

TRUTH-IN-TAXATION 2025-2026

A Guide to Setting Property Tax Rates

INTRODUCTION

We are pleased to present this easy-to-use guidebook to help you with this year's Truth-in-Taxation activities. This guidebook has been thoroughly updated for 2025-2026, 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 guidebook 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 current Comptroller web links and form numbers as of the date of publication.

This guide offers:

- Clear and 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 regarding to Truth-in-Taxation laws:
 - special taxing units
 - small taxing units (low levy 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

DISCLAIMER

MVBA is pleased to release its Truth-in-Taxation 2025-26. 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 89th Regular Session of the Texas Legislature. This guide represents our best effort to interpret 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.

This publication includes changes from the 89th Texas Legislature concerning the Truth-in-Taxation process and the latest Comptroller calculation worksheets.

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.¹
- 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.
- Generally, 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 maintenance & operations (M&O) rate, plus a rate that 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

Beginning in 2024 the unused increment tax rate will be the greater of zero or the amount expressed in dollars calculated according to a formula called the "Foregone revenue amount". The formula is covered later in the guidebook. The process converts the rate differences to revenue amounts which are then converted back to a rate used to adjust the voter-approval rate for applicable taxing units.

Tax Rate Elections

Voters in a taxing unit will have the opportunity to approve or deny a tax rate adopted by a governing body that exceeds the voter-approval rate at an election held on a uniform election date.

School District Tax Rates

The Texas Legislature changed school financing and the process for creating a voter-approval tax rate. This guidebook has an entire section to assist individuals with the terms and procedures for school districts. Guidance from the Texas Education Agency is essential in adopting a school district's tax rate for 2025-2026.

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.

¹ Article 8, Section 21 (a) and (c) of the Texas Constitution

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

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.

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 May, taxing units take the first step toward adopting a tax rate 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. The designated officer or employee 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 designated officer or employee (DOE). 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 (DOE) 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.

School districts do NOT calculate a no-new-revenue M&O rate and instead calculate a rate according to Education Code Section 44.004. School districts do calculate a voter-approval rate; water districts calculate a voter-approval tax rate and some water districts calculate a mandatory election 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 plan to do so. This includes a taxing unit that levied a tax years ago and now proposes to levy a tax for the upcoming year.

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 “Rate to Maintain Same Level of Maintenance and Operations Revenue and Pay Debt Service” according to Education Code 44.004, must be a record vote, and at least 60% of the members of the governing body must vote in favor of the rate.² Beginning 2026, SB 1453 requires at least 60% of the members of a governing body approve a motion to adopt a debt rate greater than a rate necessary to pay the minimum debt amount.³

Failure to Comply

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.⁴

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.⁵

The injunction process does not apply to small taxing units that follow notice and meeting requirements according to Tax Code Section 26.052(b) or to water districts or school districts.⁶

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.⁷ The governing body of the taxing unit must call the election to be held on the uniform election date that occurs in November.⁸ 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.⁹

A school district is also required to hold an automatic election if the school board adopts a rate above the voter-approval rate.¹⁰

Open Meetings

In compliance with the open-meetings law, Government Code Chapter 551, all taxing units must post notice of the unit’s meetings at least three business days before the scheduled meeting and the meetings must be open to the public.

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.

Agenda Item and Official Action

State law requires most counties, general law cities and usually school districts to adopt a budget before the unit can adopt a tax rate.¹¹ These taxing units may adopt a tax rate at the same meeting as long as the budget is adopted first as a separate agenda item.¹²

² 26.05(b)

³ 26.05(b)

⁴ 26.04(g)

⁵ 26.05(e)

⁶ W.C. 49.107(g)

⁷ 26.07(a)

⁸ 26.07(c)

⁹ 26.07(d)

¹⁰ 26.08

¹¹ 44.004(i), (h)

¹² 26.05(a), 26.06(d)

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

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 the 60th day after the taxing unit receives the certified appraisal roll, whichever date is later.¹³

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.¹⁴

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.¹⁵ 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. It is therefore recommended that a tax rate that exceeds the limit be adopted at least 78 days before the uniform election date.

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.

¹³ 26.05(a)

¹⁴ 26.05(g)

¹⁵ 26.05(a)

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. ¹⁶
April 1	Chief appraiser consults with assessor concerning the form in which the roll will be provided. ¹⁷
April 30	Certification by chief appraiser of an estimate of taxable value for county, city or school district. ¹⁸
May 15 (or as soon as practicable)	Submission of appraisal records to Appraisal Review Board (ARB). ¹⁹
July 20	Deadline for ARB to approve appraisal records (August 30 for a county of one million or more). ²⁰
July 25	Comptroller certifies apportioned railroad values to county assessor collector. ²¹ 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). ²²
August 1 (or as soon as practicable)	Assessor submits appraisal roll to governing body. ²³ Collector for the taxing unit certifies the anticipated collection rate for the current year. ²⁴
August 7 (or as soon as practicable)	Chief appraiser and the tax assessor shall post prominently on each of their respective websites 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 district. The chief appraiser publishes the notice of estimated taxes in a newspaper of general circulation. If there is no newspaper of general circulation in the county, the chief appraiser posts the notice at the appraisal district office. ²⁵
August 7 (or as soon as practicable)	The assessor/designated officer or employee submits the no-new-revenue and voter-approval tax rates to the governing body and posts prominently on the homepage of the taxing unit's website information about the no-new-revenue and voter-approval rates (Comptroller Form 50-212). ²⁶ County tax assessor-collector shall post on the website the tax rate calculation forms. ²⁷
August	Governing body that intends to adopt a tax rate that exceeds the voter-approval rate is advised to do so at least 78 days before the uniform election date. ²⁸
August-September	Governing body adopts its budget, holds a public hearing if required, and adopts a tax rate.
	A taxing unit must adopt its rate by this date or 60 days after receiving the certified appraisal roll, whichever is later. ²⁹

¹⁶ 25.19
¹⁷ 26.01(a)
¹⁸ 26.01(e)
¹⁹ 25.22(a)
²⁰ 41.12(a) and (c)
²¹ 24.38
²² 26.01
²³ 26.04(b)
²⁴ 26.04(b)
²⁵ 26.04(e-2)(e-6)
²⁶ 26.04(e)
²⁷ 26.16(d-2)
²⁸ Election Code 3.005
²⁹ 26.05(a)

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.³⁰

The chief appraiser certifies and delivers the appraisal roll to the taxing unit's assessor.³¹ 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.

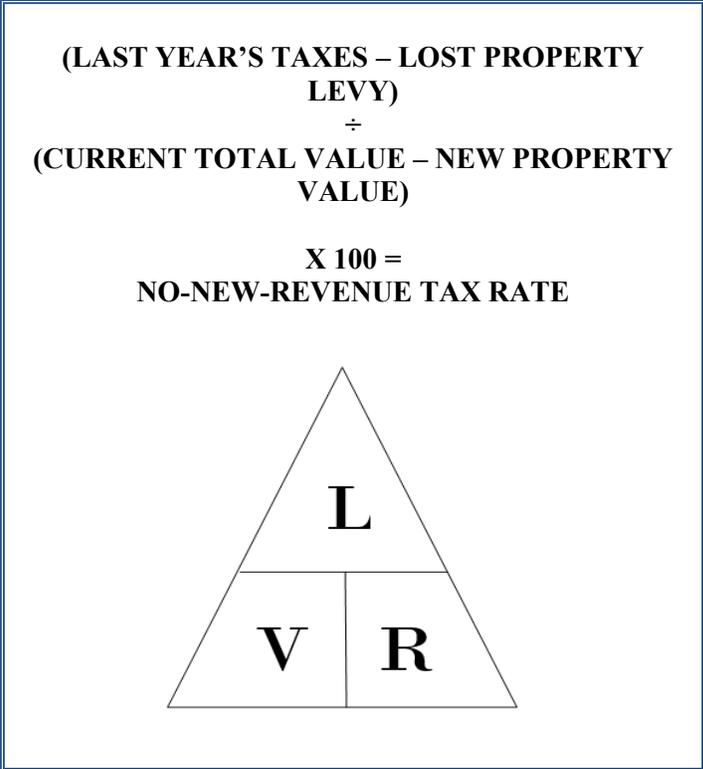
The taxing unit's assessor determines the following and submits the findings to the governing body:

- 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.³²

The governing body designates an officer or employee (DOE) to calculate the no-new-revenue and voter-approval tax rates.³³

The DOE must certify that he/she has accurately calculated the applicable tax rates and used the values that were certified by the appraisal district.³⁴ The worksheets used to calculate the no-new-revenue and voter-approval rates and provide for that certification will be prescribed by the Comptroller.³⁵

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.



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

Comptroller Worksheets

State law requires the Comptroller's office to create tax rate calculation worksheets in an electronic format that can be filled electronically.³⁶

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

- as accurately calculating the applicable tax rates and
- using values that were certified by the appraisal district.³⁷

The worksheets must then be electronically incorporated into the appraisal district's database and submitted to the county tax assessor-collector.³⁸ Beginning in 2026, these worksheets must also include an addendum with documentation to support the exclusion of certain

³⁰ 26.04(c)

³¹ 26.01(a)

³² 26.04(a)

³³ 26.04(c)

³⁴ 26.04(d-2)

³⁵ 26.04(d-1)

³⁶ T.C. 5.07(f)(9)

³⁷ 26.04(d-2)

³⁸ 5.07(g)

contested taxable values and be capable of including a hyperlink to document each entry in the worksheet that is other than a mathematical calculation.³⁹

No-New-Revenue Tax Rate

Line-by-line Explanations of No-New-Revenue Tax Rate Calculations

This guidebook will reference Comptroller forms by their numbers. The most recent version of those forms can be found on the Comptroller's website. **Because the Comptroller's current year forms are generally not available until the summer, this guidebook's information will be based on the forms available at the time of this update.**

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

The following are references to Comptroller names and form numbers:

2025 Tax Rate Calculation Worksheets

- Taxing Units Other Than School Districts or Water Districts (Comptroller Form 50-856)
- Supplemental Tax Rate Calculation Worksheet (50-856a)
- School Districts (Comptroller Forms 50-859 and 50-884)
- Water Districts (Comptroller Forms 50-858 and 50-860)

For taxing units other than school or water districts, Lines 1-17 of the no-new-revenue tax rate section of the worksheet are used to calculate last year's adjusted taxes (Levy). Lines 18-26 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.⁴⁰ The Comptroller's worksheets label this the total taxable value (Line 22). Line 27 produces the current year's no-new-revenue tax rate. Line 28 is used by counties that have more than one 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. An additional adjustment excludes property subject to a Chapter 42 appeal. The value in Line 1 is as of the date of calculation (**Line 1**).⁴¹

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**).⁴²

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**).⁴³

³⁹ 26.04 (d-1)(d-3)

⁴⁰ 26.012(6)

⁴¹ 26.012(13)

⁴² 26.012(13)

⁴³ 26.012(13)(A)(i)

The next line is for court-related appeals that have not been finalized by July 25th. This process has two parts. The ARB certified value of these appeals is removed from Line 1. Then an undisputed value as estimated by the appraisal district is used in **Line 6**. The next step is to add the Chapter 42 changes together (**Line 7**). These court-ordered and pending court 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**.⁴⁴

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.⁴⁵

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.⁴⁶

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 value to exclude in those calculations (**Line 14**).⁴⁷ This provision addresses

the situation when the taxable values in a TIF decline rather than continue to increase.

Beginning in 2026 the Comptroller's office will create a document to show the details on each individual tax increment zone separately. The next adjustment is for TIF funds agreed to be deposited into the TIF that has to be manually converted to a value (**Line 13**). This value and the value of lost property levy is added together then the total subtracted from previous value adjustments (**Line 14**).

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 14**) and divide by 100 to equal the adjusted tax. This creates a partially adjusted last year's tax levy (**Line 15**).

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 16**).⁴⁸ Refund information can be obtained from the collector.

Last year's taxes

Finally, adding the refunds (**Line 16**) 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

⁴⁴ 26.012(15)

⁴⁵ 26.03(b)

⁴⁶ 26.03(c)(d)

⁴⁷ 26.03(d)

⁴⁸ 26.012(13)(b)

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**).⁴⁹ Counties add the railroad rolling stock value received from and certified by the Comptroller's office (**Line 18B**).⁵⁰ There is a line adjustment for pollution control or energy storage on **Line 18C**. Use this line on advice of your attorney.⁵¹

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**).⁵²

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 value. 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**).⁵³

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**).⁵⁴

Anticipated Contested Value

Approximately 15 counties with a population of less than 500,000 with border the Gulf of Mexico have an additional step concerning a potential value litigation. (**Line 21**)⁵⁵

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 22**) 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 20.⁵⁶

New property value

⁴⁹ 26.01(a)(a-1)

⁵⁰ 24.39

⁵¹ 26.012(6)

⁵² 26.03

⁵³ 26.01(c)

⁵⁴ 26.01(d)

⁵⁵ 26.012(6)(c)

⁵⁶ 26.012(6)(B)

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 23)**.

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 24)**.⁵⁷

The next step is to add annexed property value **(Line 23)** and new improvements and expiring abatements value **(Line 24)** together for a total amount of new property value **(Line 25)**.

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 26)**.

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 26)** and multiply by 100. The product is the current year's no-new-revenue tax rate **(Line 27)**.⁵⁸

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 28)**. 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 Bridge⁵⁹

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 18-26). 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 27 or 28).

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

⁵⁷ 26.012(17)

⁵⁸ 26.04(c)

⁵⁹ 26.04(d)

- 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 category of taxing entities called “special taxing units”. 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:⁶⁰

$$\begin{array}{c} \text{No-new-revenue M\&O rate X 1.08} \\ + \\ \text{Current Debt rate}^{61} \end{array}$$

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 DOE to use the lesser of the calculation for a special taxing unit or the calculated **disaster relief rate** for its voter-approval rate. The taxing unit must be located in a declared disaster area during the current tax year by the governor or president and at least one person is granted an exemption under Tax Code Section 11.35 for damages. 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.⁶²

Beginning in 2026, the calculation for the **disaster relief rate** is the taxing unit’s share of certain costs associated with services provided during a disaster. The list of applicable services can be found in the tax code. The calculation for this rate is the disaster cost amount

incurred by the taxing unit divided by the current total value less new property value. The calculated **disaster relief rate** is added to the no-new-revenue maintenance and operations rate with the allowable 3.5% increase, plus the calculated debt rate and the unused increment rate. These rates added together will create the voter-approval rate for a taxing unit with a qualifying disaster. The Comptroller’s worksheet should provide for this calculation.⁶³

Post disaster calculations

The code states that a taxing unit will have to reduce its future voter-approval rate to account for additional funds generated by using the disaster provision.⁶⁴ The Comptroller’s form provides for this future adjustment in Section 7 of the worksheet titled Voter-Approval Tax Rate Adjustment for Emergency Revenue Rate (Lines 75-81) Comptroller’s Form 50-856A is used to adjust previous year’s voter-approval rates to account for disasters.

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.

Beginning in 2024 the unused increment tax rate will be the greater of zero or the amount expressed in dollars calculated according to a formula called the “Foregone revenue amount”. The process covers the rate

⁶⁰ 26.012(19)

⁶¹ 26.04(c)(2)

⁶² 26.042(a)

⁶³ 26.042(a-1)(a-2)

⁶⁴ 26.063

differences to revenue amounts which are then converted back to a rate used to adjust the voter-approval rate for applicable taxing units. The following is how this process works:

Voter-approval rate – Adopted tax rate = Difference (savings rate)

Savings rate X Total value **for that year** = Foregone Revenue saved

Foregone Revenue saved ÷ **Current** total value = Unused Increment Rate

Voter-approval Rate	Adopted Tax Rate	Savings Rate	Prior Value
0.7889	0.7603	0.0286	5,580,800

Foregone Revenue Amount	Current Value	Adjusted Unused Increment Rate
\$1,596.11	5,970,000	\$0.026735

De Minimis Tax Rate

This de minimis rate 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.⁶⁵ Here is how a portion of the de minimis rate is calculated:

\$500,000
÷
current total value
X 100 =
Rate Component

The actual de minimis rate is the sum of:

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

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 equal to or 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.⁶⁶ **(Lines 70 through Line 74).**

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*

**As new legislation is passed, the Comptroller's forms are in constant revision. Therefore, the following line-by-line explanations cannot exactly follow recently revised worksheets by line number. However, the process and the explanations should still be relevant.*

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

⁶⁵ 26.063

⁶⁶ 26.075

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.

M&O component

To calculate the current year's no-new-revenue M&O rate, start with last year's M&O rate (Line 29). Multiply the adjusted taxable value for the preceding year (Line 30)⁶⁷ by last year's M&O rate, then divide by \$100. This produces the M&O tax levy for the previous year (Line 31).

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.

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 32A**). This may or may not be the same amount entered on Line 16 of the no-new-revenue tax rate worksheet, depending on whether or not the taxing unit has debt.⁶⁸ 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 32B**).⁶⁹

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 32C**).⁷⁰

Add the previous year's M&O levy (**Line 31**) to the adjustments made for various Tax Code provisions (**Line 32D**) to create an adjusted previous year M&O levy (**Line 32E**). Dividing this levy amount (**Line 32E**) by the current total value (**Line 33**) will produce a no-new-revenue M&O rate that is totally unadjusted (**Line 34**).

More Rate Adjustments The next lines provide for additional adjustments to no-new-revenue maintenance and operations rate. These adjustments include the following:

Criminal Justice Mandate Rate (counties only), the Enhanced Indigent Health Care Rate, the County Indigent Defense Compensation Rate (counties only) and the Eligible County Hospital Expenditures Rate (some counties and a city). All of these rate adjustments are conditional. That means "if" the expense was **greater** than the previous year's expense, the appropriate rate adjustment should be calculated. If the expense was **not greater**, the step(s) should be skipped. These calculations should NOT produce a negative number.

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 35**). 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.⁷¹ Follow the worksheets instructions to calculate a rate. For more information on this mandate,

⁶⁷ 26.012(13)

⁶⁸ 26.012(13)(B)

⁶⁹ 26.013

⁷⁰ 26.04(i)(j)

⁷¹ 26.044

call the Texas Commission on Jail Standards at (512) 463-5505 and ask for Director Brandon Wood.

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 36)**.⁷²

County Indigent Defense Compensation Rate
Counties may add a rate relative to indigent defense compensation expenditures. This step calls for the calculation of two different rates. The rate used is the **lesser of:**

$$\begin{aligned} & \text{(Current Tax Year's Indigent Defense Compensation} \\ & \text{Expenditures – Preceding Tax Year's Indigent} \\ & \text{Defense Compensation Expenditures)} \\ & \qquad \text{or} \\ & \text{(Preceding Tax Year's Indigent Defense} \\ & \text{Compensation Expenditures X .05)} \\ & \qquad \div \\ & \text{(Current Total Value – New Property Value)} \\ & \qquad \text{X 100} \end{aligned}$$

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 37A and Line 37B)**. These amounts are then divided by the current total value **(Line 33)** which

creates two rates. The county enters the lesser of the two rates calculated **(Line 37)**.⁷³

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 again, the of lesser of:

$$\begin{aligned} & \text{(Current Tax Year's Eligible County Hospital} \\ & \text{Expenditures – Preceding Tax Year's Eligible} \\ & \text{County Hospital Expenditures)} \\ & \qquad \text{Or} \\ & \text{(Preceding Tax Year's Eligible County Expenditures} \\ & \text{X .08)} \\ & \qquad \div \\ & \text{(Current Total Value – New Property Value)} \\ & \qquad \text{X 100} \end{aligned}$$

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 38A and 38B)**. These amounts are divided by the current total value **(Line 33)** to create two separate rates. The county or city would use the lesser of the two rates calculated **(Line 38)**.⁷⁴

Finally, a taxing unit will add all of these rate adjustments **(Lines 35, 36, 37 and 38, as applicable)** to the NNR M&O rate **(Line 34)** to create an adjusted NNR M&O rate **(Line 40)**.

Defunding Municipality

A city with a population of more than 250,000 that is considered a defunding municipality and that also has a written determination by the Office of the Governor will make an adjustment to its rate using Line 39.⁷⁵ This rate is subtracted from the NNR M&O rate in Line 40.

⁷² 26.0441

⁷³ 26.0442

⁷⁴ 26.0443

⁷⁵ Local Gov. Code 109, Tax Code 26.0444 and 26.0501

Sales Tax

Counties, cities and hospital districts may add the sale tax revenue spent on M&O from the previous fiscal year (Line 41A). This information is obtained from the governing body's auditor or chief financial officer.

NOTE: Even if a taxing unit does not have sales tax, they must complete line 41C to be able to complete the worksheet's calculations. The Comptroller's heading implies that this step is ONLY for sales tax adjustment, which can be misleading.

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 41A).

The NNR M&O is adjusted by adding Line 41B to Line 40. This creates a finally adjusted NNR M&O rate on Line 41C.

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 will multiply the no-new-revenue M&O rate (Line 41C) by 1.08 to equal the voter-approval rate (Line 42).

A taxing unit that has instructed the DOE to calculate the voter-approval rate as if the unit were a special taxing unit because of a qualifying disaster, use (Line D42).⁷⁶

A taxing unit, other than a special taxing unit will multiply the no-new-revenue M&O rate (Line 41C) by 1.035 to equal its voter-approval rate (however, this rate does NOT include the unused increment rate, therefore it is NOT the actual voter-approval rate (Line 42)).

In both instances, this rate represents a calculated voter-approval rate with the applicable allowed increase. Further calculations will be necessary for taxing units that qualify for an *unused increment rate* before that taxing unit will have an actual calculated voter-approval rate

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 49).⁷⁷

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 43A)⁷⁸ required for the current fiscal year. These are the debt payments that the current year's property taxes will pay; last year's debt levy is irrelevant. Beginning in 2026, the definition of debt service was amended to mean the **minimum** dollar amount required to pay for debt service. This new definition could result in a taxing unit calculating both a minimum debt rate and a debt rate that exceeds the minimum debt rate. Extra steps are required for the approval of a higher debt rate.

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 43B-D). This would include debt payments made with unencumbered funds (Line 43B) or sales tax money (Line 43C)⁷⁹ or other resources (Line 43D). 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 to the governing body.⁸⁰ The certification must be completed on Comptroller form (50-882) (Line 43C). 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

⁷⁶ 26.042

⁷⁷ 26.04(e)(3)(c)

⁷⁸ 26.012(7) and (8)

⁷⁹ 26.05(e-1)

⁸⁰ 26.05(e-1)

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.⁸¹

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 the following year

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

The certified excess collections amount (**Line 44**)⁸² is subtracted from the amount of debt owned (**Line 43E**) to produce an adjusted debt amount (**Line 44**). 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 create 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.⁸³ This estimate equals the total tax dollars that will be collected from current taxes, delinquent taxes, special appraisal rollback taxes, penalties and interest.

The anticipated collection rate cannot be lower than the lowest actual collection rate of the unit for any of the preceding three years (**Line 46**).

EXAMPLE | Anticipated Collection Rate

2023 Actual Collection Rate = 98%

2024 Actual Collection Rate = 101%

2025 Actual Collection Rate = 99.5%

The collector cannot certify an anticipated collection rate lower than 98%. However, the anticipated collection rate can be higher if that is what the collector certifies.

Dividing the debt amount needed (**Line 45**) by the anticipated collection rate (**Line 46**) equals the amount of debt adjusted for collections (**Line 47**). 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 and a lower debt tax rate.

Example:

Debt = \$750,000

Anticipated Collection Rate = 101%

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

A taxing unit that uses an anticipated collection rate higher than 100% will need to collect over 100% in order pay its debt.

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.

⁸¹ 26.012(10)

⁸² 26.04(b)

⁸³ 26.012(2)

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 48**). Dividing the adjusted debt payments (**Line 47**) by the current year's total taxable value (**Line 48**) and multiplying by 100 creates the debt rate (**Line 49**).⁸⁴

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. According to new law, a governing body that proposes to adopt a debt rate that exceeds the minimum debt rate calculated must follow extra steps, including a motion approved by at least 60 percent of the members and a description of the purpose for the excess debt revenue.

Total Voter-Approval Rate

Adding the voter-approval rate (**Line 42 or D42**) and the debt rate (**Line 49**) creates the total voter-approval rate for taxing units other than school districts or water districts (**Line 50 or D50**). Taxing units that are not a special tax unit will need to add an unused increment rate to create a total voter-approval rate. Even though the worksheet indicates that Line 51 is the county's voter-approval rate for the current year, this rate does not include the unused increment rate that will be added nor does it account for any sales tax adjustment or pollution control adjustment if applicable.

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 could be subject to a possible rollback petition and election.⁸⁵

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 uses the lesser of the disaster relief rate or 8% increase special taxing unit formula instead using 3.5% formula. Even a taxing unit with an 8% increase may adopt a rate above the voter-approval rate due to a disaster, however, the next year's voter approval rate will be reduced accordingly in either circumstance.

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 42or D42**). Adding the debt rate (**Line 49**) to this rate creates a total voter-approval rate (**Line 50 or 51**) whichever is applicable) for a special taxing unit. Taxing units that are not special taxing units. will need to add the unused increment rate and possibly make other adjustments.

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.

Additionally, Comptroller Form 50-882 Certification of Additional Sales and Use Tax to Pay Debt Services must be completed by taxing units that use sales tax to reduce debt taxes. It is recommended that a copy of this document be a part of the designated officer's or employee's work product information.

Timing a Sales Tax Election

Local voters must approve imposing, revising, 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

⁸⁴ 26.012(4)

⁸⁵ 26.075

reduced no-new-revenue and voter-approval tax rates using Section 3, **Lines 52-59** 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 the current year or May of the previous year will adjust both the current year’s no-new revenue and voter-approval tax rates. The taxing unit will also adjust both rates if it has an election to revise the current sales and use tax percentage amount.

Impact on No-New-Revenue and Voter-Approval Tax Rates

A taxing unit that adopted the additional sales tax in prior years (before November 2025) 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-quarters total dollar volume of business activity subject to sales tax (**Line 52**).⁸⁶ 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 as it appeared on the ballot (usually .005 or .0025) and multiply that result by 95% (**Line 53 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.⁸⁷

⁸⁶ 26.041(d)

⁸⁷ 26.041(d)

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 53**) by the current year’s total taxable value (**Line 54**) and multiply by \$100 to arrive at the sales tax gain rate (**Line 55**). Subtract the sales tax gain rate from the no-new-revenue rate (**Line 56**) and the voter-approval rate (**Line 58**) to adjust for the anticipated additional sales tax (**Lines 57 and 59**).

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 381.⁸⁸

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 in succeeding years except for elections that either increase or reduce the sales tax apportionment.

Voter-approval tax rate

Since the M&O component of the voter-approval rate uses last year’s sales tax revenue (**Line 41A**), the taxing unit must continue in following years to subtract a sales tax adjustment rate from the voter-approval tax rate (**Line 59**). Just to recap, the no-new-revenue tax rate is adjusted in the first year and the voter-approval rate is adjusted every year.

⁸⁸ 26.041(j)

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 53 lower portion**) by this year's total taxable value (**Line 54**). Multiply this number by \$100 to arrive at the sales tax gain rate (**Line 55**).

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 (by election); 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).⁸⁹

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.⁹⁰

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.⁹¹ 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 55**).

⁸⁹ 26.041(d)(g)(h)

⁹⁰ 26.041(h)

⁹¹ 31.01(i)

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.⁹²

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 60**). 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 accordingly.⁹³ Taxing units should check for rules regarding this process by calling TCEQ's Air Quality Division (512) 239-4900 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 60**) by the taxing unit's current total value (**Line 61**). Multiply the

result by 100 to create a pollution control rate (**Line 62**). Add this rate to the applicable voter-approval rate (**Line 63**).

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 64 through Line 69**). Each step provides for the difference between the actual adopted tax rate and the voter-approval rate for the three previous years. Taxing units that use 3.5% increase for calculating their VAR add the unused increment rate as part of the VAR formula (**Line 69**).

No-new-revenue M&O rate X 1.035
+
Current Debt Rate
+
Unused Increment Rate
=
Voter-approval Tax Rate

Beginning in 2024, the definition of the voter-approval rate did not change, however, the formula for calculating the unused increment rate did change. The legislature created a foregone revenue calculation which converts tax revenue that is saved from the three previous years into a current unused increment rate using current value. The timeframe is still the three previous year's savings.

Special taxing units do not calculate an unused increment rate.

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.⁹⁴ This would include all counties and other taxing units that have a proposed M&O rate of more than 2.5 cents per \$100. The calculation begins with the NNR M&O rate (**Line 70**). The next two steps create the portion of the rate that will create a levy of \$500,000. This is done by dividing \$500,000 by the total taxable value (**Line 71**)

⁹² 26.043

⁹³ 26.045

⁹⁴ 26.063

and then multiplying by \$100 to create a component of the De minimis rate (Line 72).

The De minimis rate (Line 74) is created by adding the NNR M&O rate (Line 70) plus the rate needed to create \$500,000 (Line 72) plus the calculated debt rate (Line 73).

Special note for some counties

If a county has more than one tax rate, it will need to add all the NNR M&O rates from Line 40 and put the total in Line 69 before calculating the de minimis rate.

For example:

County NNR M&O (Line 40)	.63113
FM/FC NNR M&O (Line 40)	.25881
Total for Line 69	.88994

Depending on a taxing unit's levy (usually around \$14 million or less), 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 could 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.⁹⁵

Emergency Revenue Rate

This step reduces the Voter-Approval rate after the end of the disaster calculation time period. A taxing unit that used either the special taxing unit formula or the disaster relief rate (whichever is lower) to increase its voter-approval rate without holding an election would complete this section. Section 7 adds Lines 75 through 82 to calculate the increased revenue levied, converts that levy into a rate that is then subtracted from the current year's voter-approval rate

Line 75 is the previous year's adopted rate. Line 76 gives instructions to use information from Comptroller form 50-856a, a supplemental worksheet for entering the previous year's voter approval rate, which gives you a choice of three options. The final option from Line 76

would most likely be appropriate for a special taxing unit. *Beginning in 2027, because of new legislation, this step will probably be modified to accommodate a calculation involving the lesser of the special taxing unit formula or the disaster relief rate (whichever is lower).* Line 77 is math calculating the difference between the rates. Line 78 is the same value from Line 14 of the worksheet for the prior year. Line 79 is math which multiplies the rate difference by the value to get the extra revenue that was generated. Line 80 is the **current value** from the worksheet which is Line 26. Line 81 is a math step which divides the revenue in Line 79 by the value in Line 80 to calculate the emergency revenue rate. The final step, Line 82, adjusts the voter-approval rate by subtracting the emergency revenue rate from the applicable voter-approval rate

Final Steps

Once all the rates are calculated and adjusted the Comptroller's form provides the final steps. Section 8 of the worksheet recaps the final calculated No-new-revenue tax rate, the Voter-approval tax rate and the De minimis rate, if applicable. In Section 9 the taxing unit representative that has been designated by the governing body will sign and date the form stating that the rates were accurately calculated using values as shown on the taxing units certified appraisal roll(s) or certified estimate according to the requirements of the Tax Code.⁹⁶

⁹⁵ 26.075

⁹⁶ 26.04(c-2)(d-2)

NOTICES, PUBLIC HEARINGS AND ELECTIONS

Texas Taxing Units

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

All taxing units, other than school and water districts must comply with posting the following information on their website. These taxing units follow procedures in the Education Code and Water Code.

Procedures

After receiving the certified appraisal roll by August 7 or as soon thereafter as practicable, the taxing unit's assessor/DOE submits to the governing body and publishes online the unit's no-new-revenue and voter-approval rates.⁹⁷ 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.⁹⁸

The wording on the notice includes the following sentence, "Your local property tax database will be updated regularly during August and September as local elected officials propose and adopt the property tax rates that will determine how much you pay in property taxes."

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.

The governing body of a taxing unit shall include in the budget's appendix for the year the tax rate calculation

worksheets.⁹⁹ (Note: The calculation worksheets are posted online in three different places (a) on any county's website that the taxing unit is in, (b) on the appraisal districts website and (c) on the taxing unit's website as an appendix to the budget. It is extremely important that the worksheets be identical in all three locations.)

After the required notice has been timely published and 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 hearing may not be held until the fifth day after the appraisal district has posted the notice on its website or published the notice in the newspaper informing a property owner on how to estimate his taxes.¹⁰⁰

The governing body must adopt a tax rate before September 30 or 60 days after receiving the certified appraisal roll whichever is later. 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. A taxing unit which has a de minimis rate that exceeds the voter-approval rate and intends to adopt a rate which is either less than or equal to the de minimis rate, but exceeds the voter-approval rate should consult its attorney on when to adopt its tax rate.

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.¹⁰¹ 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.

Beginning in 2026, a governing body that adopts a debt rate which exceeds the minimum debt service rate calculated using the Comptroller's worksheet must take additional steps which include:

1. stating the difference between the proposed rate and the rate calculated by worksheet

⁹⁷ 26.04(e)

⁹⁸ 26.04(e-2)

⁹⁹ 26.04(e-5)

¹⁰⁰ 26.05(d-1)

¹⁰¹ 26.05(a)

2. describes the purpose for which the excess debt revenue will be used; and
3. the motion must be approved by at least 60% of the members of the governing body

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.¹⁰² The assessor will mail the tax statements.¹⁰³

Failure to Comply

If the 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.¹⁰⁴

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.¹⁰⁵

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 designated officer or employee (DOE) 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 DOE also posts prominently on the homepage of the taxing unit's website a *Notice of Tax Rates* form (50-212) prescribed by the Comptroller. This notice is not required for school districts, water districts or small taxing units.¹⁰⁶

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.¹⁰⁷

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 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.¹⁰⁸

Debt Service Information

Debts that meet the 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.¹⁰⁹

Beginning Sept. 1, 2021, a taxing unit might have two types of debt to publish. Debt that was incurred before Sept. 1, 2021 will continue to meet the definition of debt service before the change. Debt incurred on or after Sept. 1, 2021 will need to meet the new definition of debt service according to Tax Code Section 26.012.

¹⁰² 26.09(e)

¹⁰³ 31.01(a)

¹⁰⁴ 26.04(g)

¹⁰⁵ 26.05(e)

¹⁰⁶ 26.04(e)

¹⁰⁷ 26.044(c)

¹⁰⁸ 26.04(e)(2)

¹⁰⁹ 26.04(e)(3)

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.¹¹⁰

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.¹¹¹

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.¹¹²

Enhanced Indigent Health Care. A taxing unit that has enhanced indigent healthcare expenditures will complete this portion of the notice. It states the amount of enhanced indigent healthcare expenditures, both for the preceding year and the current year, less any state assistance received. This information is also on the Comptroller's worksheet if applicable.¹¹³

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.¹¹⁴

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.¹¹⁵

(The following notices are not for taxing units which propose a tax rate that is not relative to the 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 28).¹¹⁶
- If applicable, special additional rate provisions (on page 23)

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 on the published date.

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:

¹¹⁰ 26.044(c)

¹¹¹ 26.0442(c)

¹¹² 26.0443(c)

¹¹³ 26.0441(c)

¹¹⁴ 26.05(d)

¹¹⁵ 26.06(d)

¹¹⁶ 26.062

- 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.¹¹⁷

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.¹¹⁸ 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 50-873.¹¹⁹

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 when 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.¹²⁰

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 (which exceeds the VAR) and both rates do not exceed the NNR, 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.¹²¹

Taxing Unit Must Hold a Public Hearing and Voters May Petition for an Election to Rollback the Tax Rate.

¹¹⁷ 26.06(b-2)

¹¹⁸ 26.06(b-3)

¹¹⁹ 26.06(b-2)

¹²⁰ 26.063

¹²¹ 26.075

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 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.¹²²

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 as model forms not required by statute which can be found online on the Comptroller’s website at: <https://comptroller.texas.gov/taxes/property-tax/forms/>.

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 meeting¹²³ 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
- De Minimis Rate (when applicable)

After this list is an explanation of each of the rates. The notice then lists the date, time and place for the meeting/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.¹²⁴

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.

The names of all members of the governing body and how each voted on the proposal to increase taxes or if the member was absent are listed.¹²⁵

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:¹²⁶

¹²² 26.063

¹²³ 26.061

¹²⁴ 26.06 or 26.063

¹²⁵ 26.06 or 26.063

¹²⁶ 26.062

	Previous Year	Current Year	Change
TOTAL TAX RATE (PER \$100 OF VALUE)	Adopted rate	Proposed rate	Statement of nominal and percentage difference
AVERAGE HOMESTEAD TAXABLE VALUE	Ave. taxable value of residence homestead	Ave. taxable value of residence homestead	Statement of percentage difference
TAX ON AVERAGE HOMESTEAD	Amount of taxes on average homestead	Amount of taxes on average homestead	Statement of nominal and percentage difference
TOTAL TAX LEVY ON ALL PROPERTIES	Levy	(Proposed rate x current total value)/100	Statement of nominal and percentage difference

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.¹²⁷ The publishing requirements are:

- at least a quarter-page ad in a standard or tabloid-size newspaper,¹²⁸
- headline must be in 24-point type or larger,¹²⁹
- may not appear in the legal or classified section of newspaper and¹³⁰
- 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.¹³¹ 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.¹³²

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.¹³³

Both the website and TV notice must contain substantially the same information that is in the quarter-page notice published in the newspaper.¹³⁴

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.¹³⁵

Important Note – CAD Notice

There is a stipulation concerning the timing of a governing body's meeting and the appraisal district's responsibility to notify the property owners of the district's database information. 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 posted or published a notice that the estimated amount of taxes may be found in the property tax database maintained by the appraisal district.¹³⁶

Public Hearing Requirements

Once the taxing unit's assessor/DOE 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 at the public hearing,
- 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.¹³⁷

¹²⁷ 26.06(a)

¹²⁸ 26.06(b)

¹²⁹ 26.06(b)

¹³⁰ 26.06(c)

¹³¹ 26.065(b)

¹³² 26.061(d)

¹³³ 26.065(c)

¹³⁴ 26.065(d)

¹³⁵ 26.065(e)

¹³⁶ 26.05(d-1)

¹³⁷ 26.06(a)

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 within 7 days of the public hearing, however, there is no requirement that it be held on a weekday that is not a holiday.¹³⁸

Elections and Rollback Petitions

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.¹³⁹

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.¹⁴⁰

However, when the tax rate is an increased expenditure for a disaster declared by the governor, an automatic election is not required for the year following the year in which the disaster occurs.¹⁴¹

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 requires on the ballot. Specifically, the voter is asked to vote for or against approving the tax rate adopted.¹⁴² 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.¹⁴³ If the proposition is not approved, the taxing unit's rate is the voter-approval rate.¹⁴⁴

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.¹⁴⁵

The taxing unit has 60 days from the date the corrected bills are mailed to send automatic refunds. After 60 days, taxing units must pay interest on refunds of 1% per month or part of a month, from the date the the corrected bills were mailed to the date the refund is mailed.¹⁴⁶

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.¹⁴⁷

Corrected Tax Bill

If a taxpayer has not paid his taxes, the assessor will mail a corrected tax bill and the reason for it.¹⁴⁸

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 equal to or 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.¹⁴⁹

¹³⁸ 26.06(e)

¹³⁹ 26.07(b)

¹⁴⁰ 26.07(b)

¹⁴¹ 26.042

¹⁴² 26.07(c)

¹⁴³ 26.07(d)

¹⁴⁴ 26.07(e)

¹⁴⁵ 26.07(g)

¹⁴⁶ 31.12(b)(2)

¹⁴⁷ 26.07(g)

¹⁴⁸ 26.07(f)

¹⁴⁹ 26.075

A petition must meet specific requirements:

- It must state the intention to require an election to reduce the tax rate for the current year.¹⁵⁰
- 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.¹⁵¹
- It must be submitted to the governing body within 90 days of the tax rate adoption.¹⁵²

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.¹⁵³

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 (usually May) that allows sufficient time to comply with requirements of other laws.¹⁵⁴

Specific Ballot Language

The ballots for the election ask the voter if they wish to reduce the tax rate to the voter-approval rate.¹⁵⁵ If a majority of the voters approve this proposition, the tax rate for the current year is reduced to the voter-approval rate.¹⁵⁶ If the proposition fails, the current adopted tax rate stands.¹⁵⁷

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.¹⁵⁸ (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.¹⁵⁹

¹⁵⁰ 26.075(d)(1)

¹⁵¹ 26.075(d)(2)

¹⁵² 26.075(d)(3)

¹⁵³ 26.075(e)

¹⁵⁴ 26.075(f)

¹⁵⁵ 26.075(g)

¹⁵⁶ 26.075(h)

¹⁵⁷ 26.075(i)

¹⁵⁸ 26.075(k)

¹⁵⁹ 26.075(j)

DATABASES

Database for Taxing Units

Taxing units 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 (including the Comptroller's rate calculation worksheets in the appendix),
- 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.¹⁶⁰
- Water Districts specifically refer to Tax Code Section 26.18 requiring additional information be included to alert a new purchaser about possible taxes or assessments.¹⁶¹

It will be the responsibility of the taxing unit to keep this information updated.

Database for Appraisal Districts

An appraisal district 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.¹⁶²
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.¹⁶³
3. Is continuously updated as preliminary and revised data become available.¹⁶⁴
4. Is available to the public.¹⁶⁵
5. Is searchable by property address and owner.¹⁶⁶

¹⁶⁰ 26.18

¹⁶¹ Water Code 49.453(e)

¹⁶² 26.17(a)(i)

¹⁶³ 26.17(a)(2)

¹⁶⁴ 26.17(a)(3)

¹⁶⁵ 26.17(a)(4)

¹⁶⁶ 26.17(a)(5)

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.¹⁶⁷
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."¹⁶⁸

In addition to the information listed above, the database must include as to each property on the appraisal roll:

1. the property's identification number;¹⁶⁹
2. the property's market value;¹⁷⁰
3. the property's taxable value;¹⁷¹
4. the name of each taxing unit in which the property is located;¹⁷²
5. for each taxing unit other than a school district in which the property is located:
 - A. the no-new-revenue tax rate; and
 - B. the voter-approval tax rate;¹⁷³
6. for each school district in which the property is located:
 - A. the tax rate that would maintain the same amount of state and local revenue per student that the district received in the school year beginning in the preceding tax year; and
 - B. the voter-approval tax rate;¹⁷⁴
7. the tax rate proposed by the governing body of each taxing unit in which the property is located;¹⁷⁵
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. the no-new-revenue tax rate; and
 - B. the proposed tax rate;¹⁷⁶
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. 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. the proposed tax rate;¹⁷⁷

¹⁶⁷ 26.17(d)

¹⁶⁸ 26.17(a)(6)

¹⁶⁹ 26.17(b)(1)

¹⁷⁰ 26.17(b)(2)

¹⁷¹ 26.17(b)(3)

¹⁷² 26.17(b)(4)

¹⁷³ 26.17(b)(5)

¹⁷⁴ 26.17(b)(6)

¹⁷⁵ 26.17(b)(7)

¹⁷⁶ 26.17(b)(8)

¹⁷⁷ 26.17(b)(9)

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);¹⁷⁸
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);¹⁷⁹
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;¹⁸⁰
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; and¹⁸¹
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.¹⁸²
15. include a link to the Internet database containing information related to protest hearings conducted by the appraisal review board.¹⁸³
16. requires the appraisal district to deliver email notifications to a property owner regarding updates to the property tax database if the property owner registers on the website to receive such notifications.¹⁸⁴
17. Beginning in 2026, approximately 15 coastal counties would have the responsibility of posting information concerning certain contested taxable values.

Databases for Counties

Since 2011, counties have had to maintain information on their websites relative to taxing units' tax rates. The information is referred to as the *Truth-in-Taxation Summary*^{185, 186}. 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 unit¹⁸⁷. The coastal counties mentioned in the section above would also post the same documentation regarding certain contested taxable values beginning in 2026.

¹⁷⁸ 26.17(b)(10)

¹⁷⁹ 26.17(b)(11)

¹⁸⁰ 26.17(b)(12)

¹⁸¹ 26.17(b)(13)

¹⁸² 26.17(b)(14)

¹⁸³ 26.17(c)

¹⁸⁴ 26.17(g)

¹⁸⁵ 26.16(c)

¹⁸⁶ 26.16(a-1)

¹⁸⁷ 26.16(d-1)(1)(2)

SMALL TAXING UNITS (LOW LEVY TAXING UNITS)

Small Taxing Unit (Taxing Units with Low Tax Levies)

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

A taxing unit must meet both conditions to be exempt from the notice of tax rate 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, voter-approval tax rates, and de minimis rates (if applicable) 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 by the designated officer or employee.¹⁸⁸

Once these worksheets have been submitted and the appraisal district has posted or published the required estimated tax 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.¹⁸⁹ 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.¹⁹⁰ The governing body will approve these amounts which will become the tax roll. The assessor mails the tax statements.¹⁹¹

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 or¹⁹²
- publish a notice of the proposed rate in the legal section of a newspaper.¹⁹³

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.¹⁹⁴

Either notice must be made at least 7 days before the date on which the taxing unit meets to adopt the proposed rate¹⁹⁵. Section 26.052(e) (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].”*¹⁹⁶

¹⁸⁸ 26.04(d-3)

¹⁸⁹ 26.05(a)

¹⁹⁰ 26.09(e)

¹⁹¹ 31.01(a)

¹⁹² 26.052(c)(1)

¹⁹³ 26.052(c)(2)

¹⁹⁴ 26.052(f)

¹⁹⁵ 26.052(c)

¹⁹⁶ 26.052(e)(3)

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, the designated officer or employee calculates no-new-revenue and voter-approval tax rates and appraisal district posts and publishes its notice of estimated taxes
- 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

TAXING UNIT 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 the total 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*		Designated officer or employee calculates no-new-revenue and voter-approval tax rates and submits them to governing body
By Aug 7 or*		Designated officer or employee 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*	(fill in blank)	Appraisal district posts and publishes a notice about estimated taxes
	(fill in blank)	Three business days' 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 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)	Three business days' 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

TAXING UNIT (EXCEEDING LIMITS) PLANNING CALENDAR (CONT.)

Statutory Date	Scheduled Date	Activity
	(fill in blank)	Tax rate submitted to assessor
	(fill in blank)	Three business days' 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 the total 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*		Designated officer or employee calculates no-new-revenue and voter-approval tax rates and submits them to governing body
By Aug 7 or*		Designated officer or employee 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 posts and publishes a notice about estimated taxes
	(fill in blank)	Three business days' 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 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 Meeting must be within 7 days of public hearing)
	(fill in blank)	Three business days' 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

TAXING UNIT (EXCEEDING LIMITS) PLANNING CALENDAR (CONT.)

Statutory Date	Scheduled Date	Activity
	(fill in blank)	Tax rate submitted to assessor
	(fill in blank)	Three business days' 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 the total 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*		Designated officer or employee calculates no-new-revenue and voter-approval tax rates and submits them to governing body
By Aug 7 or*		Designated office or employee 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 posts and publishes a notice about estimated
	(fill in blank)	Three business days' 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 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)	Three business days' 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)	Three business days' 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 the total 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*		Designated officer or employee calculates no-new-revenue and voter-approval tax rates and submits them to governing body
By Aug 7 or*		Appraisal district posts and publishes a notice about estimated taxes
	(fill in blank)	Meeting of governing body to take record vote of proposed tax rate
	(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)	Three business days' notice of meeting to adopt tax rate
By Sept 30 or 60 days after receipt of appraisal roll <i>(or 78 days before uniform election date if exceeding voter-approval rate or de minimis rate)</i>	(fill in blank)	Meeting to adopt tax rate
	(fill in blank)	Tax rate submitted to assessor
	(fill in blank)	Three business days' 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

. While school districts do not use a no-new-revenue rate as a benchmark rate as other taxing units do, the calculation appears to be required according to Tax Code Sections 26.05 and 26.16. The taxing unit's designated officer or employee must certify on the Comptroller worksheets that they accurately calculated the rates according to the both Tax Code and Education Code.

No-New-Revenue and Debt Rates

School districts without a Chapter 313 limitation agreement or a JETI agreement 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 or JETI agreement will use a different form (Comptroller Form 50-884). Chapter 313 limitations applications were allowed to expire in 2024, however many school districts will still have to contend with earlier limitation agreements and their adjustments to the tax rate calculations as the agreements can last up to 10 years.

A new tax limitation was created by the Texas Legislature in the Government Code entitled "Texas Jobs, Energy, Technology, and Innovation Act or JETI." These sections authorize a limitation on taxable value of certain property to provide for the creation of jobs and encourage financially positive, large-scale economic development. Section 403.605 provides that the taxable value of eligible property for school district M&O taxes is zero in the tax year for the tax year following the year in which the agreement is made until Dec. 31 of the tax year that includes the construction completion date of the eligible project.

Noted differences from other taxing units:

- School districts do not make adjustments for TIFs (**Line 13** on Form 50-856)
- There is no line for totaling a county's tax rate (**Line 27** on Form 50-856)

- A school district with a Chapter 313 limitation or JETI agreement will use a different form (**Comptroller Form 50-884**)
- School districts may have to adjust debt for IFA or EDA program payments (**Line 30C Comptroller Form 50-859 or Line 41C Comptroller Form 50-884**)
- 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 Chapters 44 and 48 Education Code when calculating their voter-approval tax rate.

The Voter-Approval M & O rate =

MCR + the greater of

\$0.05/\$100 cents

or

The district's DTR approved by voters (up to 17 cents)

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 is a list of some of those terms and acronyms:

- Tier 1 = MCR or Maximum Compressed Rate
- Tier 2 = DTR or (District) Enrichment Tax Rate
- State Compression
- Local Compression
- TY = Tax year (Jan 1 to Dec 31 is TY 2026)
- FY = Fiscal year (varies July 1 to June 30 or Sept 1 to Aug 31 is FY 2027)
- TY 2026 aligns with FY 2027 or 2026-27
- 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

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.

State compression compares the extent to which estimated statewide property value growth exceeds 2.5 percent to determine the MCR for each school district. 2026,

Local compression uses individual district property value growth compared to 2.5 percent to determine the MCR, using the prior-year MCR for each district as a starting point. Since districts receive the lesser of the MCR calculated under state compression or local compression a district's MCR may be lower than the state

MCR depending on the district's prior-year MCR and rate of local property value growth

However, there is a limit to the local compression. In order to maintain tax rate equity, no district may have an MCR less than 90 percent of any other district.

The maximum M&O tax rate for any district in TY 2025 was \$0.8022 (\$0.6322 + \$0.17). Districts with local compression that exceeds state compression will have a lower maximum M&O tax rate.

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. If the district does not appeal the preliminary MCR will become the final MCR.

Tier 2 Tax Rate – Enrichment Tax Rate

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

EXAMPLE | Tier 2 has access to 5 golden pennies without an election for voter approval.

The 5 pennies added to an MCR of .6322 will produce a VAR M&O rate of \$0.6822/\$100.

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

A district that had previously received voter approval to increase its enrichment tax rate may increase its MCR by this approved enrichment tax rate each successive year.

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. Beginning in 2026, the Texas Legislature amended the calculation of a debt rate to the "minimum dollar" amount required to pay debt.

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:

- MCR,
- Tier II enrichment pennies, and
- 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 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 as a district may only hold an election on the uniform election dates of May and November.

Regular Timeline – September 1 Fiscal Year

On or before July 25, the chief appraiser must certify either the appraisal roll or a certified 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. The district will then schedule a public meeting to consider the adoption of the budget and possibly the tax rate.

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. Therefore a school district does not have to adopt a budget and the tax rate at the same time even though this is common practice for most districts.

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.

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.

It is recommended that the school district also post this notice on the district's website even though it is not currently required to do so.

The district must also comply with the Texas Open Meetings Act and at least three business days 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, if the district chooses to adopt the tax rate at the same meeting.

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.

A school district has the option of adopting its tax rate at the same meeting as the adoption of the budget, or it may adopt its tax rate at a future meeting any time before September 30th or the 60th date after receipt of its certified values.

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 rate calculated as provided by Education Code Section 44.004(c)(5)(A)(ii) (Rate to Maintain).
3. Sixty percent of the board must approve a debt rate that exceeds the minimum debt rate calculated and:
 - A. State the calculated rate
 - B. State the proposed rate
 - C. State the difference between the two rates
 - D. Describe the purpose for the excess revenue
4. If the district approves the higher debt rate, it must recalculate the debt rate and voter-approval rate for that year. If the proposed rate exceeds the no-new-revenue tax rate, the motion must be in the following form:
5. "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."
6. 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 MAINTENANCE 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 \$_____”

The same language must be posted on the homepage of the district’s website. However, since school district’s M&O rates are being greatly compressed, this would be a rare occurrence.

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 from the chief appraiser

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:

- It intends to adopt a tax rate that exceeds the proposed rate published using the certified estimate or
- 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 impossible for districts to hold an election earlier than the uniform election date to seek voter approval of a tax rate that exceeds its VAR. In addition, the school district will not know what TEA’s published maximum compression rate will be in August before the values are certified.

*Tax Code Section 26.08 (b) 86th Texas Legislature

Voter-Approval Tax Rate Elections

Tax Code Section 26.08 (b) requires 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 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 30 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

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

- 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.
- 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.
- An explanation of the interest and sinking fund by describing it as the “minimum dollar” amount required to pay debt service for the current year.

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:

- 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.
- 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.

- Last year’s rate vs Proposed rate
- Taxes due on average residence. The amount of taxes due on the average residence for both years.
- 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.

The notice contains a sentence which is a prohibition on the practice known as a “tax swap”. The statement is “*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.*”

A statement informing the public of a database which calculates an estimated tax amount. That additional language states, “Visit Texas.gov/PropertyTaxes to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.”

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.

Beginning in 2026, a school district may not adopt a disaster tax rate if the district had a tax ratification election which failed in a tax year.

Database for School Districts

School districts must post certain information on a its own website or 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 (with an appendix that includes the Comptroller's worksheet for tax rate calculations),
- 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.

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)	Three business days' 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)	Three business days' notice of public hearing and/or adopt tax rate
By Sept 30 or 60 days after receipt of appraisal roll (or 30 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)	Three business days' 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)	Three business days' 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)	Three business days' notice of meeting to adopt tax rate**
By Sept 30 or 60 days after receipt of appraisal roll (or 30 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)	Three business days' 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

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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.

Water Districts 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 District*. The first category is a water district that has an adopted M&O rate of 2.5 cents or less per \$100. (\$0.025/\$100) Referred to as a low tax rate 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 Water Code does not call the taxing units by these titles – Low Tax Rate WATER District or a Developing WATER District. However, the worksheet sometimes include the word WATER when describing these taxing units.” That is why this guidebook will refer to these districts using both titles.)

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.

To calculate the average appraised value of a residence homestead disregard 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(Line 1).

Developed 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.

A developed district **IS NOT** required to have an election to approve a tax rate that is higher than the district's mandatory tax election rate if the adopted rate is less than or equal to the voter-approval tax rate.

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

Developing Water District. This type of water district does not meet the definition of either a Low Tax Rate District or a Developed District. Because the Water Code does not define this type of water district, the Comptroller's office designates it as a Developing Water District. A developing water district's voter-approval tax rate is 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. This is the only

taxing unit in the state that does not have a trigger for an automatic election if the unit adopts a rate higher than its voter-approval rate.

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 and is calculating its rate as if it were a Low Tax Rate District.

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 a 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 for Line 1 using valuations for the current year. (**Line 7**) and the general available exemptions for the current year (**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 (**Line 10**).

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**). There are no

instructions or requirements for the calculation of Lines 11 and 12. These figures must be provided by the district's governing body.

If a low tax rate water district adopts a rate that exceeds the election rate, the district will automatically hold an election. The election rate calculation includes information from the previous lines. The prior year average taxable value is entered on **Line 14** (Previously Line 3). The prior year's adopted TOTAL tax rate is entered on **Line 15**. Multiplying **Line 14** by **Line 15** and dividing by 100 creates a prior year's **TOTAL TAX** on the average home. The next step multiplies this total tax on the average home for the previous year by 1.08 providing an overall increase of 8% (**Line 17**). Dividing **Line 17** by **Line 9** (current average taxable value) and multiplying that number by 100 calculates the election tax rate. If the taxing unit adopts a rate that exceeds the election rate, it must hold an election to ratify the rate. If the election fails, the low tax rate district's rate is the voter-approval rate (**Line 13**). If a developing water district adopts a rate that exceeds the election tax rate, the district is subject to a *petition* for an election to rollback the rate to the voter-approval rate (**Line 13**).

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:

- 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
- the unused increment rate.

Beginning in 2024 the **unused increment tax rate** will be the greater of zero or the amount expressed in dollars calculated according to a formula called the "Foregone revenue amount". The process converts the rate differences

to revenue amounts which are then converted back to a rate used to adjust the voter-approval rate for applicable taxing units.(See page 14)

The foregone revenue rate is calculated using the same process as the other taxing units (See page 14).

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

The voter-approval rate uses the same calculations and steps as the low tax rate and developing water districts on Lines 1-12 of Comptroller Form 50-858. However, Line 6 uses a 3.5% increase instead of an 8% increase. Line 13 is the beginning of the calculation for the unused increment rate. As stated above, the process for calculating the unused increment rate is the same as the process for other taxing units on page 14. Lines 13-15 are used to calculate the foregone revenue amount for up to 3 prior years. Adding these lines together creates Line 16 for the total foregone revenue amount. The total foregone revenue amount is then divided by current total value which is not used on any other water district worksheet. This information must come directly from the assessor who receives it from the appraisal district and then submits it to the governing body.¹⁹⁷ The unused increment rate (Line 17) is added to Lines 10,11 and 12 to create the voter-approval rate for a developed water district. (currently the Comptroller's form has no instructions for **Line 18**)

Section 2 calculates a Mandatory Tax Election Rate. This process uses information from earlier entries on the worksheet. **Line 19** is the average taxable value of a residence homestead for the prior year (same as Line 3). **Line 20** is the **TOTAL TAX RATE** from the prior year. Multiplying **Line 19** times **Line 20** and dividing by 100 creates a total tax for the previous year (**Line 21**). This

¹⁹⁷ 26.012 26.04(b)

total tax is multiplied by 1.035 to create a 3.5% increase (**Line 22**). The increased tax is then divided by the current taxable value of the average residence homestead (**Line 9**) to create the mandatory tax election rate before adding the *current* unused increment rate (**Line 17**) for a final mandatory tax election rate (**Line 24**). Based on this calculation it appears that last year's unused increment rate (**Line 20**) and this year's unused increment rate (**Line 17**) are both a part of the mandatory tax election 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 (unless the adopted rate is equal to or less than the voter-approval 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 three exceptions:

- The average residence homestead increase multiplied by 1.035 (Line 6) and
- An unused increment rate is added on Lines 13 through 16
- The mandatory tax election tax rate adds both the unused increment rate for the prior year and the current year

Special Provisions

If any part of the Developed District is located in an area declared a disaster area during the current tax year, 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.

Note that some water districts do NOT have a residence homestead within its boundaries. This makes the calculations and notice extremely difficult to do. Water districts that do NOT have a residence homestead should seek legal advice on what steps to take.

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.

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
- average appraised residence value
- general exemptions
- average taxable residence value
- tax on average 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.

Developed/Developing District

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 DISTRICTS 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)	Three business day 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 the newspaper at least 7 days before meeting (or 10 days if mailed to each property owner)
	(fill in blank)	Three business day 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)	Three business day 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

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	Tax Code 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 (to county tax assessor-collector)	
Aug 1	26.04 (b)	Collector	Certified Excess Collections Certified Anticipated Collection Rate Refund Report	
Aug 7	26.04 (e)	Designated officer or employee	Submit Rates to Governing Body	
Aug 7	26.04 (e)	Designated officer or employee	Posts Comptroller Form 50-212 on homepage	
Aug 7	26.04 (e-2)	Chief Appraiser	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 nor under protest	
		Value of properties with tax ceilings (current year)	
		Value of annexed property (after Jan 1 of prior year)	
		Value of new improvements	
		Captured appraised value of Chapter 313 agreements	

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.)	
		Amount of additional sales tax to be used to reduce debt	
		Certificate signed by CFO or Auditor regarding sales tax and debt	
		Transfer of a function amount	
		Enhanced Indigent Health Care Expenditures	
		Amount of Eligible County Hospital Expenditures (county or city)	
		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) and Comptroller Form 50-882 Certification regarding Sales Tax and Debt	
		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	
		County only – Amount for Indigent Defense Compensation	

Checklists AFTER calculations

Date Requested	Required of	Action	Completed
	Appraisal District	Notification of Tax Code Section 26.04 (e-2) published	
	Designated officer or employee	Online posting of No-new-revenue Tax Rate (Comptroller Form 50-212)	
	Designated officer or employee	Submission of calculated rates to governing body	
	Designated officer or employee	Submission of worksheets to county tax assessor-collector	
	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

Some statutes have been amended by recent legislation and cannot be updated in this format at this time, however a summary of the new laws follows this section

Tax Code Statutes

Timeliness	Section 1.06
Delivery.....	Section 1.07
Definitions.....	Section 26.012
Debt	
De Minimis Rate	
No-new-revenue M&O Rate	
Special Taxing Unit	
Unused Increment Rate.....	Section 26.013
Calculations.....	Section 26.04
No-new-revenue tax rate	
Voter-approval tax rate	
Certification of Calculations	
Anticipated Collection Rate	
Hyperlink	
County Indigent Defense Compensation	Section 26.0442
Eligible County Hospital Expenditures.....	Section 26.0443
Tax Rate.....	Section 26.05
Uniform Election Date	
Debt Rate	
Special Motion Language	
CADs Estimated Tax Notice	
Certification by CFO or Auditor	
Notices	Section 26.06
Adopt Rate at Public Hearing	
Voter-Approval Election.....	Section 26.07
Petition Process.....	Section 26.075
School District Election	Section 26.08
Approval of Tax Roll.....	Section 26.09

Election Code Statute

Time for Ordering Election.....	Section 3.005
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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 or in the case of a payment of taxes a day on which the tax office is closed, 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. This presumption is rebuttable when evidence of failure to receive notice is provided.

Sec. 26.012. Definitions

Debt Service

(3) "Current debt service" means the minimum dollar amount required to be expended for debt service for the current year.

Debt Criteria

(7) "Debt" means:

(A) a bond, warrant, certificate of obligation, or other evidence of indebtedness owed by a taxing unit that:

(i) is payable from property taxes in installments over a period of more than one year, not budgeted for payment from maintenance and operations funds, and secured by a pledge of property taxes; and

(ii) meets one of the following requirements:

- (a) has been approved at an election;
- (b) includes self-supporting debt;
- (c) evidences a loan under a state or federal financial assistance program;
- (d) is issued for designated infrastructure;
- (e) is a refunding bond;
- (f) is issued in response to an emergency under Section 1431.015, Government Code;

(g) is issued for renovating, improving, or equipping existing buildings or facilities;

(h) is issued for vehicles or equipment; or

(i) is issued for a project under Chapter 311, Tax Code, or Chapter 222, Transportation Code, that is located in a reinvestment zone created under one of those chapters;[;] or

(B) a payment made under contract to secure indebtedness of a similar nature issued by another political subdivision on behalf of the taxing unit.

(9) "Designated infrastructure" means infrastructure, including a facility, equipment, rights-of-way, or land, for the following purposes:

(A) streets, roads, highways, bridges, sidewalks, parks, landfills, parking structures, or airports;

(B) telecommunications, wireless communications, information technology systems, applications, hardware, or software.

(C) cybersecurity;

(D) as part of any utility system, water supply project, water plant, wastewater plant, water and wastewater distribution or conveyance facility, wharf, dock, or flood control and drainage project;

(E) police stations, fire stations, or other public safety facilities, jails, juvenile detention facilities, or judicial facilities, and any facilities that are physically attached to the facilities described by this paragraph;

(F) as part of any school district; or

(G) as part of any hospital district created by general or special law that includes a teaching hospital.

(18-a) "Refunding bond" means a bond or other obligation issued for refunding or refinancing purposes under Chapter 1207 or 1371, Government Code.

(18-b) "Self-supporting debt" means the portion of a bond, warrant, certificate of obligation, or other evidence of indebtedness described by Subdivision (7)(A)(i) designated by the governing body of a political subdivision as being repaid from a source other than property taxes.

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:

$$\text{NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE} = \frac{(\text{LAST YEAR'S LEVY} - \text{LAST YEAR'S DEBT LEVY} - \text{LAST YEAR'S JUNIOR COLLEGE LEVY})}{(\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})}$$

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.

(1-a) "Foregone revenue amount" means the greater of:

(A) zero; or

(B) the amount expressed in dollars calculated according to the following formula:

$$\text{FOREGONE REVENUE AMOUNT} = (\text{VOTER-APPROVAL TAX RATE} - \text{ACTUAL TAX RATE}) \times \text{PRECEDING TOTAL VALUE}$$

(1-b) "Preceding total value" means a taxing unit's current total value 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:

$$\text{UNUSED INCREMENT RATE} = \frac{(\text{YEAR 1 FOREGONE REVENUE AMOUNT} + \text{YEAR 2 FOREGONE REVENUE AMOUNT} + \text{YEAR 3 FOREGONE REVENUE AMOUNT})}{\text{CURRENT TOTAL VALUE}}$$

Calculations

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:

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

; 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:

$$\text{VOTER-APPROVAL TAX RATE} = (\text{NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE} \times 1.08) + \text{CURRENT DEBT RATE}$$

or

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

$$\text{VOTER-APPROVAL TAX RATE} = (\text{NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE} \times 1.035) + (\text{CURRENT DEBT RATE} + \text{UNUSED INCREMENT RATE})$$

Effect of Disasters

Certification of Calculations

(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.

(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

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.

Hyperlink

(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. The designated officer or employee must include a hyperlink described by Section 5.07(g)(4) on the form.

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:

(Current Tax Year's Eligible County Hospital Expenditures - Preceding Tax Year's Eligible County Hospital Expenditures) / (Current Total Value - New Property Value)

or

(Preceding Tax Year's Eligible County Hospital Expenditures x 0.08) / (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.

Tax Rate

Sec. 26.05. Uniform Election Date

(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)."

CADs Estimated Tax Notice

(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.

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.

(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.

(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.

Approval of Tax Roll

Sec. 26.09. Calculation of Tax

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 (all worksheets are prescribed by the Comptroller's office)

50-856, 2026 Tax Rate Calculation Worksheet – Taxing Unit Other Than School Districts

50-856-A, 2026 Supplemental Tax Rate Calculation Worksheet (for Taxing Units in a Disaster Area)

- 50-859, 2026 Tax Rate Calculation Worksheet – School Districts Without Chapter 313 and JETI Agreements
- 50-884 2026 Tax Rate Calculation Worksheet – School District with Chapter 313 and JETI Agreements
- 50-858 2026 Tax Rate Calculation Worksheet – Water Districts (Low Tax Rate and Developing Districts)
- 50-860 2026 Tax Rate Calculation Worksheet – Water Districts (Developed)

Most of the following notices are not prescribed by law to be updated by the Comptroller's office; therefore, it would be advisable to review the notices for timeliness. Forms prescribed by code are noted.

Ballots

- 50-861, Ballot to Approve Tax Rate for Taxing Units Other Than School Districts
- 50-863, Voter-Approval Tax Rate Election Ballot for School Districts

Certification Form

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

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 (prescribed)
- 50-757, Low Levy Taxing Unit - 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

- 50-874, Proposed Rate Greater Than Voter-Approval Tax Rate and De Minimis Rate
- 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; De Minimis Rate Exceeds Voter-Approval Tax Rate
- 50-879, Proposed Rate Does Not Exceed No-New-Revenue Tax Rate, but Exceeds Voter-Approval Tax Rate, but not De Minimis Rate

- 50-880, Proposed Rate Does Not Exceed No-New-Revenue Tax Rate, but Exceeds Voter-Approval Tax Rate; De Minimis Rate Exceeds Voter-Approval Tax Rate
- 50-887, Proposed Rate Does Not Exceed No-New-Revenue Tax Rate, but *Exceeds Voter-Approval Tax Rate*, but not De Minimis Rate

School Districts

- 50-280, Notice of Public Meeting to Discuss Budget and Proposed Tax Rate (prescribed)
- 50-777, Notice of Public Meeting to Discuss Proposed Tax Rate(prescribed)
- 50-786, Notice of Public Meeting to Discuss Budget (prescribed)

Water Districts

- 50-304, Water District Notice of Public Hearing on Tax Rate

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