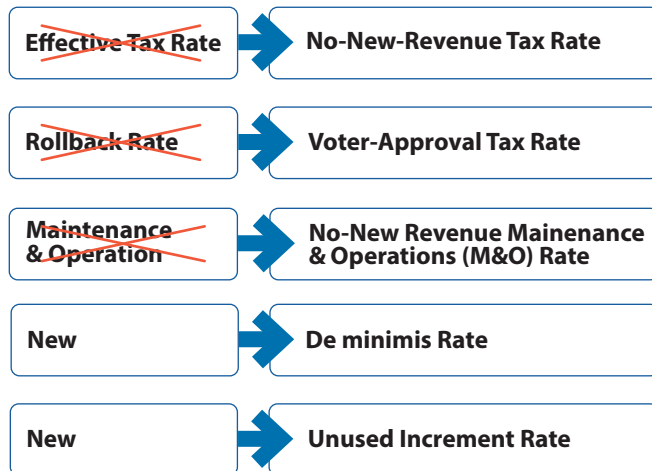


Introducing a New TNT (Truth-In Taxation)

New Terminology and Calculations

Senate Bill 2, 86th Legislative Session made several significant changes to the truth-in-taxation process.

Below is new terminology and calculations from this legislation.



Under S.B.2, the calculation now looks like this:

(1) "NO-NEW-REVENUE TAX RATE"

means a rate expressed in dollars per \$100 of taxable value calculated to the following formula:

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

(2) "VOTER-APPROVAL TAX RATE"

means a rate expressed in dollars per \$100 of taxable value calculated to one of the following applicable formulas:

(A) For a special taxing unit:

$$\text{VOTER-APPROVAL TAX RATE} = (\text{NO-NEW REVENUE M\&O RATE} \times 1.08) + \text{CURRENT DEBT}$$

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

$$\text{VOTER-APPROVAL TAX RATE} = (\text{NO-NEW-REVENUE M\&O RATE} \times 1.035) + \text{CURRENT DEBT RATE} + \text{UNUSED INCREMENT RATE}$$

What adopted tax rates trigger an election or petition?

ADOPTED TAX RATE IS:

| | |
|--|-------------------------------------|
| BELOW voter-approval tax rate | No election required |
| ABOVE voter-approval tax rate but BELOW de minimis rate | Voters may petition for an election |
| ABOVE voter-approval tax rate; Taxing unit does not calculate a de minimis rate | Election required |
| ABOVE voter-approval tax rate and ABOVE the de minimis rate | Election required |

Revenue Threshold in Voter-approval Tax Rate

(or threshold over which voters must approve tax increases)

| Taxing Unit | Voter-Approval Tax-Rate | Effective Date |
|-----------------------|-------------------------|----------------|
| Cities / Counties | 3.5% | Jan. 1, 2020 |
| Special Taxing Units* | 8% | No Change |
| School Districts | 2.5% | Sept. 1, 2020 |

*Hospitals, Junior Colleges and Special Districts with M&O tax rate of 2.5 cents or less

Where can I find more information?

Information is typically obtained from the resources below, but may be different for your organization.

What information is available from my appraisal district?

1. Certified taxable values
2. Property value under protest
3. New real property and improvement value
4. Value of property lost
5. Captured appraisal values for tax increment financing (TIFs)
6. Property known, but not certified
7. Property with tax ceiling

What information is available from my governing body?

1. Debt information
2. Unencumbered fund balance
3. TIF payments
4. Amount if transferring a function
5. Sales tax spent for no-new-revenue maintenance and operations
6. Enhanced indigent health care information
7. Criminal justice mandate information

What information is available from Texas Comptroller of Public Accounts?

1. Railroad rolling stock value
2. Sales tax information (if applicable)

What information is available from collectors?

1. Refund information
2. Excess collections

Terms and Definitions

No-new-revenue tax rate

(Last year's levy minus lost property levy) divided by (current total value minus new property value).

Voter-approval tax rate for a special taxing unit

Voter-approval tax rate equals (no-new-revenue maintenance and operations tax rate times 1.08) plus current debt rate.

Voter-approval tax rate for a taxing unit other than a special taxing unit

(No-new-revenue maintenance and operations tax rate times 1.035) plus current debt plus unused increment rate.

No-new-revenue maintenance and operations rate

(Last year's levy minus last year's debt minus last year's junior college levy) divided by (current total value minus new property value).

De minimis rate

The rate is 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 current total value, will impose an amount of taxes equal to \$500,000, and
- (C) a taxing unit's current debt rate.

Unused increment rate

A taxing unit that did not use all of its revenue growth may bank that unused growth as long as the taxing unit averaged below 3.5 percent of the voter-approval rate over three years. For the 2020 tax year, the unused increment rate is zero.

For more information, visit our website:
comptroller.texas.gov/taxes/property-tax

Texas Comptroller of Public Accounts
Publication #98-1080
May 2020