time, and location of the public hearing, if applicable, on the proposed tax rate to be held by the governing body of each taxing unit in which the property is located;
- 13. the date, time, and location of the public meeting, if applicable, at which the tax rate will be adopted to be held by the governing body of each taxing unit in which the property is located; and
- 14. for each taxing unit in which the property is located, an e-mail address at which the taxing unit is capable of receiving written comments regarding the proposed tax rate of the taxing unit.

Databases for Counties

Since 2011, counties have had to maintain information on its website relative to taxing units' tax rates. The information is referred to as the *Truth-in-Taxation Summary*. The counties will continue updating this information, however, now it will change the names of the effective and rollback tax rates to no-new-revenue tax rate and voter-approval rate along with an explanation of the name change. In addition to the rate information, the county tax assessor-collector will post the tax rate calculation forms and the name and official contact information for each member of the governing body of the taxing unit.

Small Taxing Units*

A small taxing unit is one that:

- proposes a total tax rate of \$.50 or less per \$100 of taxable value
and
- would impose taxes of \$500,000 or less from the current total value

**Referred to in Tax Code as Taxing Units with Low Tax Levies.*

A taxing unit must meet both conditions to be exempt from the notice of tax rates requirements of Tax Code Section 26.04 (e) and the injunction provision prohibiting the adoption of a tax rate according to Section 26.04 (g).

Procedures

A small taxing unit is required to calculate the no-new-revenue and voter-approval tax rates as explained earlier in this guidebook. The worksheets used to calculate those rates are then submitted to the governing body and the county tax-assessor.

Beginning in 2021, the Comptroller worksheets must be certified by the assessor.

Once these worksheets have been submitted and the appraisal district has sent its required notice, the governing body of a small taxing unit will vote to propose a tax rate. Under Section 26.052, a small taxing unit is not required to hold a public hearing regardless of whether the proposed tax rate exceeds the lower of the no-new-revenue or voter-approval tax rates.

Once the notice requirements have been met, the governing body will meet to adopt a tax rate. The tax rate consists of two components (M&O rate and Debt rate) and each component is approved separately. The governing body must also comply with Tax Code Section 26.05 (b) which can be found in the Appendix, when making the motion to adopt a tax rate that exceeds the no-new-revenue rate.

If the ordinance, order or resolution proposes a tax rate for the unit that will raise more funds for M&O operations, the small taxing unit must further comply with Section 26.05 (b).

The assessor will enter the amount of tax determined using the appraisal roll and the adopted tax rate and submit it to the governing body for approval. The governing body will approve these amounts which will become the tax roll. The assessor mails the tax statements.

Notice Requirements

The notice requirement sets the small taxing unit apart from other taxing units. Under Tax Code Section 26.052, a small taxing unit may provide notice of the proposed tax rate in one of two ways:

- mail a notice of the proposed rate to each property owner in the unit or
- publish a notice of the proposed rate in the legal section of a newspaper.

If a small taxing unit decides to publish the notice in a newspaper, it must also prominently post the notice on the homepage of the taxing unit's website.

Either notice must be made at least 7 days before the date on which the taxing unit meets to adopt the proposed rate. Section 26.052 (Comptroller Form 50-757) further provides for a simplified tax rate notice. The notice must contain the following:

- the proposed tax rate and
- date, time and location of the meeting at which the governing body will consider adopting the proposed tax rate.

If the proposed tax rate exceeds the unit's calculated no-new-revenue tax rate, an additional sentence must be added stating:

"The proposed tax rate would increase total taxes in [name of taxing unit] by [percentage by which the proposed tax rate exceeds the no-new-revenue tax rate]."

To calculate the percentage above the no-new-revenue tax rate, subtract the no-new-revenue rate from the proposed tax rate and divide the difference by the no-new-revenue rate. Then multiply by 100.

EXAMPLE | Proposed Tax Rate Increase

Proposed rate is \$0.10

No-new-revenue rate is. \$0.075

$$\$0.10 - \$0.075 = .025$$

$$.025 \div .075 = .3333 \times 100 = 33\%$$

The increase is 33%.

A small taxing unit that uses the notice set out in Section 26.052 may not adopt a tax rate that exceeds the proposed rate unless the taxing unit provides additional public notice of a higher tax rate or complies with Tax Code Sections 26.05 (d) and 26.06.

Exempt

A small taxing unit that publicizes its tax rate using Tax Code Section 26.052 is exempt from the requirements of the following Tax Code Sections:

- 26.05 (d) – holding public hearing on increased tax,
- 26.06 – giving notice of a public hearing and publication of a quarter-page ad,
- 26.04 (e) – publishing *Notice of Tax Rates* online and
- 26.04 (g) and 26.05 (e) – taxpayer’s ability to file an injunction for non-compliance with other Tax Code sections.

Recap of Small Taxing Unit Activities

- By August 7 or soon thereafter, assessor calculates no-new-revenue and voter-approval tax rates and appraisal district mails its notice
- Governing body proposes a tax rate
- Notice of meeting to adopt rate is mailed or published in newspaper and posted on website 7 days before tax rate adoption
- Governing body adopts rate by September 30 or 60 days after receiving certified appraisal roll (or the 78th day before uniform election date if applicable)
- Governing body approves tax roll
- Assessor mails tax statements by October 1 or as soon thereafter as practicable

Planning Calendars

Taxing Unit (**Exceeding Limits**) Planning Calendar

PUBLIC HEARING AND RATE ADOPTION AT SAME MEETING

(for Taxing Units other than Small Taxing Units, School Districts or Water Districts)

Statutory Date	Scheduled date	Activity
April 30		Deadline for chief appraiser to certify an estimate of value
July 20		Deadline for ARB to approve appraisal roll (or Aug 30 by appraisal district BOD)
July 25		Deadline for chief appraiser to certify appraisal roll or certify estimated appraisal roll
By Aug 1 or*		Assessor submits appraisal roll to governing body
By Aug 1 or*		Collector for taxing unit certifies excess collections and an anticipated collection rate
By Aug 7 or*		Assessor calculates no-new-revenue and voter-approval tax rates and submits them to governing body (Beginning 2021 must certify rate calculations)
By Aug 7 or*		Assessor prominently posts on homepage of taxing unit's website calculations of NNR and VAR tax rates and additional information (Comptroller Form 50-212)
By Aug 7 or*		Appraisal district mails or emails to each property owner notice about estimated taxes (Important –Beginning in 2020 - a governing body may not adopt a tax rate until the 5th day after notice is delivered in appraisal districts with a population 200,000 or more- 2021 for all others)
	(fill in blank)	72-hour notice for meeting to propose tax rate
	(fill in blank)	Meeting of governing body to take record vote of proposed tax rate
	(fill in blank)	Date appraisal district(s)** deliver notice according to Tax Code Sections 26.05 (d-1) and 26.17 (f)
	(fill in blank)	Date notice is posted prominently on homepage of website and/or on television channel (if applicable) at least 7 days before public hearing

	(fill in blank)	Deadline for submission of quarter-page notice to newspaper publication /post online
	(fill in blank)	Date the notice appears in newspaper at least 5 days before meeting (or mailed to each property owner)
	(fill in blank)	72-hour notice of public hearing and adoption of tax rate
By Sept 30 or 60 days after receipt of appraisal roll (or 78 days before uniform election date if exceeding voter-approval rate)	(fill in blank)	Public hearing and meeting to adopt tax rate
	(fill in blank)	Tax rate submitted to assessor
	(fill in blank)	72-hour notice of governing body to meet to approve tax roll
	(fill in blank)	Meeting of governing body to approve tax roll
By Oct 1 or*		Assessor mails tax bills

**By date or = As soon thereafter as practicable*

***If taxing unit is located in more than one appraisal district*

Taxing Unit (**Exceeding Limits**) Planning Calendar

TAX RATE NOT ADOPTED AT PUBLIC HEARING

(for Taxing Units other than Small Taxing Units, School Districts or Water Districts)

Statutory Date	Scheduled date	Activity
April 30		Deadline for chief appraiser to certify an estimate of value
July 20		Deadline for ARB to approve appraisal roll (or Aug 30 by appraisal district BOD)
July 25		Deadline for chief appraiser to certify appraisal roll or certify estimated appraisal roll
By Aug 1 or*		Assessor submits appraisal roll to governing body
By Aug 1 or*		Collector for taxing unit certifies excess collections and an anticipated collection rate
By Aug 7 or*		Assessor calculates no-new-revenue and voter-approval tax rates and submits them to governing body (Beginning 2021 must certify rate calculations)
By Aug 7 or*		Assessor prominently posts on homepage of taxing unit's website calculations of NNR and VAR tax rates and additional information (Comptroller Form 50-212)
By Aug 7 or*		Appraisal district mails or emails to each property owner notice about estimated taxes (Important –Beginning in 2020 - a governing body may not adopt a tax rate until the 5th day after notice is delivered in appraisal districts with a population 200,000 or more- 2021 for all others)
	(fill in blank)	72-hour notice for meeting to propose tax rate
	(fill in blank)	Meeting of governing body to take record vote of proposed tax rate
	(fill in blank)	

		Date appraisal district(s)** deliver notice according to Tax Code Sections 26.05 (d-1) and 26.17 (f)
	(fill in blank)	Date notice is posted prominently on homepage of website and/or on television channel (if applicable) at least 7 days before public hearing
	(fill in blank)	Deadline for submission of quarter-page notice to newspaper publication /post online
	(fill in blank)	Date the notice appears in newspaper at least 5 days before meeting (or mailed to each property owner)
	(fill in blank)	Public hearing on proposed tax rate (Announce date, time and place for meeting to adopt and meeting must be within 7 days of public hearing)
	(fill in blank)	72-hour notice for meeting to adopt tax rate
By Sept 30 or 60 days after receipt of appraisal roll (or 78 days before uniform election date if exceeding voter-approval rate)	(fill in blank)	Meeting to adopt tax rate
	(fill in blank)	Tax rate submitted to assessor
	(fill in blank)	72-hour notice of governing body to meet to approve tax roll
	(fill in blank)	Meeting of governing body to approve tax roll
By Oct 1 or*		Assessor mails tax bills

**By date or = As soon thereafter as practicable*

***If taxing unit is located in more than one appraisal district*

Taxing Unit (**Not Exceeding Limits**) Planning Calendar

(for Taxing Units other than Small Taxing Units, School Districts or Water Districts)

Statutory Date	Scheduled date	Activity
April 30		Deadline for chief appraiser to certify an estimate of value
July 20		Deadline for ARB to approve appraisal roll (unless Aug 30 is set by appraisal district BOD)
July 25		Deadline for chief appraiser to certify appraisal roll or certify estimated appraisal roll
By Aug 1 or*		Assessor Submits appraisal roll to governing body
By Aug 1 or*		Collector for taxing unit certifies excess collections and an anticipated collection rate
By Aug 7 or*		Assessor calculates no-new-revenue and voter-approval tax rates and submits them to governing body (Beginning 2021 must certify rate calculations)
By Aug 7 or*		Assessor prominently posts on homepage of taxing unit's website calculations of NNR and VAR tax rates and additional information (Comptroller Form 50-212)
By Aug 7 or*		Appraisal district mails or emails to each property owner notice about estimated taxes (Important –Beginning in 2020 - a governing body may not <u>adopt a tax rate</u> until the 5th day after notice is delivered in appraisal districts with a population 200,000 or more- 2021 for all others)
	(fill in blank)	72-hour notice for meeting to propose tax rate

	(fill in blank)	Meeting of governing body to take record vote of proposed tax rate
	(fill in blank)	Date appraisal district(s)** deliver notice according to Tax Code Sections 26.05 (d-2) and 26.17 (f)
	(fill in blank)	Date the notice appears in newspaper and is posted online recommended at least 5 days before meeting (or mailed to each property owner)
	(fill in blank)	72-hour notice of meeting to adopt tax rate
By Sept 30 or 60 th day after receiving certified roll	(fill in blank)	Meeting to adopt tax rate
	(fill in blank)	Tax rate submitted to assessor
	(fill in blank)	72-hour notice of governing body to meet to approve tax roll
	(fill in blank)	Meeting of governing body to approve tax roll
By Oct 1 or*		Assessor mails tax bills

**By date or = As soon thereafter as practicable*

***If taxing unit is located in more than one appraisal district*

Small Taxing Unit Planning Calendar

Statutory Date	Scheduled date	Activity
April 30		Deadline for chief appraiser to certify an estimate of value
July 20		Deadline for ARB to approve appraisal roll (unless Aug 30 is set by appraisal district BOD)
July 25		Deadline for chief appraiser to certify appraisal roll or certify estimated appraisal roll
By Aug 1 or*		Assessor submits appraisal roll to governing body
By Aug 1 or*		Collector for taxing unit certifies excess collections and an anticipated collection rate
By Aug 7 or*		Assessor calculates no-new-revenue and voter-approval tax rates and submits them to governing body (Beginning 2021 must certify rate calculations)
By Aug 7 or*		Appraisal district mails or emails to each property owner notice about estimated taxes (Important –Beginning in 2020 - a governing body may not adopt a tax rate until the 5th day after notice is delivered in appraisal districts with a population 200,000 or more- 2021 for all others)
	(fill in blank)	Meeting of governing body to take record vote of proposed tax rate
	(fill in blank)	Date appraisal district(s)** deliver notice according to Tax Code Sections 26.05 (d-2) and 26.17 (f)
	(fill in blank)	(Comptroller Form 50-757) Date the notice appears in legal section of newspaper and is posted online at least

		7 days before meeting (or mailed to each property owner)
	(fill in blank)	72-hour notice of meeting to adopt tax rate
By Sept 30 or 60 days after receipt of appraisal roll (or 78 days before uniform election date if exceeding voter-approval rate)	(fill in blank)	Meeting to adopt tax rate
	(fill in blank)	Tax rate submitted to assessor
	(fill in blank)	72-hour notice of governing body to meet to approve tax roll
	(fill in blank)	Meeting of governing body to approve tax roll
By Oct 1 or*		Assessor mails tax bills

**By date or = As soon thereafter as practicable*

***If taxing unit is located in more than one appraisal district*

School Districts

School District Voter-approval Tax Rate Calculation

Beginning in 2019, House Bill 3 made many changes to school finance and the calculations for school district tax rates. While school districts do not use a no-new-revenue rate as a benchmark rate as other taxing units do, the calculation is still required. Beginning in 2021 when other taxing unit's assessors must certify on the Comptroller worksheets that they accurately calculated the rates using appraisal district certified values, school districts will be exempt from this provision.

No-new-revenue and Debt rates

School districts use Comptroller Form 50-589 to calculate the no-new-revenue, debt and voter-approval tax rates. This worksheet is very similar to the one used by other taxing units (Comptroller Form 50-856) with some minor variations. School Districts with a Chapter 313 limitation agreement will use a different form (Comptroller Form 50-859A)

1. School districts do not make adjustments for TIFs (**Line 16** on Form 50-856)
2. There is no line for totaling a county's tax rate (**Line 27** on Form 50-856)
3. A school district with a Chapter 313 limitation agreement will use a different form (**Comptroller Form 50-859A**)
4. School districts may have to adjust debt for IFA or EDA program payments (**Line 29C**)
5. Value and levy adjustments are not used to create a voter-approval maintenance and operations tax rate (**Line 39** Form 50-856)

Region 13 Education Service Center (ESC) offers a worksheet for a no-new-revenue maintenance and

operations tax rate calculation in addition to the Comptroller's worksheet. It is available as an Excel spreadsheet at www4.esc13.net/finance. Questions regarding this worksheet should be addressed to the Texas Education Agency (TEA) or Omar Garcia at ogarcia@bokf.com.

Voter-approval Tax Rate

School districts must follow both Tax Code Section 26.08 and Chapter 48 Education Code when calculating their voter-approval tax rate.

The Voter-approval M & O rate =

MCR + the greater of

2019 District Tax Rate (enrichment rate) minus required reduction according to Ed. Code 48.202

or

plus \$0.05/\$100 cents if the governing body votes unanimously in 2020 – if not add \$0.04/\$100

TEA now plays a major role in the calculation of school district's tax rates and has posted information online giving details on the tax rate calculation procedures. To better understand this process, it's best to become familiar with terms and acronyms associated with school funding.

Below a list of some of those terms and acronyms:

- Tier 1 = MCR or Maximum Compressed Rate
- Tier 2 = Enrichment Tax Rate
- State Compression
- Local Compression
- TY = Tax year (Jan 1 to Dec 31 is TY 2020)
- FY = Fiscal year (varies July 1 to June 30 or Sept 1 to Aug 31 is FY 2021)
- TY 2020 aligns with FY 2021 or 2020-2021
- MCR = Maximum Compressed Rate – will generate 100% of basic student allotment
- FSP = Foundation School Program
- Golden Pennies = up to 8 pennies above Tier 1

- Copper Pennies = up to 9 pennies in Tier 2
- Statutory maximum is 17 cents above the MCR

Tier 1 Tax Rate – Maximum Compressed Rate

Beginning in 2019, school districts' tax rates are tied to total property value growth both locally and statewide.

The compression rate is calculated by comparing the extent to which increases in property values statewide and locally exceed 2.5 percent. The school district will use the lower of the state or local growth percentage to determine its MCR. For tax year 2020, the statewide property value growth is set at 4.01 percent.

This means statewide the compression for Tier 1 dropped from \$0.93/100 in 2019 to \$0.9164/\$100 in 2020. An MCR could go as low as \$.8247 depending on total value increase.

Formula for this calculation:

Last year's MCR rate...\$0.93

Compare 2.5% or 1.025 to

Statewide growth rate 4.01% or 1.0401

$$\text{MCR} = .93 \times (1.025 \div 1.0401) = .9164$$

TEA only goes out four decimal places then truncates the results

Districts with local property tax value growth that is higher than the statewide average will have their rates compressed further.

Local growth higher than state

Last year's MCR rate ...\$0.93

Compare 2.5% or 1.025 to

Local growth rate 8.5% or 1.085

$$\text{MCR} = .93 \times (1.025 \div 1.085) = .8785$$

A school district that has a higher local growth rate will have a lower MCR rate. In order to maintain tax rate

equity, no district can have an MCR less than 90% of any other district – so there is a minimum calculation. The lowest MCR for TY 2020 will be $.9164 \times 90\%$ or $.8247$.

Beginning in 2020, TEA will publish the maximum compressed Tier One tax rates for each school district.

The rates will vary by district based on the local property value growth rate as compared to state value growth.

The Texas Education Agency adopted rule 61.001, Texas Administrative Code. This rule requires each school district to report to TEA between July 18 and August 1 of each year the district's current certified taxable values and exemption amounts and the same for the prior year. TEA will then calculate each district's MCR by August 5 of each year. A district may appeal TEA's determination by filing an appeal within ten days of the issuance of a district's preliminary MCR.

Tier 2 Tax Rate – Enrichment Tax Rate

The district then has access to the golden and copper pennies.

In 2020 a district that has not had a Tax Rate Approval Election may increase its MCR by an additional .05, without voter approval, if a majority of the board approve the tax rate, otherwise the district is limited to increase its MCR by .04.

EXAMPLE | Tier 2 has access to 4 golden pennies and, based on board action, up to 5 golden pennies without and election for voter approval. (2020 is the only year the board must vote unanimously for this extra penny).

The 5 pennies added to an MCR of .9164 will produce a VAR M&O rate of \$0.9664/\$100.

The next 12 pennies (3 golden and 9 copper) must be approved by the voters in a Tax Rate Approval Election.

A district that had previously received voter approval to increase its tax rate may increase its MCR by its enrichment tax rate in 2019. In 2019, HB 3 required a district that had voter approval to increase its enrichment tax rate to .17 to compress that rate to total amount of .1383. In 2020 those districts may now add

that amount to its M&O to calculate its VAR without voter approval.

EXAMPLE | A district prior to 2019 had received voter approval to increase its enrichment tax rate to a total of \$.17 was required last year to compress its enrichment tax rate to \$.1383.

A district with an MCR of .9164 will add .1383 and produce a VAR M&O rate of \$1.0547/\$100.

The district will have access to the next .317 if approved by the voters in a Tax Rate Approval Election.

The maximum VAR M&O tax rate allowed for 2020 would be \$1.0864. (.9164 + .17) A VAR M&O tax rate could go as low as \$.8247 depending on total value increase.

Debt Service Component

This portion of the voter-approval tax rate for a school district is the rate necessary to pay the taxing unit's debt payments in the coming year. The payments represent the repayment of voter - approved bonds.

While the calculation for a school district debt rate is similar to other taxing units, there are some differences. The **Excess Debt Collections** and **Anticipated Collection Rate** procedures are the same as those for other taxing units as described on page 15 of this guidebook. However, school districts must take into account funds received for Instructional facilities allotment and existing debt allotment and make an adjustment accordingly by subtracting these funds. Finally, the adjusted debt levy is divided by the current taxable of properties less properties with a tax ceiling

Voter Approval Tax Rate is:

1. MCR,
2. Tier II enrichment pennies, and
3. Interest and Sinking or Debt Rate

School District Notice and Hearing

The Lone Star State is home to over 1,000 school districts. Each school district is required to comply with the Texas Constitution, Tax Code and Education Code in adopting their tax rates.

Procedures

Many school districts have boundaries that extend into more than one appraisal district and must have the certified values from all of the appraisal districts that provide taxable values before they can begin the Truth-in-Taxation process.

Under the Texas Tax Code and Education Code school districts had three different timelines under which it may adopt its tax rate. Most districts with a fiscal year beginning September 1, will follow the regular procedures for a district to adopt its tax rates. However, districts with a July 1 fiscal year must follow a different timeline. Previously, districts also had an option to adopt their tax rate under an early tax rate adoption timeline. That option is no longer functional under the recent changes in Senate Bill 2 and House Bill 3.

Regular Timeline – September 1 Fiscal Year

On or before July 25, the chief appraiser must certify either the appraisal roll or an estimate of a district's taxable property value to the district.

By August 1 the district's assessor shall submit to the district its appraisal roll after determining its total appraised value, the total assessed value, total taxable value and the same for values for new property. Thereafter an officer or employee designated by the district shall calculate the district's no-new-revenue tax rate and voter-approval tax rate.

The first step that the district takes in the rate adoption process is to prepare a budget and in doing so propose a tax rate and schedule a public meeting to consider the adoption of both the tax rate and the budget.

The Texas Education Code requires a district to adopt its budget no later than August 31. *Note, the Tax Code*

allows a district to adopt a tax rate no later than September 30 or sixty days after the chief appraiser certifies the appraisal roll or the estimates of value.

The district will hold a public meeting at which the board will hear public comments and discussions about both the proposed budget and tax rate. The board will then be authorized to adopt the budget, which must be adopted before it may adopt its tax rate.

School districts do not follow the notice requirements of Tax Code Chapter 26. The districts follow the requirements set out in Education Code Section 44.004 concerning a public hearing on the budget and proposed tax rate.

One public notice and meeting

A school district is required to publish one notice in a local newspaper, the *Notice of Public Meeting to Discuss Budget and Proposed Tax Rate*. The Comptroller's office prescribes the language and format of the notice in Comptroller's Form 50-280, which can be found in the Appendix.

This notice must:

- be published no later than 10 days nor earlier than 30 days before the date of the public meeting,
- be published in a daily, weekly or biweekly newspaper printed in the district,
- be not less than a quarter-page in a standard or tabloid-size newspaper and
- have a headline of at least 18-point type.

If no such newspaper is published in the district, the president of the school board shall provide for the publication notice in at least one newspaper of general circulation in the county in which the district's central administrative office is located.

The district must concurrently, with publishing its *Notice of Public Meeting to Discuss Budget and Proposed Tax Rate*, post a summary of its proposed budget on the district's website.

The district must also comply with the Texas Open Meetings Act and at least 72 hours before the public meeting post notice of the meeting and its agenda. The agenda should include 1) the Public Meeting (Hearing) on the budget and tax rate, 2) an action item to adopt the budget and 3) an action item to adopt the tax rate.

At the meeting, the board must allow any member of the public to speak about the budget and/or the tax rate. After the public hearing is closed the board may adopt the budget and after the adoption of the budget adopt the tax rate.

Procedures to Adopt Tax Rate

1. If the district has a debt service rate, it must adopt its M&O rate separately from the debt service rate. Both rates must be separately listed on the order, resolution or ordinance adopted by the board.
2. Sixty percent of the board (five out of seven members) must approve the tax rate if the proposed rate exceeds the no-new-revenue M&O rate and the debt service rate.
3. If the proposed rate exceeds the no-new-revenue tax rate, the motion must be in the following form:
"I move that the property tax rate be increased by the adoption of a tax rate (specify the rate) which is effectively a (insert percentage by which the proposed rate exceeds the no-new-revenue rate) percent increase in the tax rate."
4. In the order, resolution or ordinance include the following, which must be in larger type:
 - a. If the proposed tax rate imposes more maintenance and operation taxes,
"THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE"
 - b. If the proposed tax rate exceeds the no-new-revenue tax rate,
"THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE NO-NEW-REVENUE TAX RATE) PERCENT AND WILL RAISE MORE TAXES FOR

MAINTENANCE AND OPERATIONS ON A
\$100,000 HOME BY APPROXIMATELY
\$_____”

- c. The same language must be posted on the homepage of the district’s website.

Timeline – July 1 Fiscal Year

School districts with a July 1 fiscal year will use the *certified estimates* of values received from the chief appraiser by April 30 to prepare its *Notice of Meeting to Discuss Budget and Proposed Tax Rate*.

After the district publishes its Notice and complies with all the other requirements listed above for holding the public meeting on its budget and tax rate, it will adopt its budget no later than June 30. However, it may not adopt its tax rate until it receives the certified appraisal roll or certified estimates from the chief appraiser no later than July 25.

After receiving a certified appraisal roll the school district must publish a revised notice and hold another public meeting to adopt a tax rate if:

1. It intends to adopt a tax rate that exceeds the proposed rate published using the certified estimate or
2. It intends to adopt a tax rate that exceeds the voter-approval rate created using certified values

When the district adopts its tax rate it must comply with all the procedures listed above for September 1 Fiscal Year districts.

Timeline – Early Tax Rate Adoption

Before the adoption of HB 3, a school district could adopt its tax rate *before* it adopted its budget using the April 30th certified estimated values received from the chief appraiser. The district then calculated its proposed rates and prepared the first of two notices that was required. The first notice contained information about a public hearing on the proposed tax rate only. After this public hearing the district could adopt a tax rate. The second notice was later published regarding a hearing on the

budget. The budget would then be adopted by August 31.

A district adopting its tax rate using the April 30 certified estimates was also authorized to call an election to ratify its tax rate no earlier than thirty days before the date of the election. By using the early tax rate adoption timeline, a district could avoid holding its tax rate adoption election on the uniform election date in November. That is no longer possible.

SB 2 and HB 3 changed the Election Code and required a school district to seek voter approval of a tax rate that exceeds the VAR by calling an election on the next uniform election date. These and other changes in SB 2 and HB 3 make it infeasible for districts to hold an election earlier than the uniform election date to seek voter approval of a tax rate that exceeds its VAR.

Voter Approval Tax Rate Elections

HB 3 and SB2 now require a district to call an election on a uniform election date for voters to approve a tax rate that exceeds the district’s VAR. The statutes also implemented new requirements for districts considering adopting a rate that exceeds its VAR.

1. Efficiency Audit - a district must conduct an efficiency audit if it is considering adopting a rate exceeding its VAR:
 - a. four months before the date of the election the board must select an auditor to conduct the audit;
 - b. three months after the auditor is selected the audit must be completed;
 - c. no later than 30 days before the election, the results of the audit must be posted on the district’s website and
 - d. before the election, the board must hold a meeting to discuss the audit.
2. After the adoption of the district’s tax rate, the board must order an election to approve the tax rate on the next uniform election date that occurs after the date of the election order. The

election must be ordered no later than 78 days before the date of the election.

3. The ballot must contain the following language:
“Ratifying the ad valorem tax rate of ____ (insert adopted tax rate) in (name of school district) for the current year, a rate that will result in an increase of _____ (insert percentage increase in maintenance and operations tax revenue under the adopted tax rate as compared to maintenance and operations tax revenue in the preceding tax year) percent in maintenance and operations tax revenue for the district for the current year as compared to the preceding year, which is an additional \$_____ (insert dollar amount of increase in maintenance and operations tax revenue under the adopted tax rate as compared to maintenance and operations tax revenue in the preceding tax year).”
4. If a majority of the votes cast at the election are in favor of approving the adopted tax rate, that rate is the current rate for that year. If the voters do not approve the adopted rate, the tax rate for that year is the VAR.
5. The tax assessor will issue refunds to taxpayers who paid their taxes based on the adopted tax rate, if that rate is not approved by the voters. The refund will be the difference between the amount of taxes based on the adopted tax rate and the taxes calculated with the VAR.

Notice Requirements

As noted previously, a school district follows Education Code Chapter 44.004 when preparing its notice of public hearing.

Content of notice

The purpose of the meeting is to discuss the budget and proposed tax rate. The notice also states that public participation in the discussion is invited. The notice is composed of nine different sections:

First section

- Names the school district and lists the time, date and place of the public meeting
- States that the budget determines the adopted tax rate and that the school board may not adopt a rate that exceeds the proposed rate shown on the notice unless it publishes a revised notice and holds another public meeting.

Second section

- Lists the proposed M&O rate and rate to pay for bonded indebtedness; that is the school debt approved by voters.
- These rates also appear in the sixth section.

Third section

- Compares the proposed budget with last year’s budget
- Shows the percent increase or decrease in the amount budgeted in the preceding fiscal year
- Gives the percent increase or decrease budgeted for this fiscal year for M&O, debt service and total expenditures.

Fourth section

- Lists the total appraised and taxable values for all property in the school district as calculated under Tax Code Section 26.04 for last year and the current year.

Fifth section

- Information about school district’s debt
- Lists amount of outstanding principal and unpaid bonded indebtedness
- States that a district may not increase its M&O rate to create surplus revenue to pay for debt service (*this means no more tax swapping*)

Sixth section

The first three columns show the school district's tax rates for M&O, interest and Sinking (I&S), also known as the debt rate and the total tax rate. The rows compare:

- Last year's Rates (M&O) and (I&S) and total
- Rate to maintain same level of M&O revenue and pay Debt service
- Proposed Rates for (M&O) and (I&S) and total

The last two columns list Local Revenue Per Student and State Revenue per Student

1. To compute the Local Revenue per student, multiply the total taxable value, as determined by the chief appraiser for the applicable year and as adjusted to reflect any changes as of the time the notice is prepared, by the total tax rate. Then divide by the number of students in average daily attendance for the applicable school year.
2. To compute the State Revenue per student, divide the amount of state aid received or to be received in the applicable school year by the number of students in the average daily attendance.

Seventh section

Compares the proposed levy on the average residence in the district with last year's levy. The rows in the chart show the:

1. Average market value of residences for last year and this year. Disregarding the limited home value that some homeowners may have for 110% appraisal limitation under Tax Code Section 23.23. (Use the same group of residences for each year to determine the average market value. Also use the same group for different rows.
2. Average Taxable value of Residences after subtracting all homestead exemptions applicable in each year. Again, disregarding homeowners that may have limitation under Section 23.23 and the age 65 or older and disabled homeowner's exemptions.

The appraisal district can assist with the average market and taxable value of residences.

3. Last year's rate vs Proposed rate
4. Taxes due on average residence. The amount of taxes due on the average residence for both years.
5. Increase or Decrease in taxes on the average residence when comparing the two years

Following these comparisons, a statement must appear in bold face regarding homestead taxes for a person 65 or older or a qualifying surviving spouse.

Eighth section

- Bold print Notice of Voter-Approval tax rate. The law sets out the exact wording for this statement.

Ninth section

- States the estimated unencumbered fund balances remaining in the M&O and I&S funds at the end of the fiscal year.

The district may subtract estimated funds necessary to operate the school district before receiving its first state aid payment for the succeeding school year.

Special provisions

Disaster

School districts are not required to ratify their tax rates (get voter approval) when responding to a disaster. No election is called if the school district is spending increased revenue to respond to a disaster for the year following the year in which the disaster occurred. Disasters include tornadoes, hurricanes, floods, wildfires or other similar events that affect the school district. For these purposes, a disaster exists only if the governor requests federal disaster assistance for the area. The law excludes drought as a qualifying disaster.

Database for School Districts

Beginning in 2020, school districts that participate in an appraisal district that has a population of 200,000 or more, must post certain information on a generally accessible website. The information required is:

- the name of each member of the governing body,
- the mailing address, email address and telephone number of the district,
- the official contact information for each member if that information is different from that district's,
- the district's budget for the preceding two years,

- the district's proposed or adopted budget for the current year,
- the change in the amount of the district's budget from the preceding year to the current year by dollar amount and percentage,
- the maintenance and operations rate and the interest and sinking rate for the preceding two years,
- the maintenance and operations rate and the interest and sinking rate for the current year and,
- the most recent financial audit of the district.

All other school districts are required to post this information beginning in 2021.

School District Planning Calendars

School District Planning Calendar

Statutory Date	Scheduled date	Activity
April 30		Deadline for chief appraiser to certify an estimate of value
July 20		Deadline for ARB to approve appraisal roll (unless Aug 30 is set by appraisal district BOD)
July 25		Deadline for chief appraiser to certify appraisal roll or certify estimated appraisal roll
By Aug 1 or*		Assessor submits appraisal roll to governing body
By Aug 1 or*		Collector for taxing unit certifies excess collection and an anticipated collection rate
	(fill in blank)	72-hour notice for meeting to propose tax rate
	(fill in blank)	Deadline for submission of quarter-page notice to newspaper publication
	(fill in blank)	(Comptroller Form 50-280) Date the notice appears in newspaper at least 10 days and no more than 30 days before meeting
	(fill in blank)	72-hour notice of public hearing and/or adopt tax rate
By Sept 30 or 60 days after receipt of appraisal roll (or 78 days before uniform election date if exceeding voter-approval rate)	(fill in blank)	Meeting to hold public hearing and/or adopt tax rate
	(fill in blank)	Tax rate submitted to assessor
	(fill in blank)	72-hour notice of governing body to meet to approve tax roll
	(fill in blank)	Meeting of governing body to approve tax roll
By Oct 1 or*		Assessor mails tax bills

*By date or = As soon thereafter as practicable

July 1 School District Planning Calendar

Statutory Date	Scheduled date	Activity
April 30		Deadline for chief appraiser to certify an estimate of value
	(fill in blank)	(Comptroller Form 50-280) Date the notice appears in newspaper at least 10 days and no more than 30 days before meeting
	(fill in blank)	72-hour notice of meeting to adopt budget
By June 30	(fill in blank)	Meeting to adopt budget
July 20		Deadline for ARB to approve appraisal roll (unless Aug 30 is set by appraisal district BOD)
July 25		Deadline for chief appraiser to certify appraisal roll or certify estimated appraisal roll
By Aug 1 or*		Assessor submits appraisal roll to governing body
By Aug 1 or*		Collector for taxing unit certifies excess collection rate and an anticipated collection rate
	(fill in blank)	72-hour notice of meeting to adopt tax rate**
By Sept 30 or 60 days after receipt of appraisal roll (or 78 days before uniform election date if exceeding voter-approval rate)	(fill in blank)	Meeting to adopt tax rate
	(fill in blank)	Tax rate submitted to assessor
	(fill in blank)	72-hour notice of governing body to meet to approve tax roll
	(fill in blank)	Meeting of governing body to approve tax roll
By Oct 1 or*		Assessor mails tax bills

*By date or = As soon thereafter as practicable

** Unless board needs to republish notice and hold another public hearing

Water Districts

Water District Voter-approval Tax Rate Calculations

According to Water Code 49.001 “Water District” means any district or authority created by authority of the Texas Constitution either in Sections 52 (b) (1) and (2), Article III, or Section 59 Article XVI; regardless of how created.

The term “Water District” shall not include:

- any navigation district or port authority
- any conservation and reclamation district created pursuant to Chapter 62, 52 Legislature, 1951 (Article 8280-141 Vernon’s Texas Civil Statutes), or
- a special law creating the district or amending the law creating the district states that Section 49.001 applies

A water district, for Truth-in-Taxation procedures, could be defined by one of 3 different categories. A district would need to know which category is applicable before deciding how to calculate its voter-approval rate. The different categories are defined in the Water Code Sections 49.23601, 49.23602 and 49.23603.

Exempt

Water Code Section 49.107 (g) provides that Tax Code Sections 26.04, 26.05, 26.061, 26.07 and 26.075 do not apply to a tax levied and collected under Water Code Section 49.107. These Tax Code Sections refer to:

- 26.04 – calculating a no-new-revenue and voter-approval tax rate and posting these rates on the web

- 26.05 – adopting a tax rate by a specific date, special tax rate adoption language and public hearing on tax increases

- 26.061 – notice requirements before adopting tax rate
- 26.07 – automatic election to approve tax rate
- 26.075 – petition election to reduce tax rate

The referenced Tax Code Sections do not apply to a tax levied and collected for payment made under a contract set out in the Water Code Section 49.108.

Low Tax Rate Water District. The first category is a water district that has an adopted M&O rate of 2.5 cents or less per \$100. Referred to as a low tax rate water district, this district’s voter-approval rate is the current year’s debt rate, contract rate and an M&O rate that would impose no more than 1.08 times the amount of M&O tax imposed in the preceding year on the average appraised value of a residence homestead in the district.

The voter-approval tax rate for this type of water district is the highest rate the district may adopt without an automatic election to approve the rate.

The average appraised value of a residence homestead disregards any homestead exemption available only to people with disabilities or those age 65 or older in every category of a water district’s voter-approval calculation.

Developed Water District. The next category from Water Code Section 49.23602 describes a developed water district. Developed means a district that has financed, completed, and issued bonds to pay for all land, works, improvements, facilities, plants, equipment, and appliances necessary to serve at least 95 percent of the

projected build-out of the district. A developed water district has two calculated rates:

- a mandatory election rate and
- a voter-approval tax rate.

A mandatory election rate is equal to the sum of the following tax rates for the district:

- the rate that would impose 1.035 times the amount of tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, and
- the unused increment rate as described in Tax Code Section 26.013.

The voter-approval tax rate is the rate equal to the sum of the following tax rates for the district:

- the current year's debt service tax rate;
- the current year's contract tax rate;
- the operation and maintenance tax rate that would impose 1.035 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, and
- the unused increment rate as described in the Tax Code.

If the governing body of a developed water district adopts a rate that exceeds the mandatory election rate, it must hold an election to approve the rate.

A developed water district may also calculate a voter-approval rate using an 8% increase in the same manner as a low tax rate water district if it qualifies as a taxing unit in a qualified disaster area.

Developing Water District. This type of water district does not meet the definition of either a Low Tax Rate Water District or a Developed Water District. An developing water district's voter-approval tax rate is *McCreary, Veselka, Bragg & Allen, P.C.*
Revised July 16, 2020

equal to the sum of the following tax rates for the district:

- the current year's debt service tax rate;
- the current year's contract tax rate; and
- the operation and maintenance tax rate that would impose 1.08 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year.

The voter-approval rate for a developing water district is the highest rate the district may adopt without qualified voters petitioning for a rollback election.

Calculation of rates

The Comptroller's office has divided the water district calculations into two separate worksheets. Comptroller Form 50-858 is for Low Tax Rate and Developing Districts. A Developed Water District will use Comptroller Form 50-860 unless the Developed Water District is in a declared disaster area.

The Water District's worksheet (Comptroller's Form 50-858) starts with the appraised value of the average residence homestead as described above **(Line 1)**. The next step is to identify any applicable exemptions **(Line 2)** and subtract those exemption amounts from the appraised value to determine the taxable value **(Line 3)**.

Following that step, list the M&O tax rate for the previous year **(Line 4)**. Then multiply the taxable value of the average residence homestead **(Line 3)** by last year's M&O rate **(Line 4)** and divide by 100. This produces the M&O tax levy on an average residence homestead for the previous year **(Line 5)**.

Both a low tax rate water district and an developing water district will multiply the average homestead levy **(Line 5)** times 1.08 **(Line 6)**.

The following steps use the current year's appraised value on the average residence homestead as previously described (**Line 7**) and the general available exemptions (**Line 8**). Subtracting the exemption amount from the appraised value creates a current year taxable value on the average residence homestead (**Line 9**).

The highest no-new-revenue M&O rate without voter-approval is created by dividing the increased levy (**Line 6**) with the average current taxable value (**Line 9**) and multiplying that result by \$100.

The total voter-approval rate (Line 13) for a low tax rate water district and a developing water district is the sum of the no-new-revenue M&O rate (Line 10), the debt rate (Line 11) and the contract rate (Line 12).

If a low tax rate water district adopts a rate that exceeds the voter-approval rate, the district will automatically hold an election. If a developing water district adopts a rate that exceeds the voter-approval rate, the district is subject to a petition for an election to rollback the rate to the voter-approval rate.

Developed District

There are three rates associated with a Developed District' tax rate limitation. Those rates are:

- Mandatory tax election rate,
- Unused increment rate and
- Voter-approval tax rate

The **Mandatory Tax Election Rate** is equal to the sum of the following:

- (A) the rate that would impose 1.035 times the amount of M&O tax imposed by the district in the preceding year on a residence homestead and
- (B) the unused increment rate.

For tax year 2020 the unused increment for the three previous years is zero. The formula for the calculation of the unused increment rate beginning in 2021:

$$(\text{year 1 voter-approval tax rate} - \text{year 1 actual tax rate}) +$$

$$(\text{year 2 voter-approval tax rate} - \text{year 2 actual tax rate}) +$$

$$(\text{year 3 voter-approval tax rate} - \text{year 3 actual tax rate})$$

Year 1 means the third tax year preceding the current tax year, year 2 means the second year preceding the current tax year and year 3 means the tax year preceding the current tax year.

The **Voter-approval Tax Rate** is the rate equal to the sum of the following:

- The M&O tax rate that would impose 1.035 times the amount of M&O tax on an average residence homestead from the previous year,
- The unused increment rate
- Current debt service tax rate and
- Current contract tax rate

If the board of a district adopts a combined M&O, debt service and contract tax rate that exceeds the district's mandatory tax election rate, an election must be held in accordance with the procedures provided by Tax Code Sections 26.07(c)-(g). If the adopted tax rate is not approved at the election, the district's tax rate is the voter-approval tax rate.

For a developed water district, Comptroller Form 50-860 is similar in many ways with two exceptions:

1. The average residence homestead increase multiplied by 1.035 (Line 6) and
2. An unused increment rate is added on Lines 13 through 16

The voter-approval rate (Line 17) for a developed district is M&O rate with allowable increase (Line 10), plus the debt rate (Line 11), plus the contract rate (Line 12) and the unused increment rate (Line 16).

The mandatory election rate (Line 23) is slightly different and uses an increase on the previous year's average residence homestead instead of comparing it to the current year's average homestead value.

Special provisions

If any part of the Developed District is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States, the district may use an 8% increase instead of the 3.5%.

The board may continue doing so until the earlier of:

- (1) the second tax year in which the total taxable value of property taxable by the district as shown on the appraisal roll for the district exceeds the total taxable value of property taxable by the district on January 1 of the tax year in which the disaster occurred; or
- (2) the third tax year after the tax year in which the disaster occurred.

Developing District

The Voter-Approval Rate for a Developing District is the same calculated rate for a Low Tax Rate District. The difference between a Developing District's and a Low Tax Rate District's circumstance is a petition process versus an automatic election.

If a Developing District adopts a tax rate that exceeds the Voter-approval Rate, the voters in the district could petition for an election to reduce the tax rate back to the voter-approval rate in accordance with the procedures provided by Tax Code Sections 26.075 and 26.081. The election is automatic for a Low Tax Rate District.

Water Districts Notices

Notice Requirements

Water Districts must follow Water Code Section 49.236 which requires one public hearing on the proposed tax rate. The governing body publishes the quarter-page notice at least 7 days before the hearing date or may mail it to each property owner in the district at least 10 days before.

Regardless of the type of Water District, before a district's governing body can adopt a tax rate, it must give notice of each meeting of the board at which the adoption of a tax rate will be considered.

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Content of Notice

The heading of the notice is *Notice of Public Hearing on Tax Rate* (Comptroller Form 50-304). It begins with a statement on taxes in general and then the date, time and place of the meeting. The following section shows how each member voted on the proposed tax rate or whether they were absent. The next section of the notice is a comparison of last year versus the current year and the result:

- the total tax rate
- difference in rates
- percentage increase/decrease
- avg appraised residence value
- general exemptions
- avg taxable residence value
- tax on avg residence
- increase/decrease amount and percentage

All categories will have a section titled *Notice of Vote on Tax Rate*. The wording of the next section will vary according to water district category.

Wording for a Low Tax Rate District on this part of the notice is similar to the following:

If the district adopts a combined M & O, debt service, and contract tax rate that would result in the taxes on the average residence homestead increasing by more than eight percent, an election must be held to determine whether to approve the M&O tax rate.

A Developed District's wording varies slightly:

If the district adopts a combined M&O, debt service, and contract tax rate that would result in the taxes on the average residence homestead increasing by more than 3.5 percent, an election must be held to determine whether to approve the M&O tax rate.

The wording for the Developing District has other language:

If the district adopts a combined M&O, debt service, and contract tax rate that would result in the taxes on the average residence homestead increasing by more than eight percent, the qualified voters of the district by petition may require that an election be held to determine whether to reduce the M&O tax rate to the voter-approval tax rate.

All notices will have the following statement:

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.

Once the notice and public hearing requirements are met, the water district's governing body will adopt a tax rate.

The assessor will enter the amount of tax determined using the appraisal roll and the adopted tax rate and submit it to the governing body for approval. The governing body will approve these amounts which will become the tax roll. The assessor mails the tax bills.

Water Districts Planning Calendar

Water District Planning Calendar

Statutory Date	Scheduled date	Activity
April 30		Deadline for chief appraiser to certify an estimate of value
July 20		Deadline for ARB to approve appraisal roll (unless Aug 30 is set by appraisal district BOD)
July 25		Deadline for chief appraiser to certify appraisal roll or certify estimated appraisal roll
By Aug 1 or*		Assessor submits appraisal roll to governing body
	(fill in blank)	72-hour notice for meeting to propose tax rate
	(fill in blank)	Meeting of governing body to take record vote of proposed tax rate
	(fill in blank)	Deadline for submission of quarter-page notice to newspaper publication
	(fill in blank)	Date the notice appears in newspaper least 7 days before meeting (or 10 days if mailed to each property owner)
	(fill in blank)	72-hour notice of public hearing on tax rate
At least 78 days before uniform election date if exceeding voter-approval rate	(fill in blank)	Public hearing (and possible meeting to adopt tax rate)
	(fill in blank)	Tax rate submitted to assessor
	(fill in blank)	72-hour notice of governing body to meet to approve tax roll
	(fill in blank)	Meeting of governing body to approve tax roll
By Oct 1 or*		Assessor mails tax bills

**By date or = As soon thereafter as practicable*

McCreary, Veselka, Bragg & Allen, P.C.

Revised July 16, 2020

Assessor Checklists

Assessor Checklists

Hopefully these checklists will serve as an aid to the individual described in Tax Code Chapter 26 as the assessor, the officer or employee designated by the governing body or the county tax assessor-collector. You can use these or create your own lists.

Date	T.C. Section	Required of	Action	Received /Completed
April 1	26.01 (a)	Chief Appraiser	In writing – the form the roll will be provided	
April 30	26.01 (e)	Chief Appraiser	Estimated Certified Taxable Values (to assessor)	
July 25	26.01 (a)	Chief Appraiser	Certified Appraisal Roll or Certified Estimated Appraisal Roll	
July 25	24.38	Comptroller	Certified Railroad Rolling Stock Value	
Aug 1	26.04 (b)	Collector	Certified Excess Collections Certified Anticipated Collection Rate	
Aug 7	26.04 (e)	Assessor	Submit Rates to Governing Body	
Aug 7	26.04 (e)	Assessor	Post Comptroller Form 50-212 on homepage	
Aug 7	26.04 (e-2)	Chief Appraiser	Delivery date of Estimated Tax Notice	
By Sept 30	26.05	Governing Body	Notifies Assessor in writing the tax rate adopted	

Checklists to complete calculations

Date requested	Required of	Action	Received
	Appraisal District	Tax Code Section 25.25 (d) corrections	
		Value of properties with tax ceilings (prior year)	
		District court decisions (prior year)	
		Court decisions under appeal as of July 25	
		Value lost because of land no longer taxed	
		Value lost because of new exemptions	
		Value lost because of new special appraisal	
		Certified appraisal roll (current year)	
		TIF captured appraised value	
		Properties under Protest List	
		Properties known but neither certified or under protest	
		Value of properties with tax ceilings (current year)	
		Value of annexed property (after Jan 1 of prior year)	
		Value of new improvements	

Date requested	Required of	Action	Received
	Collector	Refund Report	
		Excess Collections	
		Anticipated Collection Rate	

Date requested	Required of	Action	Received
	Governing Body	Previous Year's Tax Rates	
		Amount agreed to be paid into TIF (prior year)	
		Amount of additional sales tax spent (last year's fiscal yr)	
		Transfer of a function amount	
		Enhanced Indigent Health Care Expenditures	
		County only – Amount of Indigent Defense Compensation	
		Amount of Eligible County Hospital Expenditures	
		Amount of debt to be paid with property taxes	
		Amount of unencumbered funds used to reduce debt	
		Amount from other sources to reduce debt	
		Amount of Sales Tax for Property Tax Relief (previous 4 quarters)	
		County only – amounts subtracted from sales tax because of economic grants	
		Letter from TCEQ for pollution control	
		Proposed Tax Rate	
		Date, Time and Place of Public Hearing/Meeting to Adopt	
		Names of members and how each voted	
		Email address for comments about Proposed Tax Rate	
		Current website address for Taxing Unit	

Date requested	Required of	Action	Received
	Auditor or CFO	County only – Amount for Criminal Justice Mandate	
		Certified statement if any sales tax used to reduce debt	

Checklists AFTER calculations

Date	Required of	Action	Completed
	Appraisal District	Notification of Tax Code Section 26.04 (e-2) sent	
	Assessor	Online posting of No-new-revenue Tax Rate (Comptroller Form 50-212)	
	Assessor	Submission of calculated rates to governing body	
	Assessor	Submission of worksheets to county tax assessor-collector (2021)	
	Governing Body	Results of meeting to propose tax rate	
	Governing Body	Decide on Date, Time and Place of Public Hearing/Meeting	
	Assessor	Newspaper deadline for publication of notice	
	Assessor	Date notice appears in paper/posted online	
	Governing Body	Holds public hearing/meeting	
	Governing Body	Notifies assessor of tax rate adoption	
	Assessor	Creates Tax Roll for Governing Body approval	
	Governing Body	Approves Tax Roll	
	Assessor	Mails bills	

Appendix

Appendix

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TIMELINESS

Sec. 1.06. EFFECT OF WEEKEND OR HOLIDAY

If the last day for the performance of an act is a Saturday, Sunday, or legal state or national holiday, the act is timely if performed on the next regular business day.

DELIVERY

Sec. 1.07. DELIVERY OF NOTICE.

(c) A notice permitted to be delivered by first-class mail by this section is presumed delivered when it is deposited in the mail.

26.012 DEFINITIONS

DE MINIMIS RATE

(8-a) "De minimis rate" means the rate equal to the sum of:

- (A) a taxing unit's no-new-revenue maintenance and operations rate;
- (B) the rate that, when applied to a taxing unit's current total value, will impose an amount of taxes equal to \$500,000; and
- (C) a taxing unit's current debt rate.

(13) "Last year's levy" means the total of:

(iii) the portion of taxable value of property that is the subject of an appeal under Chapter 42 on July 25 that is not in dispute;

NO-NEW-REVENUE M&O

(18) "No-new-revenue maintenance and operations rate" means a rate expressed in dollars per \$100 of

taxable value and calculated according to the following formula:

NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE =

(LAST YEAR'S LEVY - LAST YEAR'S DEBT LEVY - LAST YEAR'S JUNIOR COLLEGE LEVY) /

(CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

SPECIAL TAXING UNIT

(19) "Special taxing unit" means:

- (A) a taxing unit, other than a school district, for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value;
- (B) a junior college district; or
- (C) a hospital district.

UNUSED INCREMENT RATE

Sec. 26.013. UNUSED INCREMENT RATE.

(a) In this section:

- (1) "Actual tax rate" means a taxing unit's actual tax rate used to levy taxes in the applicable preceding tax year.
- (2) "Voter-approval tax rate" means a taxing unit's voter-approval tax rate in the applicable preceding tax year less the unused increment rate for that preceding tax year.
- (3) "Year 1" means the third tax year preceding the current tax year.
- (4) "Year 2" means the second tax year preceding the current tax year.

(5) "Year 3" means the tax year preceding the current tax year.

(b) In this chapter, "unused increment rate" means the greater of:

(1) zero; or

(2) the rate expressed in dollars per \$100 of taxable value calculated according to the following formula:

UNUSED INCREMENT RATE =

(YEAR 1 VOTER-APPROVAL TAX RATE - YEAR 1 ACTUAL TAX RATE) +

(YEAR 2 VOTER-APPROVAL TAX RATE - YEAR 2 ACTUAL TAX RATE) +

(YEAR 3 VOTER-APPROVAL TAX RATE - YEAR 3 ACTUAL TAX RATE)

(c) Notwithstanding Subsection (b)(2), for each tax year before the 2020 tax year, the difference between the taxing unit's voter-approval tax rate and actual tax rate is considered to be zero. This subsection expires December 31, 2022.

Sec. 26.04. SUBMISSION OF ROLL TO GOVERNING BODY; NO-NEW-REVENUE AND VOTER-APPROVAL TAX RATES.

(c) After the assessor for the taxing unit submits the appraisal roll for the taxing unit to the governing body of the taxing unit as required by Subsection (b), an officer or employee designated by the governing body shall calculate the no-new-revenue tax rate and the voter-approval tax rate for the taxing unit, where:

NO-NEW-REVENUE TAX RATE

(1) "No-new-revenue tax rate" means a rate expressed in dollars per \$100 of taxable value calculated according to the following formula:

NO-NEW-REVENUE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

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; and

VOTER-APPROVAL RATE

(2) "Voter-approval tax rate" means a rate expressed in dollars per \$100 of taxable value calculated according to the following applicable formula:

(A) for a special taxing unit:

VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

or

(B) for a taxing unit other than a special taxing unit:

VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE)

EFFECT OF DISASTERS

(c-1) Notwithstanding any other provision of this section, the governing body of a taxing unit other than a special taxing unit may direct the designated officer or employee to calculate the voter-approval tax rate of the taxing unit in the manner provided for a special taxing unit if any part of the taxing unit is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States.

USING CERTIFIED ESTIMATE

(c-2) Notwithstanding any other provision of this section, if the assessor for a taxing unit receives a certified estimate of the taxable value of property in the taxing unit under Section 26.01(a-1), the officer or employee designated by the governing body of the taxing unit shall calculate the no-new-revenue tax rate and voter-approval tax rate using the certified estimate of taxable value.

USING COMPTROLLER FORMS

Text of subsection effective on January 01, 2021

(d-1) The designated officer or employee shall use the tax rate calculation forms prescribed by the comptroller under Section 5.07 in calculating the no-new-revenue tax rate and the voter-approval tax rate.

CERTIFICATION OF CALCULATIONS

Text of subsection effective on January 01, 2021

(d-2) The designated officer or employee may not submit the no-new-revenue tax rate and the voter-approval tax rate to the governing body of the taxing unit and the taxing unit may not adopt a tax rate until the designated officer or employee certifies on the tax rate calculation forms that the designated officer or employee has accurately calculated the tax rates and has used values that are the same as the values shown in the taxing unit's certified appraisal roll in performing the calculations.

Text of subsection effective on January 01, 2021

(d-3) As soon as practicable after the designated officer or employee calculates the no-new-revenue tax rate and the voter-approval tax rate of the taxing unit, the designated officer or employee shall submit the tax rate calculation forms used in calculating the rates to the county assessor-collector for each county in which all or part of the territory of the taxing unit is located.

(e) By August 7 or as soon thereafter as practicable, the designated officer or employee shall submit the rates to the governing body. The designated officer or employee shall post prominently on the home page of the taxing unit's Internet website in the form prescribed by the comptroller.

(e-2) By August 7 or as soon thereafter as practicable, the chief appraiser of each appraisal district shall deliver by regular mail or e-mail to each owner of property located in the appraisal district a notice that the estimated amount of taxes to be imposed on the owner's property by each taxing unit in which the property is located may be found in the property tax database maintained by the appraisal district under Section 26.17.

**Section 105 of SB 2 – beginning in 2020 for appraisal districts with a population of 200,000 or more – 2021 for all others*

APPENDIX TO BUDGET

Text of subsection effective on January 01, 2021

(e-5) The governing body of a taxing unit shall include as an appendix to the taxing unit's budget for a fiscal year the tax rate calculation forms used by the designated officer or employee of the taxing unit...

ANTICIPATED COLLECTION RATE

(h-1) Notwithstanding Subsection (h), if the anticipated collection rate of a taxing unit as calculated under that subsection is lower than the lowest actual collection rate of the taxing unit for any of the preceding three years, the anticipated collection rate of the taxing unit for purposes of this section is equal to the lowest actual collection rate of the taxing unit for any of the preceding three years.

(h-2) The anticipated collection rate of a taxing unit for purposes of this section is the rate calculated under Subsection (h) as modified by Subsection (h-1), if applicable, regardless of whether that rate exceeds 100 percent.

COUNTY INDIGENT DEFENSE COMPENSATION

Sec. 26.0442. TAX RATE ADJUSTMENT FOR COUNTY INDIGENT DEFENSE COMPENSATION EXPENDITURES.

(a) In this section, "indigent defense compensation expenditures" for a tax year means the amount paid by a county to provide appointed counsel for indigent individuals in criminal or civil proceedings in accordance with the schedule of fees adopted under Article 26.05, Code of Criminal Procedure, in the period beginning on July 1 of the tax year preceding the tax year for which the tax is adopted and ending on June 30 of the tax year for which the tax is adopted, less the amount of any state

grants received by the county during that period for the same purpose.

(b) If a county's indigent defense compensation expenditures exceed the amount of those expenditures for the preceding tax year, the no-new-revenue maintenance and operations rate for the county is increased by the lesser of the rates computed according to the following formulas:

$$\frac{\text{(Current Tax Year's Indigent Defense Compensation Expenditures - Preceding Tax Year's Indigent Defense Compensation Expenditures)}}{\text{(Current Total Value - New Property Value)}}$$

or

$$\frac{\text{(Preceding Tax Year's Indigent Defense Compensation Expenditures} \times 0.05)}{\text{(Current Total Value - New Property Value)}}$$

(c) The county shall include a notice of the increase in the no-new-revenue maintenance and operations rate provided by this section, including a description and the amount of indigent defense compensation expenditures, in the information published under Section 26.04(e) and, as applicable, in the notice prescribed by Section 26.06 or 26.061.

ELIGIBLE COUNTY HOSPITAL EXPENDITURES

Sec. 26.0443. TAX RATE ADJUSTMENT FOR ELIGIBLE COUNTY HOSPITAL EXPENDITURES.

(a) In this section:

(1) "Eligible county hospital" means a hospital that:

(A) is:

(i) owned or leased by a county and operated in accordance with Chapter 263, Health and Safety Code; or

(ii) owned or leased jointly by a municipality and a county and operated in accordance with Chapter 265, Health and Safety Code; and

(B) is located in an area not served by a hospital district created under Sections 4 through 11, Article IX, Texas Constitution.

(2) "Eligible county hospital expenditures" for a tax year means the amount paid by a county or municipality in the period beginning on July 1 of the tax year preceding the tax year for which the tax is adopted and ending on June 30 of the tax year for which the tax is adopted to maintain and operate an eligible county hospital.

(b) If a county's or municipality's eligible county hospital expenditures exceed the amount of those expenditures for the preceding tax year, the no-new-revenue maintenance and operations rate for the county or municipality, as applicable, is increased by the lesser of the rates computed according to the following formulas:

$$\frac{\text{(Current Tax Year's Eligible County Hospital Expenditures - Preceding Tax Year's Eligible County Hospital Expenditures)}}{\text{(Current Total Value - New Property Value)}}$$

or

$$\frac{\text{(Preceding Tax Year's Eligible County Hospital Expenditures} \times 0.08)}{\text{(Current Total Value - New Property Value)}}$$

(c) The county or municipality shall include a notice of the increase in the no-new-revenue maintenance and operations rate provided by this section, including a description and amount of eligible county hospital expenditures, in the information published under Section 26.04(e) and, as applicable, in the notice prescribed by Section 26.06 or 26.061.

UNIFORM ELECTION DATE

Sec. 26.05. TAX RATE.

(a) The governing body of each taxing unit shall adopt a tax rate for the current tax year and shall notify the

assessor for the taxing unit of the rate adopted. The governing body must adopt a tax rate before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, except that the governing body must adopt a tax rate that exceeds the voter-approval tax rate not later than the **71st day before the next uniform election date prescribed by Section 41.001, Election Code**, that occurs in November of that year. The tax rate consists of two components, each of which must be approved separately.

DEBT RATE

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 described by Section 26.04(e)(3)(C), less any amount of additional sales and use tax revenue that will be used to pay debt service, or, for a school district, the rate calculated under Section 44.004(c)(5)(A)(ii)(b), Education Code; and

SPECIAL MOTION LANGUAGE

(b) A taxing unit may not impose property taxes in any year until the governing body has adopted a tax rate for that year, and the annual tax rate must be set by ordinance, resolution, or order, depending on the method prescribed by law for adoption of a law by the governing body. The vote on the ordinance, resolution, or order setting the tax rate must be separate from the vote adopting the budget. For a taxing unit other than a school district, the vote on the ordinance, resolution, or order setting a tax rate that exceeds the no-new-revenue tax rate must be a record vote, and at least 60 percent of the members of the governing body must vote in favor of the ordinance, resolution, or order. For a school district, the vote on the ordinance, resolution, or order setting a tax rate that exceeds the sum of the no-new-revenue maintenance and operations tax rate of the district as determined under Section 26.08(i) and the district's current debt rate must be a record vote, and at least 60 percent of the members of the governing body

must vote in favor of the ordinance, resolution, or order. A motion to adopt an ordinance, resolution, or order setting a tax rate that exceeds the no-new-revenue 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 no-new-revenue 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 no-new-revenue maintenance and operations rate, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE NO-NEW-REVENUE 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 the Internet website of the taxing unit:

(A) the following statement: "(Insert name of taxing 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 no-new-revenue maintenance and operations rate, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES

FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."

NO ACTION UNTIL CAD SENDS NOTICES OF ESTIMATED TAXES

BEGINNING 2020 FOR COUNTIES WITH A POPULATION OF 200,000 OR MORE – 2021 FOR ALL OTHERS

(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).

(d-2) Notwithstanding Subsection (a), the governing body of a taxing unit other than a school district may not adopt a tax rate until the chief appraiser of each appraisal district in which the taxing unit participates has complied with Subsection (d-1).

CERTIFICATION BY CFO OR AUDITOR

(e-1) The governing body of a taxing unit that imposes an additional sales and use tax may not adopt the component of the tax rate of the taxing unit described by Subsection (a)(1) of this section until the chief financial officer or the auditor for the taxing unit submits to the governing body of the taxing unit a written certification that the amount of additional sales and use tax revenue that will be used to pay debt service has been deducted from the total amount described by Section 26.04(e)(3)(C) as required by Subsection (a)(1) of this section. The comptroller shall prescribe the form of the certification required by this subsection and the manner in which it is required to be submitted.

NOTICES

Sec. 26.06. NOTICE, HEARING, AND VOTE ON TAX INCREASE.

(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. 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. If the taxing unit publishes the notice in a newspaper, the taxing unit must also post the notice prominently on the home page of the Internet website of the taxing unit from the date the notice is first published until the public hearing is concluded.

ADOPT RATE AT PUBLIC HEARING

(d) The governing body may vote on the proposed tax rate at the public hearing. If the governing body does not vote on the proposed tax rate at the public hearing, the governing body shall announce at the public hearing the date, time, and place of the meeting at which it will vote on the proposed tax rate.

RATE ADOPTED AT A LATER DATE

(e) A meeting to vote on the tax increase may not be held later than the seventh day after the date of the public hearing. The meeting must be held inside the boundaries of the taxing unit in a publicly owned building or, if a suitable publicly owned building is not available, in a suitable building to which the public normally has access.

VOTER-APPROVAL ELECTION

Sec. 26.07. AUTOMATIC ELECTION TO APPROVE TAX RATE OF TAXING UNIT OTHER THAN SCHOOL DISTRICT.

(a) This section applies to a taxing unit other than a school district.

(b) If the governing body of a special taxing unit or a municipality with a population of 30,000 or more adopts a tax rate that exceeds the taxing unit's voter-approval tax rate, or the governing body of a taxing unit other than

a special taxing unit or a municipality with a population of less than 30,000 regardless of whether it is a special taxing unit adopts a tax rate that exceeds the greater of the taxing unit's voter-approval tax rate or de minimis rate, the registered voters of the taxing unit at an election held for that purpose must determine whether to approve the adopted tax rate. When increased expenditure of money by a taxing unit is necessary to respond to a disaster, including a tornado, hurricane, flood, wildfire, or other calamity, but not including a drought, that has impacted the taxing unit and the governor has declared any part of the area in which the taxing unit is located as a disaster area, an election is not required under this section to approve the tax rate adopted by the governing body for the year following the year in which the disaster occurs.

(c) The governing body shall order that the election be held in the taxing unit on the uniform election date prescribed by Section 41.001, Election Code, that occurs in November of the applicable tax year. The order calling the election may not be issued later than the 71st day before the date of the election.

PETITION PROCESS

SEC. 26.075. PETITION ELECTION TO REDUCE TAX RATE OF TAXING UNIT OTHER THAN SCHOOL DISTRICT.

(a) This section applies only to a taxing unit other than:

- (1) a special taxing unit;
- (2) a school district; or
- (3) a municipality with a population of 30,000 or more.

(b) This section applies to a taxing unit only in a tax year in which the taxing unit's:

- (1) de minimis rate exceeds the taxing unit's voter-approval tax rate; and
- (2) adopted tax rate is:

(A) equal to or lower than the taxing unit's de minimis rate; and

(B) greater than the greater of the taxing unit's:

(i) voter-approval tax rate calculated as if the taxing unit were a special taxing unit; or

(ii) voter-approval tax rate.

(c) The qualified voters of a taxing unit by petition may require that an election be held to determine whether to reduce the tax rate adopted by the governing body of the taxing unit for the current tax year to the voter-approval tax rate.

(d) A petition is valid only if the petition:

(1) states that it is intended to require an election in the taxing unit on the question of reducing the taxing unit's adopted tax rate for the current tax year;

(2) is signed by a number of registered voters of the taxing unit equal to at least three percent of the registered voters of the taxing unit determined according to the most recent list of those voters; and

(3) is submitted to the governing body of the taxing unit not later than the 90th day after the date on which the governing body adopts the tax rate for the current tax year.

SCHOOL DISTRICT TAX APPROVAL ELECTION

SEC. 26.08. AUTOMATIC ELECTION TO APPROVE TAX RATE OF SCHOOL DISTRICT.

(a) If the governing body of a school district adopts a tax rate that exceeds the district's voter-approval tax rate, the registered voters of the district at an election held for that purpose must determine whether to approve the adopted tax rate.

(b) The governing body shall order that the election be held in the school district on the next uniform election date prescribed by Section 41.001, Election Code, that occurs after the date of the election order and that

allows sufficient time to comply with the requirements of other law.

APPROVAL OF TAX ROLL

SEC. 26.09. CALCULATION OF TAX.

(e) The assessor shall enter the amount of tax determined as provided by this section in the appraisal roll and submit it to the governing body of the unit for approval. The appraisal roll with amounts of tax entered as approved by the governing body constitutes the unit's tax roll.

ELECTION CODE

Sec. 3.005. TIME FOR ORDERING ELECTION.

(a) Except as provided by Subsections (c) and (d), an election ordered by an authority of a political subdivision shall be ordered not later than the 62nd day before election day.

(b) This section supersedes a law outside this code to the extent of any conflict.

(c) For an election to be held on a uniform election date, the election shall be ordered not later than the **78th day** before election day.

(d) An election under Section 26.08, Tax Code, to ratify a tax rate adopted by the governing body of a school district under Section 26.05(g) of that code shall be ordered not later than the 30th day before election day.

Comptroller Forms and Titles

Tax Rate Calculation Worksheets

- 50-856, 2020 Tax Rate Calculation Worksheet – Taxing Unit Other Than School Districts
- 50-859, 2020 Tax Rate Calculation Worksheet – School Districts Without Chapter 313 Agreements
- 50-884, 2020 Tax Rate Calculation Worksheet – School Districts With Chapter 313 Agreements
- 50-858, 2020 Tax Rate Calculation Worksheet – Low Tax Rate and Developing Water Districts
- 50-860, 2020 Tax Rate Calculation Worksheet – Developed Water District

Ballots and Petitions

- 50-861, Ballot to Approve Tax Rate for Taxing Units Other Than School Districts
- 50-862, Petition for Election to Reduce Tax Rate of a Taxing Unit Other Than a School District

Certification Form

- 50-882, Certification of Additional Sales and Use Tax to Pay Debt Service

Notice of Public Hearing (Other than School Districts and Water Districts)

- 50-873, Proposed Rate Exceeds No-New-Revenue and Voter-Approval Tax Rate
- 50-876, Proposed Rate Exceeds No-New-Revenue, but not Voter-Approval Tax Rate
- 50-877, Proposed Rate Does Not Exceed No-New-Revenue Tax Rate, but exceeds Voter-Approval Tax Rate

Notice of Tax Rates or Meetings to Adopt (Other than School and Water Districts)

- 50-212, Notice of Tax Rates
- 50-757, Small Taxing Unit Notice
- 50-883, Proposed Rate Does Not Exceed Lower of No-New-Revenue or Voter-Approval Rate

Notice of Public Hearing for Taxing Units with De Minimis Rates

- 50-875, Proposed Rate Exceeds No-New-Revenue and Voter-Approval Tax Rate, but not De Minimis Rate
- 50-878, Proposed Rate Exceeds No-New-Revenue and Voter-Approval Tax Rate and De Minimis Rate
- 50-879, Proposed Rate Does Not Exceed No-New-Revenue Tax Rate or De Minimis Rate, but Exceeds Voter-Approval Tax Rate
- 50-880, Proposed Rate Does Not Exceed No-New-Revenue Tax Rate, but Exceeds Voter-Approval Tax Rate and the De Minimis Rate

School Districts

- [50-280, Notice of Public Meeting to Discuss Budget and Proposed Tax Rate](#)
- [50-777, Notice of Public Meeting to Discuss Proposed Tax Rate](#)
- [50-786, Notice of Public Meeting to Discuss Budget](#)
- [50-863, Voter-Approval Tax Rate Election Ballot for School Districts](#)

Water Districts

- [50-304, Water District Notice of Public Hearing on Tax Rate](#)
- [50-870, Election Ballot for Water District Operations and Maintenance Tax Rate Election](#)

Note:

The Comptroller's office does NOT provide a ballot for a rollback election as described in Tax Code Section 26.075

2020 Tax Rate Calculation Worksheet

Form 50-856

Taxing Units Other Than School Districts or Water Districts

Taxing Unit Name

Phone (area code and number)

Taxing Unit's Address, City, State, ZIP Code

Taxing Unit's Website Address

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.	2019 total taxable value. Enter the amount of 2019 taxable value on the 2019 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 (will deduct taxes in Line 17). ¹	\$ _____
2.	2019 tax ceilings. Counties, cities and junior college districts. Enter 2019 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 2019 or a prior year for homeowners age 65 or older or disabled, use this step. ²	\$ _____
3.	Preliminary 2019 adjusted taxable value. Subtract Line 2 from Line 1.	\$ _____
4.	2019 total adopted tax rate.	\$ _____ /\$100
5.	2019 taxable value lost because court appeals of ARB decisions reduced 2019 appraised value. A. Original 2019 ARB values: \$ _____ B. 2019 values resulting from final court decisions: - \$ _____ C. 2019 value loss. Subtract B from A. ³	\$ _____
6.	2019 taxable value subject to an appeal under Chapter 42, as of July 25. A. 2019 ARB certified value: \$ _____ B. 2019 disputed value: - \$ _____ C. 2019 undisputed value. Subtract B from A. ⁴	\$ _____
7.	2019 Chapter 42 related adjusted values. Add Line 5 and Line 6.	\$ _____

¹ Tex. Tax Code § 26.012(14)

² Tex. Tax Code § 26.012(14)

³ Tex. Tax Code § 26.012(13)

⁴ Tex. Tax Code § 26.012(13)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
8.	2019 taxable value, adjusted for actual and potential court-ordered adjustments. Add Line 3 and Line 7.	\$ _____
9.	2019 taxable value of property in territory the taxing unit deannexed after Jan. 1, 2019. Enter the 2019 value of property in deannexed territory. ⁵	\$ _____
10.	2019 taxable value lost because property first qualified for an exemption in 2020. If the taxing unit increased an original exemption, use the difference between the original exempted amount and the increased exempted amount. Do not include value lost due to freeport, goods-in-transit, temporary disaster exemptions. Note that lowering the amount or percentage of an existing exemption in 2020 does not create a new exemption or reduce taxable value. <p>A. Absolute exemptions. Use 2019 market value: \$ _____</p> <p>B. Partial exemptions. 2020 exemption amount or 2020 percentage exemption times 2019 value: + \$ _____</p> <p>C. Value loss. Add A and B.⁶</p>	\$ _____
11.	2019 taxable value lost because property first qualified for agricultural appraisal (1-d or 1-d-1), timber appraisal, recreational/scenic appraisal or public access airport special appraisal in 2020. Use only properties that qualified in 2020 for the first time; do not use properties that qualified in 2019. <p>A. 2019 market value: \$ _____</p> <p>B. 2020 productivity or special appraised value: - \$ _____</p> <p>C. Value loss. Subtract B from A.⁷</p>	\$ _____
12.	Total adjustments for lost value. Add Lines 9, 10C and 11C.	\$ _____
13.	Adjusted 2019 taxable value. Subtract Line 12 from Line 8.	\$ _____
14.	Adjusted 2019 total levy. Multiply Line 4 by Line 13 and divide by \$100.	\$ _____
15.	Taxes refunded for years preceding tax year 2019. Enter the amount of taxes refunded by the taxing unit for tax years preceding tax year 2019. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2019. This line applies only to tax years preceding tax year 2019. ⁸	\$ _____
16.	Taxes in tax increment financing (TIF) for tax year 2019. Enter the amount of taxes paid into the tax increment fund for a reinvestment zone as agreed by the taxing unit. If the taxing unit has no 2020 captured appraised value in Line 18D, enter 0. ⁹	\$ _____
17.	Adjusted 2019 levy with refunds and TIF adjustment. Add Lines 14, and 15, subtract Line 16. ¹⁰	\$ _____
18.	Total 2020 taxable value on the 2020 certified appraisal roll today. This value includes only certified values or certified estimate of values and includes the total taxable value of homesteads with tax ceilings (will deduct in Line 20). These homesteads include homeowners age 65 or older or disabled. ¹¹ <p>A. Certified values: \$ _____</p> <p>B. Counties: Include railroad rolling stock values certified by the Comptroller's office: + \$ _____</p> <p>C. Pollution control and energy storage system exemption: Deduct the value of property exempted for the current tax year for the first time as pollution control or energy storage system property: - \$ _____</p> <p>D. Tax increment financing: Deduct the 2020 captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which the 2020 taxes will be deposited into the tax increment fund. Do not include any new property value that will be included in Line 23 below.¹² - \$ _____</p> <p>E. Total 2020 value. Add A and B, then subtract C and D.</p>	\$ _____

⁵ Tex. Tax Code § 26.012(15)⁶ Tex. Tax Code § 26.012(15)⁷ Tex. Tax Code § 26.012(15)⁸ Tex. Tax Code § 26.012(13)⁹ Tex. Tax Code § 26.03(c)¹⁰ Tex. Tax Code § 26.012(13)¹¹ Tex. Tax Code § 26.012, 26.04(c-2)¹² Tex. Tax Code § 26.03(c)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
19.	Total value of properties under protest or not included on certified appraisal roll. ¹³	
	A. 2020 taxable value of properties under protest. The chief appraiser certifies a list of properties still under ARB protest. The list shows the appraisal district's value and the taxpayer's claimed value, if any, or an estimate of the value if the taxpayer wins. For each of the properties under protest, use the lowest of these values. Enter the total value under protest. ¹⁴ \$ _____	
	B. 2020 value of properties not under protest or included on certified appraisal roll. The chief appraiser gives taxing units a list of those taxable properties that the chief appraiser knows about but are not included in the appraisal roll certification. These properties also are not on the list of properties that are still under protest. On this list of properties, the chief appraiser includes the market value, appraised value and exemptions for the preceding year and a reasonable estimate of the market value, appraised value and exemptions for the current year. Use the lower market, appraised or taxable value (as appropriate). Enter the total value of property not on the certified roll. ¹⁵ + \$ _____	
	C. Total value under protest or not certified. Add A and B.	\$ _____
20.	2020 tax ceilings. Counties, cities and junior colleges enter 2020 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 2019 or a prior year for homeowners age 65 or older or disabled, use this step. ¹⁶	\$ _____
21.	2020 total taxable value. Add Lines 18E and 19C. Subtract Line 20. ¹⁷	\$ _____
22.	Total 2020 taxable value of properties in territory annexed after Jan. 1, 2019. Include both real and personal property. Enter the 2020 value of property in territory annexed. ¹⁸	\$ _____
23.	Total 2020 taxable value of new improvements and new personal property located in new improvements. New means the item was not on the appraisal roll in 2019. An improvement is a building, structure, fixture or fence erected on or affixed to land. New additions to existing improvements may be included if the appraised value can be determined. New personal property in a new improvement must have been brought into the taxing unit after Jan. 1, 2019 and be located in a new improvement. New improvements do include property on which a tax abatement agreement has expired for 2020. ¹⁹	\$ _____
24.	Total adjustments to the 2020 taxable value. Add Lines 22 and 23.	\$ _____
25.	Adjusted 2020 taxable value. Subtract Line 24 from Line 21.	\$ _____
26.	2020 NNR tax rate. Divide Line 17 by Line 25 and multiply by \$100. ²⁰	\$ _____ / \$100
27.	COUNTIES ONLY. Add together the NNR tax rates for each type of tax the county levies. The total is the 2020 county NNR tax rate. ²¹	\$ _____ / \$100

SECTION 2: Voter-Approval Tax Rate

The voter-approval tax rate is the highest tax rate that a taxing unit may adopt without holding an election to seek voter approval of the rate. The voter-approval tax rate is split into two separate rates:

- 1. Maintenance and Operations (M&O) Tax Rate:** The M&O portion is the tax rate that is needed to raise the same amount of taxes that the taxing unit levied in the prior year plus the applicable percentage allowed by law. This rate accounts for such things as salaries, utilities and day-to-day operations.
- 2. Debt Rate:** The debt rate includes the debt service necessary to pay the taxing unit's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

The voter-approval tax rate for a county is the sum of the voter-approval tax rates calculated for each type of tax the county levies. In most cases the voter-approval tax rate exceeds the no-new-revenue tax rate, but occasionally decreases in a taxing unit's debt service will cause the NNR tax rate to be higher than the voter-approval tax rate.

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
28.	2019 M&O tax rate. Enter the 2019 M&O tax rate.	\$ _____ / \$100
29.	2019 taxable value, adjusted for actual and potential court-ordered adjustments. Enter the amount in Line 8 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ _____

¹³ Tex. Tax Code § 26.01(c) and (d)

¹⁴ Tex. Tax Code § 26.01(c)

¹⁵ Tex. Tax Code § 26.01(d)

¹⁶ Tex. Tax Code § 26.012(6)(B)

¹⁷ Tex. Tax Code § 26.012(6)

¹⁸ Tex. Tax Code § 26.012(17)

¹⁹ Tex. Tax Code § 26.012(17)

²⁰ Tex. Tax Code § 26.04(c)

²¹ Tex. Tax Code § 26.04(d)

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
30.	Total 2019 M&O levy. Multiply Line 28 by Line 29 and divide by \$100	\$ _____
31.	Adjusted 2019 levy for calculating NNR M&O rate. Add Line 31E to Line 30.	\$ _____
	<p>A. 2019 sales tax specifically to reduce property taxes. For cities, counties and hospital districts, enter the amount of additional sales tax collected and spent on M&O expenses in 2019, if any. Other taxing units, enter 0. Counties must exclude any amount that was spent for economic development grants from the amount of sales tax spent. + \$ _____</p> <p>B. M&O taxes refunded for years preceding tax year 2019. Enter the amount of M&O taxes refunded in the preceding year for taxes before that year. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2019. This line applies only to tax years preceding tax year 2019. + \$ _____</p> <p>C. 2019 taxes in TIF. Enter the amount of taxes paid into the tax increment fund for a reinvestment zone as agreed by the taxing unit. If the taxing unit has no 2020 captured appraised value in Line 18D, enter 0. - \$ _____</p> <p>D. 2019 transferred function. If discontinuing all of a department, function or activity and transferring it to another taxing unit by written contract, enter the amount spent by the taxing unit discontinuing the function in the 12 months preceding the month of this calculation. If the taxing unit did not operate this function for this 12-month period, use the amount spent in the last full fiscal year in which the taxing unit operated the function. The taxing unit discontinuing the function will subtract this amount in E below. The taxing unit receiving the function will add this amount in E below. Other taxing units enter 0. +/- \$ _____</p> <p>E. 2019 M&O levy adjustments. Add A and B, then subtract C. For taxing unit with D, subtract if discontinuing function and add if receiving function. \$ _____</p>	
32.	Adjusted 2020 taxable value. Enter the amount in Line 25 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ _____
33.	2020 NNR M&O rate (unadjusted). Divide Line 31 by Line 32 and multiply by \$100.	\$ _____ / \$100
34.	Rate adjustment for state criminal justice mandate. ²³ Enter the rate calculated in C. If not applicable, enter 0.	\$ _____ / \$100
	<p>A. 2020 state criminal justice mandate. Enter the amount spent by a county in the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. \$ _____</p> <p>2019 state criminal justice mandate. Enter the amount spent by a county in the 12 months prior to the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. Enter zero if this is the first time the mandate applies. - \$ _____</p> <p>B. Subtract B from A and divide by Line 32 and multiply by \$100. \$ _____ / \$100</p>	
35.	Rate adjustment for indigent health care expenditures. ²⁴ Enter the rate calculated in C. If not applicable, enter 0.	\$ _____ / \$100
	<p>A. 2020 indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2019 and ending on June 30, 2020, less any state assistance received for the same purpose. \$ _____</p> <p>B. 2019 indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2018 and ending on June 30, 2019, less any state assistance received for the same purpose. - \$ _____</p> <p>C. Subtract B from A and divide by Line 32 and multiply by \$100. \$ _____ / \$100</p>	

²² [Reserved for expansion]²³ Tex. Tax Code § 26.044²⁴ Tex. Tax Code § 26.042

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
36.	Rate adjustment for county indigent defense compensation. ²⁵ Enter the lessor of C and D. If not applicable, enter 0. A. 2020 indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals for the period beginning on July 1, 2019 and ending on June 30, 2020, less any state grants received by the county for the same purpose..... \$ _____ B. 2019 indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals for the period beginning on July 1, 2018 and ending on June 30, 2019, less any state grants received by the county for the same purpose. \$ _____ C. Subtract B from A and divide by Line 32 and multiply by \$100..... \$ _____/\$100 D. Multiply B by 0.05 and divide by Line 32 and multiply by \$100..... \$ _____/\$100	\$ _____/\$100
37.	Rate adjustment for county hospital expenditures. ²⁶ Enter the lessor of C and D, if applicable. If not applicable, enter 0. A. 2020 eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2019 and ending on June 30, 2020. \$ _____ B. 2019 eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2018 and ending on June 30, 2019. \$ _____ C. Subtract B from A and divide by Line 32 and multiply by \$100..... \$ _____/\$100 D. Multiply B by 0.08 and divide by Line 32 and multiply by \$100..... \$ _____/\$100	\$ _____/\$100
38.	Adjusted 2020 NNR M&O rate. Add Lines 33, 34, 35, 36, and 37.	\$ _____/\$100
39.	2020 voter-approval M&O rate. Enter the rate as calculated by the appropriate scenario below. Special Taxing Unit. If the taxing unit qualifies as a special taxing unit, multiply Line 38 by 1.08. - or - Other Taxing Unit. If the taxing unit does not qualify as a special taxing unit, multiply Line 38 by 1.035. - or - Taxing unit affected by disaster declaration. If the taxing unit is located in an area declared as disaster area, the governing body may direct the person calculating the voter-approval rate to calculate in the manner provided for a special taxing unit. The taxing unit shall continue to calculate the voter-approval rate in this manner until the earlier of 1) the second year in which total taxable value on the certified appraisal roll exceeds the total taxable value of the tax year in which the disaster occurred, and 2) the third tax year after the tax year in which the disaster occurred. If the taxing unit qualifies under this scenario, multiply Line 38 by 1.08. ²⁷	\$ _____/\$100
40.	Total 2020 debt to be paid with property taxes and additional sales tax revenue. Debt means the interest and principal that will be paid on debts that: (1) are paid by property taxes, (2) are secured by property taxes, (3) are scheduled for payment over a period longer than one year, and (4) are not classified in the taxing unit's budget as M&O expenses. A. Debt also includes contractual payments to other taxing units that have incurred debts on behalf of this taxing unit, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. Enter debt amount. \$ _____ B. Subtract unencumbered fund amount used to reduce total debt. - \$ _____ C. Subtract certified amount spent from sales tax to reduce debt (enter zero if none) - \$ _____ D. Subtract amount paid from other resources - \$ _____ E. Adjusted debt. Subtract B, C and D from A.	\$ _____
41.	Certified 2019 excess debt collections. Enter the amount certified by the collector. ²⁸	\$ _____

²⁵ Tex. Tax Code § 26.0442²⁶ Tex. Tax Code § 26.0443²⁷ Tex. Tax Code § 26.04(c-1)²⁸ Tex. Tax Code § 26.012(10) and 26.04(b)

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
42.	Adjusted 2020 debt. Subtract Line 41 from Line 40E.	\$ _____
43.	2020 anticipated collection rate. If the anticipated collection rate in A is lower than actual collection rates in B, C and D, enter the lowest collection rate from B, C and D. If the anticipated rate in A is higher than at least one of the rates in the prior three years, enter the rate from A. Note that the rate can be greater than 100%. ²⁹ A. Enter the 2020 anticipated collection rate certified by the collector. ³⁰ _____ % B. Enter the 2019 actual collection rate. _____ % C. Enter the 2018 actual collection rate. _____ % D. Enter the 2017 actual collection rate. _____ %	_____ %
44.	2020 debt adjusted for collections. Divide Line 42 by Line 43.	\$ _____
45.	2020 total taxable value. Enter the amount on Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ _____/\$100
46.	2020 debt rate. Divide Line 44 by Line 45 and multiply by \$100.	\$ _____/\$100
47.	2020 voter-approval tax rate. Add Lines 39 and 46.	\$ _____/\$100
48.	COUNTIES ONLY. Add together the voter-approval tax rates for each type of tax the county levies. The total is the 2020 county voter-approval tax rate.	\$ _____/\$100

SECTION 3: NNR Tax Rate and Voter-Approval Tax Rate Adjustments for Additional Sales Tax to Reduce Property Taxes

Cities, counties and hospital districts may levy a sales tax specifically to reduce property taxes. Local voters by election must approve imposing or abolishing the additional sales tax. If approved, the taxing unit must reduce its NNR and voter-approval tax rates to offset the expected sales tax revenue.

This section should only be completed by a county, city or hospital district that is required to adjust its NNR tax rate and/or voter-approval tax rate because it adopted the additional sales tax.

Line	Additional Sales and Use Tax Worksheet	Amount/Rate
49.	Taxable Sales. For taxing units that adopted the sales tax in November 2019 or May 2020, enter the Comptroller's estimate of taxable sales for the previous four quarters. ³² Estimates of taxable sales may be obtained through the Comptroller's Allocation Historical Summary webpage. Taxing units that adopted the sales tax before November 2019, skip this line.	\$ _____
50.	Estimated sales tax revenue. Counties exclude any amount that is or will be spent for economic development grants from the amount of estimated sales tax revenue. ³³ Taxing units that adopted the sales tax in November 2019 or in May 2020. Multiply the amount on Line 49 by the sales tax rate (.01, .005 or .0025, as applicable) and multiply the result by .95. ³⁴ - or - Taxing units that adopted the sales tax before November 2019. Enter the sales tax revenue for the previous four quarters. Do not multiply by .95.	\$ _____
51.	2020 total taxable value. Enter the amount from Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ _____
52.	Sales tax adjustment rate. Divide Line 50 by Line 51 and multiply by \$100.	\$ _____/\$100
53.	2020 NNR tax rate, unadjusted for sales tax. ³⁵ Enter the rate from Line 26 or 27, as applicable, on the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ _____/\$100
54.	2020 NNR tax rate, adjusted for sales tax. Taxing units that adopted the sales tax in November 2019 or in May 2020. Subtract Line 52 from Line 53. Skip to Line 55 if you adopted the additional sales tax before November 2019.	\$ _____/\$100
55.	2020 voter-approval tax rate, unadjusted for sales tax. ³⁶ Enter the rate from Line 47 or 48, as applicable, of the <i>Voter-Approval Tax Rate Worksheet</i> .	\$ _____/\$100

²⁹ Tex. Tax Code § 26.04(h), (h-1) and (h-2)

³⁰ Tex. Tax Code § 26.04(b)

³¹ [Reserved for expansion]

³² Tex. Tax Code § 26.041(d)

³³ Tex. Tax Code § 26.041(i)

³⁴ Tex. Tax Code § 26.041(d)

³⁵ Tex. Tax Code § 26.04(c)

³⁶ Tex. Tax Code § 26.04(c)

Line	Additional Sales and Use Tax Worksheet	Amount/Rate
56.	2020 voter-approval tax rate, adjusted for sales tax. Subtract Line 52 from Line 55.	\$ _____ / \$100

SECTION 4: Voter-Approval Rate Adjustment for Pollution Control

A taxing unit may raise its rate for M&O funds used to pay for a facility, device or method for the control of air, water or land pollution. This includes any land, structure, building, installation, excavation, machinery, equipment or device that is used, constructed, acquired or installed wholly or partly to meet or exceed pollution control requirements. The taxing unit's expenses are those necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality (TCEQ). The taxing unit must provide the tax assessor with a copy of the TCEQ letter of determination that states the portion of the cost of the installation for pollution control.

This section should only be completed by a taxing unit that uses M&O funds to pay for a facility, device or method for the control of air, water or land pollution.

Line	Voter-Approval Rate Adjustment for Pollution Control Requirements Worksheet	Amount/Rate
57.	Certified expenses from the Texas Commission on Environmental Quality (TCEQ). Enter the amount certified in the determination letter from TCEQ. ³⁷ The taxing unit shall provide its tax assessor-collector with a copy of the letter. ³⁸	\$ _____
58.	2020 total taxable value. Enter the amount from Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ _____
59.	Additional rate for pollution control. Divide Line 57 by Line 58 and multiply by \$100.	\$ _____ / \$100
60.	2020 voter-approval tax rate, adjusted for pollution control. Add Line 59 to one of the following lines (as applicable): Line 47, Line 48 (counties) or Line 56 (taxing units with the additional sales tax).	\$ _____ / \$100

SECTION 5: Voter-Approval Tax Rate Adjustment for Unused Increment Rate

The unused increment rate is the rate equal to the difference between the adopted tax rate and voter-approval tax rate before the unused increment rate for the prior three years. ³⁹ In a year where a taxing unit adopts a rate by applying any portion of the unused increment rate, the unused increment rate for that year would be zero.

For each tax year before 2020, the difference between the adopted tax rate and voter-approval rate is considered zero, therefore the unused increment rate for 2020 is zero. ⁴⁰

This section should only be completed by a taxing unit that does not meet the definition of a special taxing unit. ⁴¹

Line	Unused Increment Rate Worksheet	Amount/Rate
61.	2019 unused increment rate. Subtract the 2019 actual tax rate and the 2019 unused increment rate from the 2019 voter-approval tax rate. If the number is less than zero, enter zero. If the year is prior to 2020, enter zero.	\$ _____ / \$100
62.	2018 unused increment rate. Subtract the 2018 actual tax rate and the 2018 unused increment rate from the 2018 voter-approval tax rate. If the number is less than zero, enter zero. If the year is prior to 2020, enter zero.	\$ _____ / \$100
63.	2017 unused increment rate. Subtract the 2017 actual tax rate and the 2017 unused increment rate from the 2017 voter-approval tax rate. If the number is less than zero, enter zero. If the year is prior to 2020, enter zero.	\$ _____ / \$100
64.	2020 unused increment rate. Add Lines 61, 62 and 63.	\$ _____ / \$100
65.	2020 voter-approval tax rate, adjusted for unused increment rate. Add Line 64 to one of the following lines (as applicable): Line 47, Line 48 (counties), Line 56 (taxing units with the additional sales tax) or Line 60 (taxing units with pollution control).	\$ _____ / \$100

SECTION 6: De Minimis Rate

The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate, the rate that will raise \$500,000, and the current debt rate for a taxing unit. ⁴²

This section should only be completed by a taxing unit that is a municipality of less than 30,000 or a taxing unit that does not meet the definition of a special taxing unit. ⁴³

Line	De Minimis Rate Worksheet	Amount/Rate
66.	Adjusted 2020 NNR M&O tax rate. Enter the rate from Line 38 of the <i>Voter-Approval Tax Rate Worksheet</i>	\$ _____ / \$100
67.	2020 total taxable value. Enter the amount on Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ _____
68.	Rate necessary to impose \$500,000 in taxes. Divide \$500,000 by Line 67 and multiply by \$100.	\$ _____ / \$100

³⁷ Tex. Tax Code § 26.045(d)

³⁸ Tex. Tax Code § 26.045(i)

³⁹ Tex. Tax Code § 26.013(a)

⁴⁰ Tex. Tax Code § 26.013(c)

⁴¹ Tex. Tax Code § 26.063(a)(1)

⁴² Tex. Tax Code § 26.012(8-a)

⁴³ Tex. Tax Code § 26.063(a)(1)

Line	De Minimis Rate Worksheet	Amount/Rate
69.	2020 debt rate. Enter the rate from Line 46 of the <i>Voter- Approval Tax Rate Worksheet</i> .	\$ _____ /\$100
70.	De minimis rate. Add Lines 66, 68 and 69.	\$ _____ /\$100

SECTION 7: Total Tax Rate

Indicate the applicable total tax rates as calculated above.

No-new-revenue tax rate. \$ _____ /\$100
As applicable, enter the 2020 NNR tax rate from: Line 26, Line 27 (counties), or Line 54 (adjusted for sales tax).

Voter-approval tax rate. \$ _____ /\$100
As applicable, enter the 2020 voter-approval tax rate from: Line 47, Line 48 (counties), Line 56 (adjusted for sales tax), Line 60 (adjusted for pollution control), or Line 65 (adjusted for unused increment).

De minimis rate. \$ _____ /\$100
If applicable, enter the de minimis rate from Line 70.

SECTION 8: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the tax rate as authorized by the governing body of the taxing unit. By signing below, you certify that you are the designated officer or employee of the taxing unit and have calculated the tax rates in accordance with requirements in Tax Code. ⁴⁴

**print
here** ➡

Printed Name of Taxing Unit Representative

**sign
here** ➡

Taxing Unit Representative

Date

⁴⁴ Tex. Tax Code § 26.04(c)

2020 Tax Rate Calculation Worksheet

School Districts without Chapter 313 Agreements

Form 50-859

School District's Name

Phone (area code and number)

School District's Address, City, State, ZIP Code

School District's Website Address

GENERAL INFORMATION: Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the no-new-revenue 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 or certified estimate of value 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 submit the rates to the governing body by Aug. 7 or as soon thereafter as practicable.

This worksheet is for **school districts without Chapter 313 agreements only**. School districts that have a Chapter 313 agreement should use Comptroller Form 50-884 *Tax Rate Calculation Worksheet, School Districts with Chapter 313 Agreements*.

Water districts as defined under Water Code Section 49.001(1) do not use this form. 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*.

All other taxing units should use Comptroller Form 50-856 *Tax Rate Calculation, Taxing Units Other Than School Districts*.

The Comptroller's office provides this worksheet to assist taxing units in determining tax rates. The Texas Education Agency (TEA) provides detailed information on and guidance to school districts in calculating their tax rates. Please review and rely on information provided by TEA when completing this worksheet. Additionally, 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 no-new-revenue (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 revenue if applied to the same properties that are taxed in both years (no new taxes). When appraisal values increase, the NNR tax rate should decrease.

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
1.	2019 total taxable value. Enter the amount of 2019 taxable value on the 2019 tax roll today. Include any adjustments since last year's certification; exclude one-fourth and one-third over-appraisal corrections made under Tax Code Section 25.25(d) 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). ¹	\$ _____
2.	2019 tax ceilings. Enter 2019 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. ²	\$ _____
3.	Preliminary 2019 adjusted taxable value. Subtract Line 2 from Line 1.	\$ _____
4.	2019 total adopted tax rate.	\$ _____ /\$100
5.	2019 taxable value lost because court appeals of ARB decisions reduced 2019 appraised value. A. Original 2019 ARB values: \$ _____ B. 2019 values resulting from final court decisions: - \$ _____ C. 2019 value loss. Subtract B from A. ³	\$ _____
6.	2019 taxable value subject to an appeal under Chapter 42, as of July 25. A. 2019 ARB certified value: \$ _____ B. 2019 disputed value: - \$ _____ C. 2019 undisputed value. Subtract B from A. ⁴	\$ _____
7.	2019 Chapter 42-related adjusted values. Add Line 5 and 6.	\$ _____
8.	2019 taxable value, adjusted for actual and potential court-ordered adjustments. Add Line 3 and Line 7.	\$ _____

¹ Tex. Tax Code § 26.012(14)

² Tex. Tax Code § 26.012(14)

³ Tex. Tax Code § 26.012(13)

⁴ Tex. Tax Code § 26.012(13)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
9.	2019 taxable value of property in territory the school deannexed after Jan. 1, 2019. Enter the 2019 value of property in deannexed territory. ⁵	\$ _____
10.	2019 taxable value lost because property first qualified for an exemption in 2020. If the school district increased an original exemption, use the difference between the original exempted amount and the increased exempted amount. Do not include value lost due to freeport or goods-in-transit, temporary disaster exemptions. Note that lowering the amount or percentage of an existing exemption in 2020 does not create a new exemption or reduce taxable value. A. Absolute exemptions. Use 2019 market value: \$ _____ B. Partial exemptions. 2020 exemption amount or 2020 percentage exemption times 2019 value: + \$ _____ C. Value loss. Add A and B. ⁶	\$ _____
11.	2019 taxable value lost because property first qualified for agricultural appraisal (1-d or 1-d-1), timber appraisal, recreational/scenic appraisal or public access airport special appraisal in 2020. Use only properties that qualified in 2020 for the first time; do not use properties that qualified in 2019. A. 2019 market value. \$ _____ B. 2020 productivity or special appraised value: - \$ _____ C. Value loss. Subtract B from A. ⁷	\$ _____
12.	Total adjustments for lost value. Add Lines 9, 10C and 11C.	\$ _____
13.	Adjusted 2019 taxable value. Subtract Line 12 from Line 8.	\$ _____
14.	Adjusted 2019 total levy. Multiply Line 4 by Line 13 and divide by \$100.	\$ _____
15.	Taxes refunded for years preceding tax year 2019. Enter the amount of taxes refunded by the district for tax years preceding tax year 2019. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2019. This line applies only to tax years preceding tax year 2019. ⁸	\$ _____
16.	Adjusted 2019 levy with refunds. Add Line 14 and Line 15. ⁹ Note: If the governing body of the school district governs a junior college district in a county with a population of more than two million, subtract the amount of taxes the governing body dedicated to the junior college district in 2019 from the result.	\$ _____
17.	Total 2020 taxable value on the 2020 certified appraisal roll today. This value includes only certified values and includes the total taxable value of homesteads with tax ceilings (will deduct in line 19). These homesteads include homeowners age 65 or older or disabled. ¹⁰ A. Certified values. ¹¹ \$ _____ B. Pollution control and energy storage system exemption: Deduct the value of property exempted for the current tax year for the first time as pollution control or energy storage system property: - \$ _____ C. Total 2020 value. Subtract B from A.	\$ _____

⁵ Tex. Tax Code § 26.012(15)⁶ Tex. Tax Code § 26.012(15)⁷ Tex. Tax Code § 26.012(15)⁸ Tex. Tax Code § 26.012(13)⁹ Tex. Tax Code § 26.012(13)¹⁰ Tex. Tax Code §§ 26.012, 26.04(c-2)¹¹ Tex. Tax Code § 26.012(6)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
18.	Total value of properties under protest or not included on certified appraisal roll. ¹²	
	A. 2020 taxable value of properties under protest. The chief appraiser certifies a list of properties still under ARB protest. The list shows the appraisal district's value and the taxpayer's claimed value, if any, or an estimate of the value if the taxpayer wins. For each of the properties under protest, use the lowest of these values. Enter the total value under protest. ¹³	\$
	B. 2020 value of properties not under protest or included on certified appraisal roll. The chief appraiser gives school districts a list of those taxable properties that the chief appraiser knows about but are not included in the appraisal roll certification. These properties are also not on the list of properties that are still under protest. On this list of properties, the chief appraiser includes the market value, appraised value and exemptions for the preceding year and a reasonable estimate of the market value, appraised value and exemptions for the current year. Use the lower market, appraised or taxable value (as appropriate). Enter the total value not on the roll. ¹⁴	+ \$
	C. Total value under protest or not certified. Add A and B.	\$
19.	2020 tax ceilings. Enter 2020 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. ¹⁵	\$
20.	2020 total taxable value. Add Lines 17C and 18C. Subtract Line 19.	\$
21.	Total 2020 taxable value of properties in territory annexed after Jan. 1, 2019. Include both real and personal property. Enter the 2020 value of property in territory annexed by the school district.	\$
22.	Total 2020 taxable value of new improvements and new personal property located in new improvements. New means the item was not on the appraisal roll in 2019. An improvement is a building, structure, fixture or fence erected on or affixed to land. New additions to existing improvements may be included if the appraised value can be determined. New personal property in a new improvement must have been brought into the school district after Jan. 1, 2019, and be located in a new improvement.	\$
23.	Total adjustments to the 2020 taxable value. Add lines 21 and 22.	\$
24.	Adjusted 2020 taxable value. Subtract line 23 from line 20.	\$
25.	2020 NNR tax rate. Divide line 16 by line 24 and multiply by \$100.	\$/\$100

SECTION 2: Voter-Approval Tax Rate

The voter-approval tax rate is the highest tax rate that a taxing unit may adopt without holding an election to seek voter approval of the rate. Most school districts calculate a voter-approval tax rate that is split into three separate rates. ¹⁸

- Maximum Compressed Tax Rate (MCR):** A district's maximum compressed tax rate is defined as the tax rate for the current tax year per \$100 of valuation of taxable property at which the district must levy a maintenance and operations tax to receive the full amount of the tier one allotment. ¹⁹
- Enrichment Tax Rate (DTR):** ²⁰ A district's enrichment tax rate is defined as any tax effort in excess of the district's MCR and less than \$0.17. The enrichment tax rate is divided into golden pennies and copper pennies. School districts can claim up to 8 golden pennies, not subject to compression, and 9 copper pennies which are subject to compression with any increases in the guaranteed yield. ²¹
- Debt Rate:** The debt rate includes the debt service necessary to pay the school district's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

The MCR and DTR added together make up the school district's maintenance and operations (M&O) tax rate. Districts cannot increase the district's M&O tax rate to create a surplus in M&O tax revenue for the purpose of paying the district's debt service. ²²

A school district may adopt a M&O tax rate that exceeds the MCR in order to maintain the 2020-2021 school year basic allotment if it meets certain requirements and receives approval from TEA. Refer to Education Code, Section 48.2553 for more information.

A district must complete an efficiency audit before seeking voter approval to adopt a M&O tax rate higher than the calculated M&O tax rate, hold an open meeting to discuss the results of the audit, and post the results of the audit on the district's website 30 days prior to the election. ²³ Additionally, a school district located in an area declared a disaster by the governor may adopt a M&O tax rate higher than the calculated M&O tax rate during the two-year period following the date of the *declaration without conducting an efficiency audit*. ²⁴

Districts should review information from TEA when calculating their voter-approval rate.

¹² Tex. Tax Code § 26.01(c) and (d)

¹³ Tex. Tax Code § 26.01(c)

¹⁴ Tex. Tax Code § 26.01(d)

¹⁵ Tex. Tax Code § 26.012(6)(B)

¹⁶ [Reserved for expansion]

¹⁷ [Reserved for expansion]

¹⁸ Tex. Tax Code § 26.08(n)

¹⁹ Tex. Edu. Code § 48.2551(a)(3)

²⁰ Tex. Tax Code § 26.08(j) and Tex. Edu. Code § 45.0032

²¹ Tex. Edu. Code § 48.202(a-1)(2) and 48.202(f)

²² Tex. Edu. Code § 45.0021(a)

²³ Tex. Edu. Code § 111.184(b)

²⁴ Tex. Edu. Code § 111.184(b-1)

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
26.	2020 maximum compressed tax rate (MCR). TEA will publish compression rates based on district and statewide property value growth. Enter the school districts' maximum compressed rate based on guidance from TEA. ²⁵	\$ _____ /\$100
27.	2020 enrichment tax rate (DTR). Enter the greater of A and B. ²⁶ A. Enter the district's 2019 DTR, minus any required reduction under Education Code Section 48.202(f) \$ _____ /\$100 B. Enter \$0.05 per \$100 of taxable value, if governing body of school district adopts \$0.05 by unanimous vote. If not adopted by unanimous vote, enter \$0.04 per \$100. ²⁷ \$ _____ /\$100	\$ _____ /\$100
28.	2020 maintenance and operations (M&O) tax rate (TR). Add Lines 26 and 27. Note: M&O tax rate may not exceed the sum of \$0.17 and the product of the state compression percentage multiplied by \$1.00. ²⁸	\$ _____ /\$100
29.	Total 2020 debt to be paid with property tax revenue. Debt means the interest and principal that will be paid on debts that: (1) Are paid by property taxes; (2) Are secured by property taxes; (3) Are scheduled for payment over a period longer than one year; and (4) Are not classified in the school district's budget as M&O expenses. A. Debt includes contractual payments to other school districts that have incurred debt on behalf of this school district, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. Enter debt amount: \$ _____ B. Subtract unencumbered fund amount used to reduce total debt. - \$ _____ C. Subtract state aid received for paying principal and interest on debt for facilities through the existing debt allotment program and/or instructional facilities allotment program. - \$ _____ D. Adjust debt: Subtract B and C from A.	\$ _____
30.	Certified 2019 excess debt collections. Enter the amount certified by the collector. ²⁹	\$ _____
31.	Adjusted 2020 debt. Subtract line 30 from line 29D.	\$ _____
32.	2020 anticipated collection rate. If the anticipated rate in A is lower than actual rates in B, C and D, enter the lowest rate from B, C and D. If the anticipated rate in A is higher than at least one of the rates in the prior three years, enter the rate from A. Note that the rate can be greater than 100%. ³⁰ A. Enter the 2020 anticipated collection rate certified by the collector. ³¹ _____ % B. Enter the 2019 actual collection rate _____ % C. Enter the 2018 actual collection rate _____ % D. Enter the 2017 actual collection rate _____ %	_____ %
33.	2020 debt adjusted for collections. Divide Line 31 by Line 32. Note: If the governing body of the school district governs a junior college district in a county with a population of more than two million, add the amount of taxes the governing body proposes to dedicate to the junior college district in 2020 to the result.	\$ _____
34.	2020 total taxable value. Enter the amount on Line 20 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ _____
35.	2020 debt rate. Divide Line 33 by Line 34 and multiply by \$100.	\$ _____ /\$100

²⁵ Tex. Edu. Code §§48.255, 48.2551(b)(1) and (b)(2)²⁶ Tex. Tax Code §26.08(n)(2)²⁷ Tex. Tax Code §26.08(n-1)²⁸ Tex. Edu. Code §45.003(e)²⁹ Tex. Tax Code §§26.012(10) and 26.04(b)³⁰ Tex. Tax Code §§26.04(h), (h-1) and (h-2)³¹ Tex. Tax Code §26.04(b)

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
36.	2020 voter-approval tax rate. Add Lines 28 and 35. If the school district received distributions from an equalization tax imposed under former Chapter 18, Education Code, add the NNR tax rate as of the date of the county unit system's abolition to the sum of Lines 28 and 35. ³²	\$ _____ /\$100

SECTION 3: Voter-Approval Rate Adjustment for Pollution Control

A school district may raise its rate for M&O funds used to pay for a facility, device or method for the control of air, water or land pollution. This includes any land, structure, building, installation, excavation, machinery, equipment or device that is used, constructed, acquired or installed wholly or partly to meet or exceed pollution control requirements. The school district's expenses are those necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality (TCEQ). The school district must provide the tax assessor with a copy of the TCEQ letter of determination that states the portion of the cost of the installation for pollution control.

This section should only be completed by a school district that uses M&O funds to pay for a facility, device or method for the control of air, water or land pollution.

Line	Voter-Approval Rate Adjustment for Pollution Control Requirements Worksheet	Amount/Rate
37.	Certified expenses from the Texas Commission on Environmental Quality (TCEQ). Enter the amount certified in the determination letter from TCEQ. ³³ The school district shall provide its tax assessor with a copy of the letter. ³⁴	\$ _____
38.	2020 total taxable value. Enter the amount on Line 20 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ _____
39.	Additional rate for pollution control. Divide line 37 by line 38 and multiply by \$100.	\$ _____ /\$100
40.	2020 voter-approval tax rate, adjusted for pollution control. Add line 36 and line 39.	\$ _____ /\$100

SECTION 4: Total Tax Rate

Indicate the applicable total tax rates as calculated above.

No-New-Revenue Tax Rate \$ _____ /\$100

Enter the 2020 NNR tax rate from Line 25.

Voter-Approval Tax Rate \$ _____ /\$100

As applicable, enter the 2020 voter-approval tax rate from Line 36 or Line 40.

SECTION 5: School District Representative Name and Signature

Enter the name of the person preparing the tax rate as authorized by the governing body of the school district. By signing below, you certify that you are the designated officer or employee of the school district and have calculated the tax rates in accordance with requirements in Tax Code and Education Code. ³⁵

**print
here** ➡

Printed Name of School District Representative _____

**sign
here** ➡

School District Representative _____

Date _____

³² Tex. Tax Code §26.08(g)

³³ Tex. Tax Code § 26.045(d)

³⁴ Tex. Tax Code § 26.045(i)

³⁵ Tex. Tax Code §26.04(c)

2020 Tax Rate Calculation Worksheet

School Districts with Chapter 313 Agreements

Form 50-884

School District's Name

Phone (area code and number)

School District's Address, City, State, ZIP Code

School District's Website Address

GENERAL INFORMATION: Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the no-new-revenue 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 or certified estimate of value 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 submit the rates to the governing body by August 7 or as soon thereafter as practicable.

This worksheet is for **school districts with Chapter 313 agreements only**. School districts that do not have a Chapter 313 agreement should use Comptroller Form 50-859 *Tax Rate Calculation Worksheet, School District without Chapter 313 Agreements*.

Water districts as defined under Water Code Section 49.001(1) should 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*.

All other taxing units should use Comptroller Form 50-856 *Tax Rate Calculation, Taxing Units Other Than School Districts*.

The Comptroller's office provides this worksheet to assist taxing units in determining tax rates. The Texas Education Agency (TEA) provides detailed information on and guidance to school districts in calculating their tax rates. Please review and rely on information provided by TEA when completing this worksheet. Additionally, 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 no-new-revenue (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 revenue if applied to the same properties that are taxed in both years (no new taxes). When appraisal values increase, the NNR tax rate should decrease.

Chapter 313 agreements allow a school district to limit the value of certain qualified property subject to the agreement for the purposes of maintenance and operations (M&O) taxation. The value of the same property is not limited for the purposes of debt service, or interest and sinking (I&S) taxation. School districts that have entered into a Chapter 313 agreement must calculate the NNR tax rate for M&O and I&S purposes separately and then add together to determine the current year total NNR tax rate.

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
1.	2019 total I&S taxable value. Enter the amount of 2019 taxable value on the 2019 tax roll today. Include any adjustments since last year's certification; exclude one-fourth and one-third over-appraisal corrections made under Tax Code Section 25.25(d) from these adjustments. Exclude any property value subject to an appeal under Chapter 42 as of July 25 (will add undisputed value in Line 8). This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2). ¹ This also includes the taxable value of property subject to a Chapter 313 agreement prior to the limitation.	\$ _____
2.	2019 tax ceilings. Enter 2019 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. ²	\$ _____
3.	Preliminary 2019 adjusted I&S taxable value. Subtract Line 2 from Line 1.	\$ _____
4.	2019 taxable value not subject M&O taxation, due to limitation under Tax Code Chapter 313. A. 2019 I&S value of property subject to Chapter 313 agreement. Enter the total 2019 appraised value of property subject to a Chapter 313 agreement: \$ _____ B. 2019 M&O value of property subject to Chapter 313 agreement. Enter the total 2019 limited value of property subject to a Chapter 313 agreement: - \$ _____ C. Subtract B from A.	\$ _____
5.	Preliminary 2019 adjusted M&O taxable value. Subtract Line 4C from Line 3.	\$ _____

¹ Tex. Tax Code § 26.012(14)

² Tex. Tax Code § 26.012(14)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
6.	2019 total adopted tax rate. Separate the 2019 adopted tax rate into its two components. A. 2019 M&O tax rate: \$ _____ / \$100 B. 2019 I&S or debt rate: \$ _____ / \$100	
7.	2019 taxable value lost because court appeals of ARB decisions reduced 2019 appraised value. A. Original 2019 ARB values: \$ _____ B. 2019 values resulting from final court decisions: - \$ _____ C. 2019 value loss. Subtract B from A. ³	\$ _____
8.	2019 taxable value subject to an appeal under Chapter 42, as of July 25 A. 2019 ARB certified value: \$ _____ B. 2019 disputed value: - \$ _____ C. 2019 undisputed value. Subtract B from A. ⁴	\$ _____
9.	2019 Chapter 42 related adjusted values Add Line 7C and 8C.	\$ _____
10.	2019 M&O taxable value, adjusted for actual and potential court-ordered adjustments. The taxable value for M&O purposes should be less than the taxable value for I&S purposes. Add Line 5 and Line 9.	\$ _____
11.	2019 I&S taxable value, adjusted for actual and potential court-ordered adjustments. The taxable value for I&S purposes should be more than the taxable value for M&O purposes. Add Line 3 and Line 9.	\$ _____
12.	2019 taxable value of property in territory the school deannexed after Jan. 1, 2019. Enter the 2019 value of property in deannexed territory. ⁵	\$ _____
13.	2019 taxable value lost because property first qualified for an exemption in 2020. If the school district increased an original exemption, use the difference between the original exempted amount and the increased exempted amount. Do not include value lost due to freeport or goods-in-transit, temporary disaster exemptions. Note that lowering the amount or percentage of an existing exemption in 2020 does not create a new exemption or reduce taxable value. A. Absolute exemptions. Use 2019 market value: \$ _____ B. Partial exemptions. 2020 exemption amount or 2020 percentage exemption times 2019 value: + \$ _____ C. Value loss. Add A and B. ⁶	\$ _____
14.	2019 taxable value lost because property first qualified for agricultural appraisal (1-d or 1-d-1), timber appraisal, recreational/scenic appraisal or public access airport special appraisal in 2020. Use only properties that qualified in 2020 for the first time; do not use properties that qualified in 2019. A. 2019 market value: \$ _____ B. 2020 productivity or special appraised value: - \$ _____ C. Value loss. Subtract B from A. ⁷	\$ _____
15.	Total adjustments for lost value. Add Lines 12, 13C and 14C.	\$ _____
16.	Adjusted 2019 M&O taxable value. Subtract Line 15 from Line 10. Note: If the governing body of the school district governs a junior college district in a county with a population of more than two million, subtract the amount of M&O taxes the governing body dedicated to the junior college district in 2019 from the result.	\$ _____
17.	Adjusted 2019 I&S taxable value. Subtract Line 15 from Line 11. Note: If the governing body of the school district governs a junior college district in a county with a population of more than two million, subtract the amount of M&O taxes the governing body dedicated to the junior college district in 2019 from the result.	\$ _____
18.	Adjusted 2019 total M&O levy. Multiply Line 6A by Line 16 and divide by \$100.	\$ _____

³ Tex. Tax Code § 26.012(13)⁴ Tex. Tax Code § 26.012(13)⁵ Tex. Tax Code § 26.012(15)⁶ Tex. Tax Code § 26.012(15)⁷ Tex. Tax Code § 26.012(15)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
19.	Adjusted 2019 total I&S levy. Multiply Line 6B by Line 17 and divide by \$100.	\$ _____
20.	Taxes refunded for years preceding tax year 2019. Enter the amount of taxes refunded by the district for tax years preceding tax year 2019. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2019. This line applies only to tax years preceding tax year 2019. ⁸ A. M&O taxes refunded for tax years preceding tax year 2019: \$ _____ B. I&S taxes refunded for tax years preceding tax year 2019: \$ _____	
21.	Adjusted 2019 M&O levy with refunds. Add Lines 18 and 20A. ⁹	\$ _____
22.	Adjusted 2019 I&S levy with refunds. Add Lines 19 and 20B. ¹⁰	\$ _____
23.	Total 2020 I&S taxable value on the 2020 certified appraisal roll today. This value includes only certified values and includes the total taxable value of homesteads with tax ceilings (will deduct in line 25). These homesteads include homeowners age 65 or older or disabled. ¹¹ A. Certified values: ¹² \$ _____ B. Pollution control and energy storage system exemption: Deduct the value of property exempted for the current tax year for the first time as pollution control or energy storage system property - \$ _____ C. Total 2020 value. Subtract B from A.	\$ _____
24.	Total value of properties under protest or not included on certified appraisal roll. ¹³ A. 2020 taxable value of properties under protest. The chief appraiser certifies a list of properties still under ARB protest. The list shows the appraisal district's value and the taxpayer's claimed value, if any, or an estimate of the value if the taxpayer wins. For each of the properties under protest, use the lowest of these values. Enter the total value under protest: ¹⁴ \$ _____ B. 2020 value of properties not under protest or included on certified appraisal roll. The chief appraiser gives school districts a list of those taxable properties that the chief appraiser knows about but are not included in the appraisal roll certification. These properties are also not on the list of properties that are still under protest. On this list of properties, the chief appraiser includes the market value, appraised value and exemptions for the preceding year and a reasonable estimate of the market value, appraised value and exemptions for the current year. Use the lower market, appraised or taxable value (as appropriate) Enter the total value not on the roll. ¹⁵ + \$ _____ C. Total value under protest or not certified. Add A and B.	\$ _____
25.	2020 tax ceilings and new property value for Chapter 313 limitations. A. 2020 tax ceilings. Enter 2020 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled ¹⁶ \$ _____ B. 2020 Chapter 313 new property value. Enter 2020 new property value of property subject to Chapter 313 agreements. ¹⁷ + \$ _____ C. Add A and B.	\$ _____
26.	2020 total I&S taxable value. Add Lines 23C and 24C. Subtract Line 25C.	\$ _____
27.	2020 taxable value not subject M&O taxation, due to limitation under Chapter 313. A. 2020 I&S value of property subject to Chapter 313 agreement. Enter the total 2020 appraised value of property subject to a Chapter 313 agreement. \$ _____ B. 2020 M&O value of property subject to Chapter 313 agreement. Enter the total 2020 limited value of property subject to a Chapter 313 agreement. - \$ _____ C. Subtract B from A.	\$ _____

⁸ Tex. Tax Code § 26.012(13)⁹ Tex. Tax Code § 26.012(13)¹⁰ Tex. Tax Code § 26.012(13)¹¹ Tex. Tax Code §§ 26.012, 26.04(c-2)¹² Tex. Tax Code § 26.012(6)¹³ Tex. Tax Code § 26.01(c) and (d)¹⁴ Tex. Tax Code § 26.01(c)¹⁵ Tex. Tax Code § 26.01(d)¹⁶ Tex. Tax Code § 26.012(6)(A)(i)¹⁷ Tex. Tax Code § 26.012(6)(A)(ii)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
28.	2020 total M&O taxable value. Subtract Line 27C from Line 26.	\$ _____
29.	Total 2020 taxable value of properties in territory annexed after Jan. 1, 2019. Include both real and personal property. Enter the 2020 value of property in territory annexed by the school district.	\$ _____
30.	Total 2020 taxable value of new improvements and new personal property located in new improvements. New means the item was not on the appraisal roll in 2019. An improvement is a building, structure, fixture or fence erected on or affixed to land. New additions to existing improvements may be included if the appraised value can be determined. New personal property in a new improvement must have been brought into the school district after Jan. 1, 2019, and be located in a new improvement.	\$ _____
31.	Total adjustments to the 2020 taxable value. Add Line 29 and Line 30.	\$ _____
32.	Adjusted 2020 M&O taxable value. Subtract Line 31 from Line 28.	\$ _____
33.	Adjusted 2020 I&S taxable value. Subtract Line 31 from Line 26.	\$ _____
34.	2020 NNR M&O tax rate. Divide line 21 by line 32 and multiply by \$100.	\$ _____/\$100
35.	2020 NNR I&S tax rate. Divide line 22 by line 33 and multiply by \$100.	\$ _____/\$100
36.	2020 NNR total tax rate. Add Line 34 and Line 35.	\$ _____/\$100

SECTION 2: Voter Approval Tax Rate

The voter-approval tax rate is the highest tax rate that a taxing unit may adopt without holding an election to seek voter approval of the rate. Most school districts calculate a voter-approval tax rate that is split into three separate rates.¹⁸

- Maximum Compressed Tax Rate (MCR):** A district's maximum compressed tax rate is defined as the tax rate for the current tax year per \$100 of valuation of taxable property at which the district must levy a maintenance and operations tax to receive the full amount of the tier one allotment.¹⁹
- Enrichment Tax Rate (DTR):**²⁰ A district's enrichment tax rate is defined as any tax effort in excess of the district's MCR and less than \$0.17. The enrichment tax rate is divided into 'golden pennies' and the 'copper pennies.' School districts can claim up to 8 'golden pennies,' not subject to compression, and 9 'copper pennies' which are subject to compression with any increases in the guaranteed yield.²¹
- Debt Rate:** The debt rate includes the debt service necessary to pay the school district's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

The MCR and DTR added together make up the school district's maintenance and operations (M&O) tax rate. Districts cannot increase the district's M&O tax rate to create a surplus in M&O tax revenue for the purpose of paying the district's debt service.²²

A school district may adopt a M&O tax rate that exceeds the MCR in order to maintain the 2020-2021 school year basic allotment if it meets certain requirements and receives approval from TEA. Refer to Education Code, Section 48.2553 for more information.

A district must complete an efficiency audit before seeking voter approval to adopt a M&O tax rate higher than the calculated M&O tax rate, hold an open meeting to discuss the results of the audit, and post the results of the audit on the district's website 30 days prior to the election.²³ Additionally, a school district located in an area declared a disaster by the governor may adopt a M&O tax rate higher than the calculated M&O tax rate during the two-year period following the date of the declaration without conducting an efficiency audit.²⁴

Districts should review information from TEA when calculating their voter-approval rate.

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
37.	2020 maximum compressed tax rate (MCR). TEA will publish compression rates based on district and statewide property value growth. Enter the school districts' maximum compressed rate based on guidance from TEA. ²⁵	\$ _____/\$100
38.	2020 enrichment tax rate (DTR). Enter the greater of A and B. ²⁶	
	A. Enter the district's 2019 DTR, minus any required reduction under Education Code Section 48.202(f) \$ _____/\$100	
	B. Enter \$0.05 per \$100 of taxable value, if governing body of school district adopts \$0.05 by unanimous vote. If not adopted by unanimous vote, enter \$0.04 per \$100. ²⁷ \$ _____/\$100	\$ _____/\$100

¹⁸ Tex. Tax Code §26.08(n)

¹⁹ Tex. Edu. Code §48.2551(a)(3)

²⁰ Tex. Tax Code §26.08(j) and Tex. Edu. Code §45.0032

²¹ Tex. Edu. Code §548.202(a-1)(2) and 48.202(f)

²² Tex. Edu. Code §45.0021(a)

²³ Tex. Edu. Code §11.184(b)

²⁴ Tex. Edu. Code §11.184(b-1)

²⁵ Tex. Edu. Code §548.255, 48.2551(b)(1) and (b)(2)

²⁶ Tex. Tax Code §26.08(n)(2)

²⁷ Tex. Tax Code §26.08(n-1)

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
39.	2020 maintenance and operations (M&O) tax rate (TR). Add Lines 37 and 38. Note: M&O tax rate may not exceed the sum of \$0.17 and the product of the state compression percentage multiplied by \$1.00. ²⁸	\$ _____ /\$100
40.	Total 2020 debt to be paid with property tax revenue. Debt means the interest and principal that will be paid on debts that: (1) Are paid by property taxes, (2) Are secured by property taxes, (3) Are scheduled for payment over a period longer than one year, and (4) Are not classified in the school district's budget as M&O expenses. A. Debt includes contractual payments to other school districts that have incurred debt on behalf of this school district, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. Enter debt amount: \$ _____ B. Subtract unencumbered fund amount used to reduce total debt - \$ _____ C. Subtract state aid received for paying principal and interest on debt for facilities through the existing debt allotment program and/or instructional facilities allotment program debt - \$ _____ D. Adjust debt: Subtract B and C from A..	\$ _____
41.	Certified 2019 excess debt collections. Enter the amount certified by the collector. ²⁹	\$ _____
42.	Adjusted 2020 debt. Subtract line 41 from line 40D.	\$ _____
43.	2020 anticipated collection rate. If the anticipated rate in A is lower than actual rates in B, C and D, enter the lowest rate from B, C and D. If the anticipated rate in A is higher than at least one of the rates in the prior three years, enter the rate from A. Note that the rate can be greater than 100%. ³⁰ A. Enter the 2020 anticipated collection rate certified by the collector. ³¹ % B. Enter the 2019 actual collection rates. % C. Enter the 2018 actual collection rate % D. Enter the 2017 actual collection rate. % %
44.	2020 debt adjusted for collections. Divide Line 42 by Line 43.	\$ _____
45.	2020 total taxable value. Enter the amount on Line 26 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ _____
46.	2020 debt rate. Divide Line 44 by Line 45 and multiply by \$100.	\$ _____ /\$100
47.	2020 voter-approval tax rate. Add Lines 39 and 46. If the school district received distributions from an equalization tax imposed under former Chapter 18, Education Code, add the NNR tax rate as of the date of the county unit system's abolition to the sum of Lines 39 and 46. ³²	\$ _____ /\$100

²⁸ Tex. Edu. Code §45.003(e)²⁹ Tex. Tax Code §§26.012(10) and 26.04(b)³⁰ Tex. Tax Code §§26.04(h), (h-1) and (h-2)³¹ Tex. Tax Code §26.04(b)³² Tex. Tax Code §26.08(g)

SECTION 3: Voter Approval Rate Adjustment for Pollution Control

A school district may raise its rate for M&O funds used to pay for a facility, device or method for the control of air, water or land pollution. This includes any land, structure, building, installation, excavation, machinery, equipment or device that is used, constructed, acquired or installed wholly or partly to meet or exceed pollution control requirements. The school district's expenses are those necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality (TCEQ). The school district must provide the tax assessor with a copy of the TCEQ letter of determination that states the portion of the cost of the installation for pollution control.

This section should only be completed by a school district that uses M&O funds to pay for a facility, device or method for the control of air, water or land pollution.

Line	Voter-Approval Rate Adjustment for Pollution Control Requirements Worksheet	Amount/Rate
48.	Certified expenses from the Texas Commission on Environmental Quality (TCEQ). Enter the amount certified in the determination letter from TCEQ. ³³ The school district shall provide its tax assessor with a copy of the letter. ³⁴	\$ _____
49.	2020 total taxable value. Enter the amount on Line 33 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ _____
50.	Additional rate for pollution control. Divide line 48 by line 49 and multiply by \$100.	\$ _____ / \$100
51.	2020 voter-approval tax rate, adjusted for pollution control. Add line 50 and line 47.	\$ _____ / \$100

SECTION 4: Total Tax Rate

Indicate the applicable total tax rates as calculated above.

No-New-Revenue Tax Rate \$ _____ / \$100
Enter the 2020 NNR tax rate from Line 36

Voter-Approval Tax Rate \$ _____ / \$100
As applicable, enter the 2020 voter-approval tax rate from Line 47 or Line 51

SECTION 5: School District Representative Name and Signature

Enter the name of the person preparing the tax rate as authorized by the governing body of the school district. By signing below, you certify that you are the designated officer or employee of the school district and have calculated the tax rates in accordance with requirements in Tax Code and Education Code.³⁵

**print
here** ➡

Printed Name of School District Representative

**sign
here** ➡

School District Representative

Date

³³ Tex. Tax Code § 26.045(d)

³⁴ Tex. Tax Code § 26.045(i)

³⁵ Tex. Tax Code § 26.04(c)

2020 Water District Voter-Approval Tax Rate Worksheet

for Low Tax Rate and Developing Districts

Form 50-858

Water District Name

Phone (area code and number)

Water District's Address, City, State, ZIP Code

Water District's Website Address

GENERAL INFORMATION: The Comptroller's office provides this worksheet to assist water districts in determining their voter-approval tax rate. The information provided in this worksheet is offered as technical assistance and not legal advice. Water districts should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

Indicate type of water district:

☐ Low tax rate water district
(Water Code Section 49.23601)

☐ Developing water district
(Water Code Section 49.23603)

☐ Developed water district in a declared disaster area
(Water Code Section 49.23602(d))

SECTION 1: Voter-Approval Tax Rate

The voter-approval rate for low tax rate and developing water districts is the current year's debt service and contract tax rates plus the maintenance and operation (M&O) rate that would impose no more than 1.08 times the amount of M&O tax imposed by the water district in the preceding year on the average appraised value of a residence homestead in the water district. The average appraised value disregards any homestead exemption available only to people with disabilities or those age 65 or older.

The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll or certified estimate of value 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.

If any part of a developed water district is located in an area declared a disaster area during the current tax year by the governor or by the president, the board of the district may calculate the voter-approval tax rate in the manner provided in Water Code Section 49.23601(a) and determine whether an election is required to approve the adopted tax rate in the manner provided in Water Code Section 49.23601(c). In such cases, the developed water district may use this form to calculate its voter-approval tax rate.

Line	Worksheet	Amount/Rate
1.	2019 average appraised value of residence homestead. ¹	\$ _____
2.	2019 general exemptions available for the average homestead. Excluding age 65 or older or disabled persons exemptions. ²	\$ _____
3.	2019 average taxable value of residence homestead. Line 1 minus Line 2.	\$ _____
4.	2019 adopted M&O tax rate.	\$ _____ / \$100
5.	2019 M&O tax on average residence homestead. Multiply Line 3 by Line 4, divide by \$100.	\$ _____
6.	Highest M&O tax on average residence homestead with increase. Multiply Line 5 by 1.08. ³	\$ _____
7.	2020 average appraised value of residence homestead.	\$ _____
8.	2020 general exemptions available for the average homestead. Excluding age 65 or older or disabled persons exemptions. ⁴	\$ _____
9.	2020 average taxable value of residence homestead. Line 7 minus Line 8.	\$ _____
10.	Highest 2020 M&O tax rate. Line 6 divided by Line 9, multiply by \$100. ⁵	\$ _____ / \$100
11.	2020 debt tax rate.	\$ _____ / \$100
12.	2020 contract tax rate.	\$ _____ / \$100
13.	2020 voter-approval tax rate. Add lines 10, 11 and 12.	\$ _____ / \$100

¹ Tex. Water Code § 49.236(a)(2)(C)

² Tex. Water Code § 49.236(a)(2)(D)

³ Tex. Water Code §§ 49.23601(a)(3) and 49.23603(a)(3)

⁴ Tex. Water Code § 49.236(a)(2)(E)

⁵ Tex. Water Code §§ 49.23601(a)(3) and 49.23603(a)(3)

SECTION 2: Election Tax Rate

For a low tax rate water district, the election tax rate is the highest total tax rate the district may adopt without holding an automatic election to approve the adopted tax rate.

For a developing water district, the election tax rate is the highest total tax rate the district may adopt before qualified voters of the district may petition for an election to lower the adopted tax rate.

If any part of a developed water district is located in an area declared a disaster area during the current tax year by the governor or by the president, the board of the district may calculate the election tax rate as the highest tax rate the district may adopt without holding an automatic election to approve the adopted tax rate.

In these cases, the election tax rate is the rate that would impose 1.08 times the amount of tax imposed by the district in the preceding year on the average appraised value of a residence homestead in the water district. The average appraised value disregards any homestead exemption available only to people with disabilities or those age 65 or older.⁷

Line	Worksheet	Amount/Rate
14.	2019 average taxable value of residence homestead. Enter the amount from Line 3.	\$ _____
15.	2019 adopted total tax rate.	\$ _____ /\$100
16.	2019 total tax on average residence homestead. Multiply Line 14 by Line 15.	\$ _____
17.	2020 highest amount of taxes per average residence homestead. Multiply Line 16 by 1.08.	\$ _____
18.	2020 tax election tax rate. Divide Line 17 by Line 9 and multiply by \$100.	\$ _____ /\$100

SECTION 3: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the voter-approval tax rate as authorized by the governing body of the water district. By signing below, you certify that you are the designated officer or employee of the taxing unit and have calculated the tax rates in accordance with requirements in Water Code.⁶

**print
here** ➡

Printed Name of Water District Representative _____

**sign
here** ➡

Water District Representative _____

Date _____

⁶ Tex. Water Code §§ 49.23601, 49.23602(d), and 49.23603

2020 Developed Water District Voter-Approval

Form 50-860

Tax Rate Worksheet

Water District Name _____

Phone (area code and number) _____

Water District's Address, City, State, ZIP Code _____

Water District's Website Address _____

GENERAL INFORMATION: The Comptroller's office provides this worksheet to assist water districts in determining their voter-approval tax rate. The information provided in this worksheet is offered as technical assistance and not legal advice. Water districts should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

SECTION 1: Voter-Approval Tax Rate

The voter-approval rate for developed water districts is the current year's debt service, contract and unused increment tax rates plus the maintenance and operation (M&O) rate that would impose no more than 1.035 times the amount of M&O tax imposed by the water district in the preceding year on the average appraised value of a residence homestead in the water district. The average appraised value disregards any homestead exemption available only to people with disabilities or those age 65 or older.

The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll or certified estimate of value 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.

If any part of the developed water district is located in an area declared a disaster area during the current tax year by the governor or by the president, the board of the district may calculate the voter-approval tax rate in the manner provided in Water Code Section 49.23601(a) and determine whether an election is required to approve the adopted tax rate in the manner provided in Water Code Section 49.23601(c). In such cases, the developed water district may use Comptroller Form 50-858 *Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts* to calculate its voter-approval tax rate.

Line	Worksheet	Amount/Rate
1.	2019 average appraised value of residence homestead. ¹	\$ _____
2.	2019 general exemptions available for the average homestead. Excluding age 65 or older or disabled persons exemptions. ²	\$ _____
3.	2019 average taxable value of residence homestead. Line 1 minus Line 2.	\$ _____
4.	2019 adopted M&O tax rate.	\$ _____ / \$100
5.	2019 M&O tax on average residence homestead. Multiply Line 3 by Line 4, divide by \$100.	\$ _____
6.	Highest M&O tax on average residence homestead with increase. Multiply Line 5 by 1.035. ³	\$ _____
7.	2020 average appraised value of residence homestead.	\$ _____
8.	2020 general exemptions available for the average homestead. Excluding age 65 or older or disabled persons exemptions. ⁴	\$ _____
9.	2020 average taxable value of residence homestead. Line 7 minus Line 8.	\$ _____
10.	Highest 2020 M&O tax rate. Line 6 divided by Line 9, multiply by \$100. ⁵	\$ _____ / \$100
11.	2020 debt tax rate.	\$ _____ / \$100
12.	2020 contract tax rate.	\$ _____ / \$100
13.	2019 unused increment rate. Subtract the 2019 actual tax rate and the 2019 unused increment rate from the 2019 voter-approval tax rate. If the number is less than zero, enter zero. If the year is prior to 2020, enter zero.	\$ _____ / \$100
14.	2018 unused increment rate. Subtract the 2018 actual tax rate and the 2018 unused increment rate from the 2018 voter-approval tax rate. If the number is less than zero, enter zero. If the year is prior to 2020, enter zero.	\$ _____ / \$100

¹ Tex. Water Code § 49.236(a)(2)(C)

² Tex. Water Code § 49.236(a)(2)(D)

³ Tex. Water Code § 49.23602(a)(2)(A)

⁴ Tex. Water Code § 49.236(a)(2)(E)

⁵ Tex. Water Code § 49.236(a)(2)(F)

Line	Worksheet	Amount/Rate
15.	2017 unused increment rate. Subtract the 2017 actual tax rate and the 2017 unused increment rate from the 2017 voter-approval tax rate. If the number is less than zero, enter zero. If the year is prior to 2020, enter zero.	\$ _____ /\$100
16.	2020 total unused increment rate. ⁶ Add Lines 13, 14 and 15.	\$ _____ /\$100
17.	2020 voter-approval tax rate. Add lines 10, 11, 12 and 16.	\$ _____ /\$100

SECTION 2: Mandatory Tax Election Rate

The mandatory tax election rate is the highest total tax rate a developed water district may adopt without holding an election. The mandatory tax election rate is the rate that would impose 1.035 times the amount of tax imposed by the district in the preceding year on the average appraised value of a residence homestead in the water district plus the unused increment rate. The average appraised value disregards any homestead exemption available only to people with disabilities or those age 65 or older. ⁷

Line	Worksheet	Amount/Rate
18.	2019 average taxable value of residence homestead. Enter the amount from Line 3.	\$ _____
19.	2019 adopted total tax rate.	\$ _____ /\$100
20.	2019 total tax on average residence homestead. Multiply Line 18 by Line 19.	\$ _____
21.	2020 mandatory election amount of taxes per average residence homestead. Multiply Line 20 by 1.035.	\$ _____
22.	2020 mandatory election tax rate, before unused increment. Divide Line 21 by Line 9 and multiply by \$100.	\$ _____ /\$100
23.	2020 mandatory tax election rate. Add Line 16 and Line 22.	\$ _____ /\$100

SECTION 3: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the voter-approval tax rate and mandatory tax election rate as authorized by the governing body of the water district. By signing below, you certify that you are the designated officer or employee of the taxing unit and have calculated the tax rates in accordance with requirements in Water Code. ⁸

print
here ➡

Printed Name of Water District Representative

sign
here ➡

Water District Representative

Date

⁶ Tex. Tax Code § 26.013

⁷ Tex. Water Code § 49.23602(a)(2)

⁸ Tex. Water Code § 49.23602

Sample Ballot to Approve Tax Rate for Taxing Units Other Than School Districts

Election to Approve Tax Rate

For _____ Date _____
(Name of Taxing Unit) (Date of Election)

OFFICIAL BALLOT

Place an **X** in the square beside the statement indicating the way you wish to vote.

☐ FOR ☐ AGAINST

Approving the ad valorem tax rate of \$_____ per \$100 valuation in _____
(Name of Taxing Unit)

for the current year, a rate that is \$_____ higher per \$100 valuation than the voter-
approval tax rate of _____, for the purpose of _____.
(Name of Taxing Unit) (Description of Purpose of Increase)

Last year, the ad valorem tax rate in (name of taxing unit) was \$_____ per \$100 valuation.

Petition for Election to Reduce Tax Rate of a Taxing Unit Other Than a School District

Petition for Election to Reduce Tax Rate

This petition, signed by the following registered voters in the taxing unit of _____ is intended
(Name of Taxing Unit)
to require that an election be held in the _____ concerning the question of reducing the adopted
(Name of Taxing Unit)
tax rate for the current year, _____. The provisions for this petition are set forth in Tax Code § 26.075.
(Current Year)

1. _____
Printed Name Residence Address Birth Date
sign
here ➡
Voter Signature Date Signed
2. _____
Printed Name Residence Address Birth Date
sign
here ➡
Voter Signature Date Signed

and so on

Note: Add county of residence if taxing unit is located in more than one county.

Certification of Additional Sales and Use Tax to Pay Debt Services

THE STATE OF TEXAS,

County of _____

Chief Financial Officer or Auditor: _____

For the taxing unit: _____

Hereby certifies that the amount of additional sales and use tax revenue collected to pay debt service has been deducted from the total amount described by Tax Code Section 26.05(e-1), 26.04(e)(3)(C) and 26.05(a)(1).

This certification is submitted to the governing body of _____ on _____.

Signature of Financial Officer or Auditor

Statements required in notice if the proposed tax rate exceeds the no-new-revenue tax rate and the voter-approval tax rate, as prescribed by Tax Code §26.06(b-1).

NOTICE OF PUBLIC HEARING ON TAX INCREASE

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

PROPOSED TAX RATE	\$ _____ per \$100
NO-NEW-REVENUE TAX RATE	\$ _____ per \$100
VOTER-APPROVAL TAX RATE	\$ _____ per \$100

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

(current tax year) (name of taxing unit) (preceding tax year) (current tax year)

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

(name of taxing unit)

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

(current tax year) (name of taxing unit)

A PUBLIC HEARING ON THE PROPOSED TAX RATE WILL BE HELD ON _____ at _____.

(date and time) (meeting place)

The proposed tax rate is also greater than the voter-approval tax rate. If _____ adopts the proposed tax rate, _____ 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 _____ will be the voter-approval tax rate. The election will be held on _____.

(name of taxing unit) (name of taxing unit) (date of election)

You may contact the _____ for information about voting locations. The hours of voting on election day are _____.

(name of office responsible for administering the election) (voting hours)

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: _____

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 the taxes imposed on the average residence homestead by _____ last year
(name of taxing unit)
to the taxes proposed to be imposed on the average residence homestead by _____ this year.
(name of taxing unit)

	2019	2020	Change
Total tax rate (per \$100 of value)	2019 adopted tax rate	2020 proposed tax rate	(Increase/Decrease) of (nominal difference between tax rate for preceding year and proposed tax rate for current year) per \$100, or (percentage difference between tax rate for preceding year and proposed tax rate for current year)%
Average homestead taxable value	2019 average taxable value of residence homestead	2020 average taxable value of residence homestead	(Increase/Decrease) of (percentage difference between average taxable value of residence homestead for preceding year and current year)%
Tax on average homestead	2019 amount of taxes on average taxable value of residence homestead	2020 amount of taxes on average taxable value of residence homestead	(Increase/Decrease) of (nominal difference between amount of taxes imposed on the average taxable value of a residence homestead in the preceding year and the amount of taxes proposed on the average taxable value of a residence homestead in the current year), or (percentage difference between taxes imposed for preceding year and taxes proposed for current year)%
Total tax levy on all properties	2019 levy	(2020 proposed rate x current total value)/100	(Increase/Decrease) of (nominal difference between preceding year levy and proposed levy for current year), or (percentage difference between preceding year levy and proposed levy for current year)%

(If the tax assessor for the taxing unit maintains an internet website)

For assistance with tax calculations, please contact the tax assessor for _____
(name of taxing unit)
at _____ or _____, or visit _____
(telephone number) (email address) (internet website address)
for more information.

(If the tax assessor for the taxing unit does not maintain an internet website)

For assistance with tax calculations, please contact the tax assessor for _____
(name of taxing unit)
at _____ or _____.
(telephone number) (email address)

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 \$ _____ per \$100 valuation has been proposed by the governing body of _____.

PROPOSED TAX RATE	\$ _____	per \$100
NO-NEW-REVENUE TAX RATE	\$ _____	per \$100
VOTER-APPROVAL TAX RATE	\$ _____	per \$100

The no-new-revenue tax rate is the tax rate for the _____ tax year that will raise the same amount of property tax revenue for _____ from the same properties in both the _____ tax year and the _____ tax year.
(preceding tax year) (current tax year) (name of taxing unit)

The voter-approval rate is the highest tax rate that _____ may adopt without holding an election to seek voter approval of the rate.
(name of taxing unit)

The proposed tax rate is greater than the no-new-revenue tax rate. This means that _____ is proposing to increase property taxes for the _____ tax year.
(current tax year) (name of taxing unit)

A PUBLIC HEARING ON THE PROPOSED TAX RATE WILL BE HELD ON _____ at _____.
(date and time) (meeting place)

The proposed tax rate is not greater than the voter-approval tax rate. As a result, _____ 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 _____ of _____ at their offices or by attending the public hearing mentioned above.
(name of taxing unit) (name of office responsible for administering the election)

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: _____

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 the taxes imposed on the average residence homestead by _____ last year
(name of taxing unit)
to the taxes proposed to be imposed on the average residence homestead by _____ this year.
(name of taxing unit)

	2019	2020	Change
Total tax rate (per \$100 of value)	2019 adopted tax rate	2020 proposed tax rate	(Increase/Decrease) of (nominal difference between tax rate for preceding year and proposed tax rate for current year) per \$100, or (percentage difference between tax rate for preceding year and proposed tax rate for current year)%
Average homestead taxable value	2019 average taxable value of residence homestead	2020 average taxable value of residence homestead	(Increase/Decrease) of (percentage difference between average taxable value of residence homestead for preceding year and current year)%
Tax on average homestead	2019 amount of taxes on average taxable value of residence homestead	2020 amount of taxes on average taxable value of residence homestead	(Increase/Decrease) of (nominal difference between amount of taxes imposed on the average taxable value of a residence homestead in the preceding year and the amount of taxes proposed on the average taxable value of a residence homestead in the current year), or (percentage difference between taxes imposed for preceding year and taxes proposed for current year)%
Total tax levy on all properties	2019 levy	(2020 proposed rate x current total value)/100	(Increase/Decrease) of (nominal difference between preceding year levy and proposed levy for current year), or (percentage difference between preceding year levy and proposed levy for current year)%

(If the tax assessor for the taxing unit maintains an internet website)

For assistance with tax calculations, please contact the tax assessor for _____
(name of taxing unit)
at _____ or _____, or visit _____
(telephone number) (email address) (internet website address)
for more information.

(If the tax assessor for the taxing unit does not maintain an internet website)

For assistance with tax calculations, please contact the tax assessor for _____
(name of taxing unit)
at _____ or _____.
(telephone number) (email address)

Statements required in notice if the proposed tax rate does not exceed the no-new-revenue tax rate but exceeds the voter-approval tax rate, as prescribed by Tax Code §26.06(b-3).

NOTICE OF PUBLIC HEARING ON TAX INCREASE

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

PROPOSED TAX RATE	\$ _____	per \$100
NO-NEW-REVENUE TAX RATE	\$ _____	per \$100
VOTER-APPROVAL TAX RATE	\$ _____	per \$100

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

(current tax year) (name of taxing unit) (preceding tax year) (current tax year)

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

(name of taxing unit)

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

(name of taxing unit) (current tax year)

A PUBLIC HEARING ON THE PROPOSED TAX RATE WILL BE HELD ON _____ at _____.

(date and time) (meeting place)

The proposed tax rate is greater than the voter-approval tax rate. If _____ adopts the proposed tax rate, _____ 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 _____ will be the voter-approval tax rate. The election will be held on _____. You may contact the _____ for information about voting locations. The hours of voting on election day are _____.

(name of taxing unit) (name of taxing unit) (date of election) (name of office responsible for administering the election) (voting hours)

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: _____

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 the taxes imposed on the average residence homestead by _____ last year
(name of taxing unit)
to the taxes proposed to be imposed on the average residence homestead by _____ this year.
(name of taxing unit)

	2019	2020	Change
Total tax rate (per \$100 of value)	2019 adopted tax rate	2020 proposed tax rate	(Increase/Decrease) of (nominal difference between tax rate for preceding year and proposed tax rate for current year) per \$100, or (percentage difference between tax rate for preceding year and proposed tax rate for current year)%
Average homestead taxable value	2019 average taxable value of residence homestead	2020 average taxable value of residence homestead	(Increase/Decrease) of (percentage difference between average taxable value of residence homestead for preceding year and current year)%
Tax on average homestead	2019 amount of taxes on average taxable value of residence homestead	2020 amount of taxes on average taxable value of residence homestead	(Increase/Decrease) of (nominal difference between amount of taxes imposed on the average taxable value of a residence homestead in the preceding year and the amount of taxes proposed on the average taxable value of a residence homestead in the current year), or (percentage difference between taxes imposed for preceding year and taxes proposed for current year)%
Total tax levy on all properties	2019 levy	(2020 proposed rate x current total value)/100	(Increase/Decrease) of (nominal difference between preceding year levy and proposed levy for current year), or (percentage difference between preceding year levy and proposed levy for current year)%

(If the tax assessor for the taxing unit maintains an internet website)

For assistance with tax calculations, please contact the tax assessor for _____
(name of taxing unit)
at _____ or _____, or visit _____
(telephone number) (email address) (internet website address)
for more information.

(If the tax assessor for the taxing unit does not maintain an internet website)

For assistance with tax calculations, please contact the tax assessor for _____
(name of taxing unit)
at _____ or _____.
(telephone number) (email address)

Notice of Tax Rates

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. The no-new-revenue tax rate would impose the same amount of taxes as last year if you compare properties taxed in both years. 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.

This year's no-new-revenue tax rate:

Last year's adjusted taxes (after subtracting taxes on lost property) \$ _____ /\$100
 This year's adjusted taxable value (after subtracting value of new property) \$ _____ /\$100
 = This year's no-new-revenue tax rate \$ _____ /\$100
 + This year's adjustments to the no-new-revenue tax rate \$ _____ /\$100
 = This year's adjusted no-new-revenue tax rate \$ _____ /\$100

This is the maximum rate the taxing unit can propose unless it publishes a notice and holds a hearing.

This year's voter-approval tax rate:

Last year's adjusted operating taxes (after adjusting as required by law) \$ _____
 This year's adjusted taxable value (after subtracting value of new property) \$ _____
 = This year's voter-approval operating tax rate \$ _____ /\$100
 x (1.035 or 1.08, as applicable) = this year's maximum operating rate \$ _____ /\$100
 + This year's debt rate \$ _____ /\$100
 + The unused increment rate, if applicable \$ _____ /\$100
 = This year's total voter-approval tax rate \$ _____ /\$100

This is the maximum rate the taxing unit can adopt without an election for voter approval.

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 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. \$ _____
 (current year)

– Amount (if any) paid from funds listed in unencumbered funds \$ _____

– Amount (if any) paid from other resources \$ _____

– Excess collections last year. \$ _____

= Total to be paid from taxes in _____ \$ _____
 (current year)

+ Amount added in anticipation that the taxing unit will collect

only _____ % of its taxes in _____ \$ _____
 (current year)

= Total Debt Levy \$ _____

No-New-Revenue Tax Rate Adjustments

State Criminal Justice Mandate (counties)

The _____ County Auditor certifies that _____ County has spent \$ _____ (minus any amount
 (county name) (county name) (amount)
 received from state revenue for such costs) in the previous 12 months for the maintenance and operations cost of keeping inmates sentenced to the Texas Department of Criminal Justice. _____ County Sheriff has provided _____ information on these costs,
 (county name) (county name)
 minus the state revenues received for the reimbursement of such costs.

Indigent Health Care Compensation Expenditures (counties)

The _____ spent \$ _____ from July 1 _____ to Jun 30 _____
 (name of taxing unit) (amount) (prior year) (current year)

on indigent health care compensation procedures at the increased minimum eligibility standards, less the amount of state assistance. For the current tax year, the amount of increase above last year's enhanced indigent health care expenditures is \$ _____. This increased the no-new-
 (amount of increase)

revenue tax rate by _____ /\$100.

Indigent Defense Compensation Expenditures (counties)

The _____ spent \$ _____ from July 1 _____ to June 30 _____
(name of taxing unit) (amount) (prior year) (current year)

on indigent defense compensation procedures at the increased minimum eligibility standards, less the amount of state assistance. For the current tax year, the amount of increase above last year's enhanced indigent defense compensation expenditures is \$ _____.
(amount of increase)

Eligible County Hospital Expenditures (cities and counties)

The _____ spent \$ _____ from July 1 _____ to June 30 _____
(name of taxing unit) (amount) (prior year) (current year)

on expenditures to maintain and operate an eligible county hospital. For the current tax year, the amount of increase above last year's eligible county hospital expenditures is \$ _____. This increased the no-new-revenue tax rate by _____ /\$100.
(amount of increase)

This notice contains a summary of the no-new-revenue and voter-approval calculations as

certified by _____
(designated individual's name and position) (date)

You can inspect a copy of the full calculations on the taxing unit's website at:

(internet link to posted worksheets)

Small Taxing Unit Notice

The _____ will hold a meeting at _____
(Name of Taxing Unit) (Time)

on _____ at _____
(Date) (Location)

to consider adopting a proposed tax rate for tax year _____. The proposed tax rate is _____
(Year) (Rate)
per \$100 of value.

*(*Include this statement if the proposed tax rate exceeds the taxing unit's no-new-revenue tax rate calculated under Tax Code Section 26.04.)*

The proposed tax rate would increase total taxes in _____ by _____ %.*
(Name of Taxing Unit)
(percentage by which the proposed tax rate exceeds the no-new-revenue tax rate)

Statements required in notice if the proposed tax rate does not exceed the lower of the no-new-revenue tax rate or the voter-approval tax rate, as prescribed by Tax Code §26.061.

NOTICE OF MEETING TO VOTE ON TAX RATE

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

PROPOSED TAX RATE	\$_____ per \$100
NO-NEW-REVENUE TAX RATE	\$_____ per \$100
VOTER-APPROVAL TAX RATE	\$_____ per \$100

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

(current tax year) (name of taxing unit) (preceding tax year) (current tax year)

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

(name of taxing unit)

The proposed tax rate is not greater than the no-new-revenue tax rate. This means that _____ is not proposing to increase property taxes for the _____ tax year.

(name of taxing unit) (current tax year)

A PUBLIC HEARING ON THE PROPOSED TAX RATE WILL BE HELD ON _____ at _____.

(date and time) (meeting place)

The proposed tax rate is also not greater than the voter-approval tax rate. As a result, _____ is not required to hold an election to seek voter approval of the rate. However, you may express your support for or opposition to the proposed tax rate by contacting _____ of _____ at their offices or by attending the public meeting mentioned above.

(name of governing body) (name of taxing unit)

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: _____

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 the taxes imposed on the average residence homestead by _____ last year
(name of taxing unit)
to the taxes proposed to be imposed on the average residence homestead by _____ this year.
(name of taxing unit)

	2019	2020	Change
Total tax rate (per \$100 of value)	2019 adopted tax rate	2020 proposed tax rate	(Increase/Decrease) of (nominal difference between tax rate for preceding year and proposed tax rate for current year) per \$100, or (percentage difference between tax rate for preceding year and proposed tax rate for current year)%
Average homestead taxable value	2019 average taxable value of residence homestead	2020 average taxable value of residence homestead	(Increase/Decrease) of (percentage difference between average taxable value of residence homestead for preceding year and current year)%
Tax on average homestead	2019 amount of taxes on average taxable value of residence homestead	2020 amount of taxes on average taxable value of residence homestead	(Increase/Decrease) of (nominal difference between amount of taxes imposed on the average taxable value of a residence homestead in the preceding year and the amount of taxes proposed on the average taxable value of a residence homestead in the current year), or (percentage difference between taxes imposed for preceding year and taxes proposed for current year)%
Total tax levy on all properties	2019 levy	(2020 proposed rate x current total value)/100	(Increase/Decrease) of (nominal difference between preceding year levy and proposed levy for current year), or (percentage difference between preceding year levy and proposed levy for current year)%

(If the tax assessor for the taxing unit maintains an internet website)

For assistance with tax calculations, please contact the tax assessor for _____
(name of taxing unit)
at _____ or _____, or visit _____
(telephone number) (email address) (internet website address)
for more information.

(If the tax assessor for the taxing unit does not maintain an internet website)

For assistance with tax calculations, please contact the tax assessor for _____
(name of taxing unit)
at _____ or _____.
(telephone number) (email address)

This notice only applies only to a taxing unit other than a special taxing unit or municipality with a population of less than 30,000, regardless of whether it is a special taxing unit.

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 _____ last year
(name of taxing unit)
to the taxes proposed to be imposed on the average residence homestead by _____ this year.
(name of taxing unit)

	2019	2020	Change
Total tax rate (per \$100 of value)	2019 adopted tax rate	2020 proposed tax rate	(Increase/Decrease) of (nominal difference between tax rate for preceding year and proposed tax rate for current year) per \$100, or (percentage difference between tax rate for preceding year and proposed tax rate for current year)%
Average homestead taxable value	2019 average taxable value of residence homestead	2020 average taxable value of residence homestead	(Increase/Decrease) of (percentage difference between average taxable value of residence homestead for preceding year and current year)%
Tax on average homestead	2019 amount of taxes on average taxable value of residence homestead	2020 amount of taxes on average taxable value of residence homestead	(Increase/Decrease) of (nominal difference between amount of taxes imposed on the average taxable value of a residence homestead in the preceding year and the amount of taxes proposed on the average taxable value of a residence homestead in the current year), or (percentage difference between taxes imposed for preceding year and taxes proposed for current year)%
Total tax levy on all properties	2019 levy	(2020 proposed rate x current total value)/100	(Increase/Decrease) of (nominal difference between preceding year levy and proposed levy for current year), or (percentage difference between preceding year levy and proposed levy for current year)%

(If the tax assessor for the taxing unit maintains an internet website)

For assistance with tax calculations, please contact the tax assessor for _____
(name of taxing unit)
at _____ or _____, or visit _____
(telephone number) (email address) (internet website address)
for more information.

(If the tax assessor for the taxing unit does not maintain an internet website)

For assistance with tax calculations, please contact the tax assessor for _____
(name of taxing unit)
at _____ or _____.
(telephone number) (email address)

Statements required in notice if the 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 rate, as prescribed by Tax Code §§ 26.06(b-1) and 26.063(b).

NOTICE OF PUBLIC HEARING ON TAX INCREASE

This notice only applies only to a taxing unit other than a special taxing unit or municipality with a population of less than 30,000, regardless of whether it is a special taxing unit.

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

PROPOSED TAX RATE \$_____ per \$100

NO-NEW-REVENUE TAX RATE \$_____ per \$100

VOTER-APPROVAL TAX RATE \$_____ per \$100

DE MINIMIS RATE \$_____ per \$100

The no-new-revenue tax rate is the tax rate for the _____ tax year that will raise the same amount of property tax revenue for _____ from the same properties in both the _____ tax year and the _____ tax year.
(preceding tax year) (current tax year) (name of taxing unit)

The voter-approval rate is the highest tax rate that _____ may adopt without holding an election to seek voter approval of the rate, unless the de minimis rate for _____ exceeds the voter-approval rate for _____.
(name of taxing unit) (name of taxing unit) (name of taxing unit)

The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate for _____ the rate that will raise \$500,000, and the current debt rate for _____.
(name of taxing unit) (name of taxing unit)

The proposed tax rate is greater than the no-new-revenue tax rate. This means that _____ is proposing to increase property taxes for the _____ tax year.
(current tax year) (name of taxing unit)

A PUBLIC HEARING ON THE PROPOSED TAX RATE WILL BE HELD ON _____ at _____.
(date and time) (meeting place)

The proposed tax rate is greater than the voter-approval tax rate and the de minimis rate. If _____ adopts the proposed tax rate, _____ 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 _____ will be the voter-approval tax rate of the _____. The election will be held on _____.
(name of taxing unit) (name of taxing unit) (name of taxing unit) (date of election)

You may contact the _____ for information about voting locations. The hours of voting on election day are _____.
(name of office responsible for administering the election) (voting hours)

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: _____

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 the taxes imposed on the average residence homestead by _____ last year
(name of taxing unit)
to the taxes proposed to be imposed on the average residence homestead by _____ this year.
(name of taxing unit)

	2019	2020	Change
Total tax rate (per \$100 of value)	2019 adopted tax rate	2020 proposed tax rate	(Increase/Decrease) of (nominal difference between tax rate for preceding year and proposed tax rate for current year) per \$100, or (percentage difference between tax rate for preceding year and proposed tax rate for current year)%
Average homestead taxable value	2019 average taxable value of residence homestead	2020 average taxable value of residence homestead	(Increase/Decrease) of (percentage difference between average taxable value of residence homestead for preceding year and current year)%
Tax on average homestead	2019 amount of taxes on average taxable value of residence homestead	2020 amount of taxes on average taxable value of residence homestead	(Increase/Decrease) of (nominal difference between amount of taxes imposed on the average taxable value of a residence homestead in the preceding year and the amount of taxes proposed on the average taxable value of a residence homestead in the current year), or (percentage difference between taxes imposed for preceding year and taxes proposed for current year)%
Total tax levy on all properties	2019 levy	(2020 proposed rate x current total value)/100	(Increase/Decrease) of (nominal difference between preceding year levy and proposed levy for current year), or (percentage difference between preceding year levy and proposed levy for current year)%

(If the tax assessor for the taxing unit maintains an internet website)

For assistance with tax calculations, please contact the tax assessor for _____
(name of taxing unit)
at _____ or _____, or visit _____
(telephone number) (email address) (internet website address)
for more information.

(If the tax assessor for the taxing unit does not maintain an internet website)

For assistance with tax calculations, please contact the tax assessor for _____
(name of taxing unit)
at _____ or _____.
(telephone number) (email address)

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 _____ last year
(name of taxing unit)
to the taxes proposed to be imposed on the average residence homestead by _____ this year.
(name of taxing unit)

	2019	2020	Change
Total tax rate (per \$100 of value)	2019 adopted tax rate	2020 proposed tax rate	(Increase/Decrease) of (nominal difference between tax rate for preceding year and proposed tax rate for current year) per \$100, or (percentage difference between tax rate for preceding year and proposed tax rate for current year)%
Average homestead taxable value	2019 average taxable value of residence homestead	2020 average taxable value of residence homestead	(Increase/Decrease) of (percentage difference between average taxable value of residence homestead for preceding year and current year)%
Tax on average homestead	2019 amount of taxes on average taxable value of residence homestead	2020 amount of taxes on average taxable value of residence homestead	(Increase/Decrease) of (nominal difference between amount of taxes imposed on the average taxable value of a residence homestead in the preceding year and the amount of taxes proposed on the average taxable value of a residence homestead in the current year), or (percentage difference between taxes imposed for preceding year and taxes proposed for current year)%
Total tax levy on all properties	2019 levy	(2020 proposed rate x current total value)/100	(Increase/Decrease) of (nominal difference between preceding year levy and proposed levy for current year), or (percentage difference between preceding year levy and proposed levy for current year)%

(If the tax assessor for the taxing unit maintains an internet website)

For assistance with tax calculations, please contact the tax assessor for _____
(name of taxing unit)
at _____ or _____, or visit _____
(telephone number) (email address) (internet website address)
for more information.

(If the tax assessor for the taxing unit does not maintain an internet website)

For assistance with tax calculations, please contact the tax assessor for _____
(name of taxing unit)
at _____ or _____.
(telephone number) (email address)

Statements required in notice 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, as prescribed by Tax Code §§26.06(b-3) and 26.063(b).

NOTICE OF PUBLIC HEARING ON TAX INCREASE

This notice only applies only to a taxing unit other than a special taxing unit or municipality with a population of less than 30,000, regardless of whether it is a special taxing unit.

NOTICE OF HEARING

PROPOSED TAX RATE	\$ _____ per \$100
NO-NEW-REVENUE TAX RATE	\$ _____ per \$100
VOTER-APPROVAL TAX RATE	\$ _____ per \$100
DE MINIMIS RATE	\$ _____ per \$100

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

(current tax year) (name of taxing unit) (preceding tax year) (current tax year)

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

(name of taxing unit) (name of taxing unit) (name of taxing unit)

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

(name of taxing unit) (name of taxing unit)

The proposed tax rate is not greater than the no-new-revenue tax rate. This means that _____ is proposing to increase property taxes for the _____ tax year.

(name of taxing unit) (current tax year)

A PUBLIC HEARING ON THE PROPOSED TAX RATE WILL BE HELD ON _____ at _____.

(date and time) (meeting place)

The proposed tax rate is greater than the voter-approval tax rate and the de minimis rate. If _____ adopts the proposed tax rate, _____ 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 _____ will be the voter-approval tax rate. The election will be held on _____.

(name of taxing unit) (name of taxing unit) (date of election)

You may contact the _____ for information about voting locations. The hours of voting on election day are _____.

(name of office responsible for administering the election) (voting hours)

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: _____

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 the taxes imposed on the average residence homestead by _____ last year
(name of taxing unit)
to the taxes proposed to be imposed on the average residence homestead by _____ this year.
(name of taxing unit)

	2019	2020	Change
Total tax rate (per \$100 of value)	2019 adopted tax rate	2020 proposed tax rate	(Increase/Decrease) of (nominal difference between tax rate for preceding year and proposed tax rate for current year) per \$100, or (percentage difference between tax rate for preceding year and proposed tax rate for current year)%
Average homestead taxable value	2019 average taxable value of residence homestead	2020 average taxable value of residence homestead	(Increase/Decrease) of (percentage difference between average taxable value of residence homestead for preceding year and current year)%
Tax on average homestead	2019 amount of taxes on average taxable value of residence homestead	2020 amount of taxes on average taxable value of residence homestead	(Increase/Decrease) of (nominal difference between amount of taxes imposed on the average taxable value of a residence homestead in the preceding year and the amount of taxes proposed on the average taxable value of a residence homestead in the current year), or (percentage difference between taxes imposed for preceding year and taxes proposed for current year)%
Total tax levy on all properties	2019 levy	(2020 proposed rate x current total value)/100	(Increase/Decrease) of (nominal difference between preceding year levy and proposed levy for current year), or (percentage difference between preceding year levy and proposed levy for current year)%

(If the tax assessor for the taxing unit maintains an internet website)

For assistance with tax calculations, please contact the tax assessor for _____
(name of taxing unit)
at _____ or _____, or visit _____
(telephone number) (email address) (internet website address)
for more information.

(If the tax assessor for the taxing unit does not maintain an internet website)

For assistance with tax calculations, please contact the tax assessor for _____
(name of taxing unit)
at _____ or _____.
(telephone number) (email address)

NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

The _____ (name of school district) will hold a public meeting at _____ (time, date, year) in _____ (name of room, building, physical location) _____ (city, state)

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 Budget with Last Year's Budget

The applicable percentage increase or decrease (or difference) in the amount budgeted in the preceding fiscal year and the amount budgeted for the fiscal year that begins during the current tax year is indicated for each of the following expenditure categories:

Maintenance and operations	_____ % increase	or	_____ % (decrease)
Debt service	_____ % increase	or	_____ % (decrease)
Total expenditures	_____ % increase	or	_____ % (decrease)

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

	Preceding Tax Year	Current Tax Year
Total appraised value* of all property	\$ _____	\$ _____
Total appraised value* of new property**	\$ _____	\$ _____
Total taxable value*** of all property	\$ _____	\$ _____
Total taxable value*** of new property**	\$ _____	\$ _____

* "Appraised value" is the amount shown on the appraisal roll and defined by Tax Code Section 1.04(8).

** "New property" is defined by Tax Code Section 26.012(17).

*** "Taxable value" is defined by Tax Code Section 1.04(10).

Bonded Indebtedness

Total amount of outstanding and unpaid bonded indebtedness* \$ _____

* Outstanding principal.

Comparison of Proposed Rates with Last Year's Rates

	<u>Maintenance & Operations</u>	<u>Interest & Sinking Fund*</u>	<u>Total</u>	<u>Local Revenue Per Student</u>	<u>State Revenue Per Student</u>
Last Year's Rate	\$	\$ *	\$	\$	\$
Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service	\$	\$ *	\$	\$	\$
Proposed Rate	\$	\$ *	\$	\$	\$

* 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 those bonds, were approved by the voters of this district.

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

	<u>Last Year</u>	<u>This Year</u>
Average Market Value of Residences	\$	\$
Average Taxable Value of Residences	\$	\$
Last Year's Rate Versus Proposed Rate per \$100 Value	\$	\$
Taxes Due on Average Residence	\$	\$
Increase (Decrease) in Taxes		\$

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 Voter-Approval Rate: The highest tax rate the district can adopt before requiring voter approval at an election is ____ (school voter-approval rate) _____. This election will be automatically held if the district adopts a rate in excess of the voter-approval rate of ____ (school voter-approval rate) _____.

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)	\$

A school district may not increase the district's maintenance and operations tax rate to create a surplus in maintenance and operations tax revenue for the purpose of paying the district's debt service.

Please consult with legal counsel before using this form.

NOTICE OF PUBLIC MEETING TO DISCUSS PROPOSED TAX RATE

The _____
(name of school district)

will hold a public meeting at _____
(time, date, year)

in _____
(name of room, building, physical location)

(city, state)

The purpose of this meeting is to discuss the school district's tax rate that will be adopted. Public participation in the discussion is invited.

The school district has elected to adopt a tax rate before receiving the certified appraisal roll from the chief appraiser(s) of the appraisal district(s) and before adopting a budget. In accordance with Tax Code Section 26.05(g), the chief appraiser(s) of the appraisal district(s) in which the school district participates has (have) certified to the assessor for the school district an estimate of the taxable value of property in the school district as provided by Tax Code Section 26.01(e). In accordance with Education Code Section 44.004(j), following adoption of the tax rate, the school district will publish notice and hold another public meeting before the school district adopts a budget.

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)

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

	Preceding Tax Year	Current Tax Year*
Total appraised value** of all property	\$ _____	\$ _____
Total appraised value** of new property***	\$ _____	\$ _____
Total taxable value**** of all property	\$ _____	\$ _____
Total taxable value**** of new property***	\$ _____	\$ _____

* All values identified are based on estimate(s) of taxable value received pursuant to Tax Code Section 26.01(e).

** Appraised value is the amount shown on the appraisal roll and defined by Tax Code Section 1.04(8).

*** New property is defined by Tax Code Section 26.012(17).

**** Taxable value is defined by Tax Code Section 1.04(10).

Bonded Indebtedness

Total amount of outstanding and unpaid bonded indebtedness* \$ _____

* Outstanding principal.

Comparison of Proposed Rates with Last Year's Rates

	Maintenance & Operations	Interest & Sinking Fund*	Total	Local Revenue Per Student	State Revenue Per Student
Last Year's Rate	\$ _____	\$ _____	* \$ _____	\$ _____	\$ _____
Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service	\$ _____	\$ _____	* \$ _____	\$ _____	\$ _____
Proposed Rate	\$ _____	\$ _____	* \$ _____	\$ _____	\$ _____

* 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 those bonds, were approved by the voters of this district.

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

	Last Year	This Year
Average Market Value of Residences	\$ _____	\$ _____
Average Taxable Value of Residences	\$ _____	\$ _____
Last Year's Rate Versus Proposed Rate per \$100 Value	\$ _____	\$ _____
Taxes Due on Average Residence	\$ _____	\$ _____
Increase (Decrease) in Taxes		\$ _____

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 Voter-Approval Rate: The highest tax rate the district can adopt before requiring voter approval at an election is _____.

(the school district voter-approval rate determined under Section 26.08, Tax Code)

This election will be automatically held if the district adopts a rate in excess of the voter-approval rate

of _____.

(the school district voter-approval rate)

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)	\$ _____

Please consult with legal counsel before using this form.

NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET

The _____
(name of school district)

will hold a public meeting at _____
(time, date, year)

in _____
(name of room, building, physical location)

(city, state)

**The purpose of this meeting is to discuss the school district's budget that will be adopted.
Public participation in the discussion is invited.**

Comparison of Proposed Budget with Last Year's Budget

The applicable percentage increase or decrease (or difference) in the amount budgeted in the preceding fiscal year and the amount budgeted for the fiscal year that begins during the current tax year is indicated for each of the following expenditure categories:

Maintenance and operations	_____ % increase or _____ % (decrease)
Debt service	_____ % increase or _____ % (decrease)
Total expenditures	_____ % increase or _____ % (decrease)

Voter-Approval Tax Rate Election Ballot for School Districts

For _____ Date _____
(Name of School District) (Date of Election)

OFFICIAL BALLOT

Place an "X" in the square beside the statement indicating the way you wish to vote.

☐ FOR ☐ AGAINST

Ratifying the ad valorem tax rate of \$ _____ in
(Adopted Tax Rate)

_____ for the current year, a rate that will result
(Name of School District)
 in an increase of _____ *(insert percentage increase in maintenance and operations tax revenue under the adopted rate as compared to maintenance and operations tax revenue in the preceding tax year)* percent in maintenance and operations tax revenue for the district for the current year as compared to the preceding year, which is an additional \$ _____ *(insert dollar amount of increase in maintenance and operations tax revenue under the adopted tax rate as compared to maintenance and operations tax revenue in the preceding tax year)*.

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 at a greater or lesser rate, or even decrease, depending on the tax rate that is adopted and on the change in the taxable value of your property in relation to the change in taxable value of all other property. The change in the taxable value of your property in relation to the change in the taxable value of all other property determines the distribution of the tax burden among all property owners.

FOR the proposal: _____ (names of all members of the
AGAINST the proposal: _____ governing body and how each
PRESENT and not voting: _____ 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.

	Last Year	This Year
Total tax rate (per \$100 of value)	_____/ \$100 Adopted	_____/ \$100 Proposed
Difference in rates per \$100 of value	\$ _____/ \$100	
Percentage increase/decrease in rates(+/-)	_____%	
Average appraised residence homestead value	\$ _____	\$ _____
General homestead exemptions available (excluding 65 years of age or older or disabled person's exemptions)	\$ _____	\$ _____
Average residence homestead taxable value	\$ _____	\$ _____
Tax on average residence homestead	\$ _____	\$ _____
Annual increase/decrease in taxes if proposed tax rate is adopted (+/-)	\$ _____	
and percentage of increase (+/-)	_____%	

If the proposed combined debt service, operation and maintenance, and contract tax rate requires or authorizes an election to approve or reduce the tax rate the _____ (governing body of the water district) proposes to use the tax increase for the purpose of _____ (description of purpose of increase).

If the district is a district described by Section 49.23601:

NOTICE OF VOTE ON TAX RATE

If the district adopts a combined debt service, operation and maintenance and contract tax rate that would result in the taxes on the average residence homestead increasing by more than eight percent, an election must be held to determine whether to approve the operation and maintenance tax rate under Section 49.23601, Water Code.

If the district is a district described by Section 49.23602:

NOTICE OF VOTE ON TAX RATE

If the district adopts a combined debt service, operation and maintenance and contract tax rate that would result in the taxes on the average residence homestead increasing by more than 3.5 percent, an election must be held to determine whether to approve the operation and maintenance tax rate under Section 49.23602, Water Code.

If the district is a district described in by Section 49.23603

NOTICE OF TAXPAYERS' RIGHT TO ELECTION TO REDUCE TAX RATE

If the district adopts a combined debt service, operation and maintenance, and contract tax rate that would result in the taxes on the average residence homestead increasing by more than eight percent, the qualified voters of the district by petition may require that an election be held to determine whether to reduce the operation and maintenance tax rate to the voter-approval tax rate under Section 49.23603, Water Code.

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.

Election Ballot for Water District Operations and Maintenance Tax Rate Election

For _____ Date _____
(Name of Water District) (Date of Election)

OFFICIAL BALLOT

Place an "X" in the square beside the statement indicating the way you wish to vote.

☐ FOR ☐ AGAINST

Approving an operation and maintenance tax rate _____ .
(not to exceed _____ (\$____) per one hundred dollars (\$100)
valuation of taxable property OR at an unlimited rate)

The general purpose of the operation and maintenance tax is _____ .
(describe)

The constitutional authorization of the operation and maintenance tax is _____ .
(describe)

McCreary, Veselka, Bragg and Allen, P.C.

Principal Office | 700 Jeffrey Way, Round Rock, Texas 78665

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