




Back to Basics: Local Government Levy Engagement

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TEXAS TAXPAYERS
TTARA
AND RESEARCH ASSOCIATION



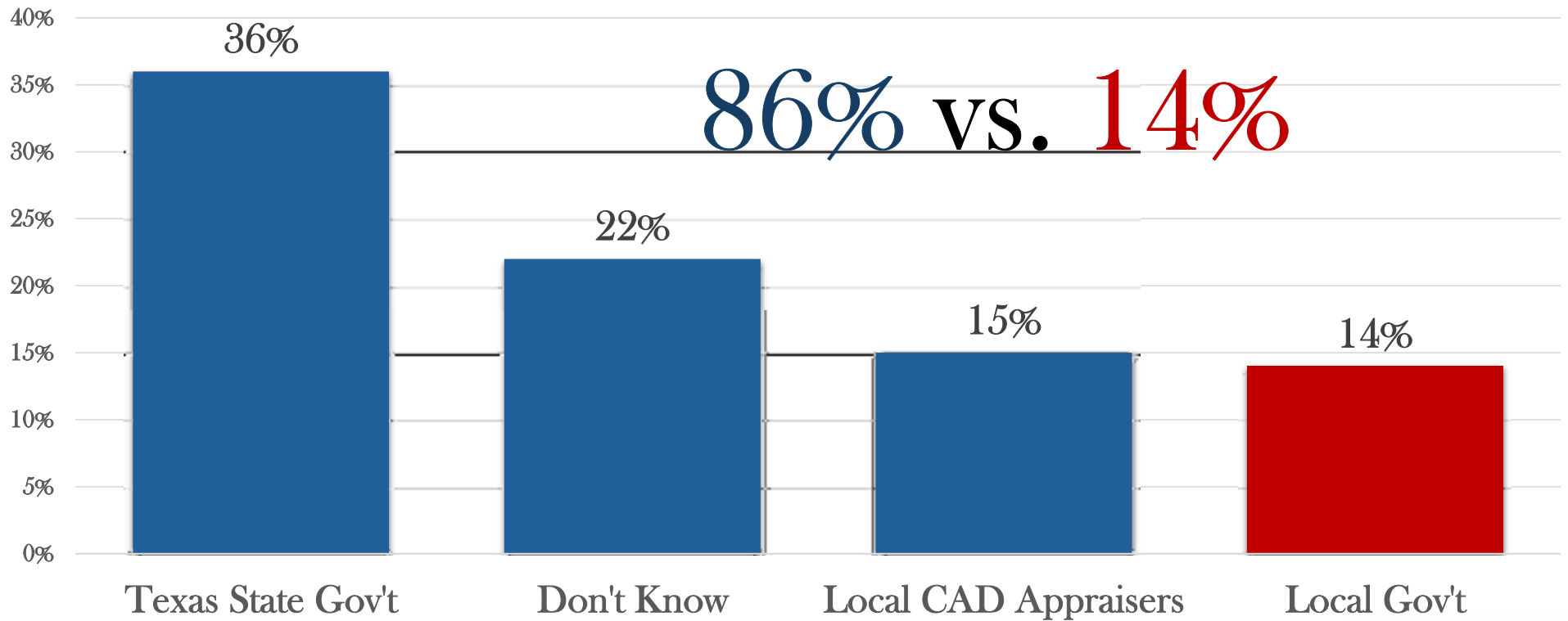
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Topics for today:

- Who is to Blame for High Property Taxes?
- Property Tax Equation Review
- Property Tax Relief Trivia
- Engaging Local Governments

Who is at fault for high property taxes?



Redfield & Wilton Strategies/Newsweek Poll

Property Tax Equation

$$\text{Value} \times \text{Tax Rate} = \text{Tax Levy}$$

Per \$100

- Current focus of the *Taxpayer*
- First figure known to the *Taxpayer*
- Market is the Market
- Appraisal district determines market value

- Tax Rates are not set in statute
- *Taxing Unit* sets the tax rate not the appraisal district
- *Taxing Unit's Budget* is the ultimate determining factor of the tax rate

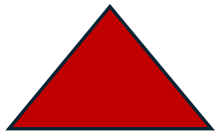
- Focus of the *Taxing Unit*
- First figure known to the *Taxing Unit*
- Total dollars needed to fund the *Taxing Unit's Budget*

Property Tax Equation

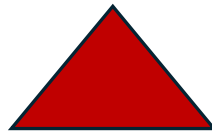
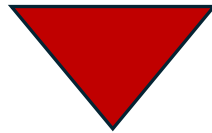
$$\text{Value} \times \text{Tax Rate} = \text{Tax Levy}$$

Per \$100

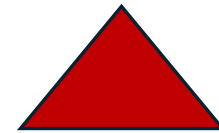
Relationships Matter



Inverse
Relationship



Direct
Relationship

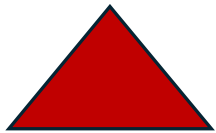


Property Tax Equation

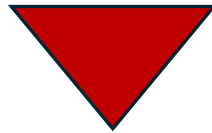
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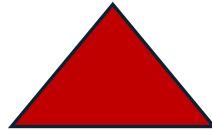
Relationships Matter



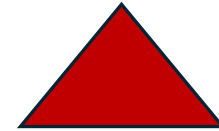
Inverse
Relationship



*Vice
Versa*



Direct
Relationship



Property Tax Equation

$$\text{Value} \times \text{Tax Rate} = \text{Tax Levy}$$

Per \$100

\$500,000

\$0.10

\$50,000

\$450,000

\$0.11

\$50,000

Property Tax Equation

$$\text{Value} \times \text{Tax Rate} = \text{Tax Levy}$$

Per \$100

\$500,000

\$0.10

\$50,000

\$500,000

\$0.09

\$45,000

Change your mindset!

- Value does **NOT** determine tax
- Tax Rate **DOES** determine tax
- Local Government Budgets **DRIVE** tax rates

*Until the **budget** and corresponding tax rate to fund the **budget** are adopted your tax is*

ZERO!



Property Tax Relief Trivia

- Is the school district M&O tax rate compression passed with SB 2 in the 88th Legislative Session property tax relief?

- Compression of tax rates is equal relief for all taxpayers through lower collection of local property tax levies.



Property Tax Relief Trivia

- Is the school district \$100,000 increased homestead exemption passed with SB 2 in the 88th Legislative Session property tax relief?
- Additional exemptions on property already on the tax roll simply shifts tax dollars from homesteads to non-exempted property through higher tax rates.
- Those who benefit from the increased exemption do not experience dollar-for-dollar relief because they too must pay on higher tax rates.



Property Tax Relief Trivia

- Is the 20% appraisal cap “Pilot Program” passed with SB 2 in the 88th Legislative Session property tax relief?
- Limiting value growth on property already on the tax roll simply shifts tax dollars from capped property to non-capped property through higher tax rates.
- Those who benefit from the appraisal cap do not experience dollar-for-dollar relief because they too must pay on higher tax rates.



Property Tax Relief Trivia

- Is the election of three new CAD board of directors in populous counties passed with SB 2 in the 88th Legislative Session property tax relief?
- The board of directors of an appraisal district have two main duties – approve the appraisal district budget and choose the chief appraiser.



Property Tax Relief Trivia

- Is the school district M&O tax rate compression based on value growth passed with HB 3 in the 86th Legislative Session property tax relief?
- Compressing tax rates is equal relief for all taxpayers through lower collection of local property tax levies.
- Maintaining the inverse relationship between values and tax rates ensures taxes do not increase with value growth alone.



Property Tax Relief Trivia

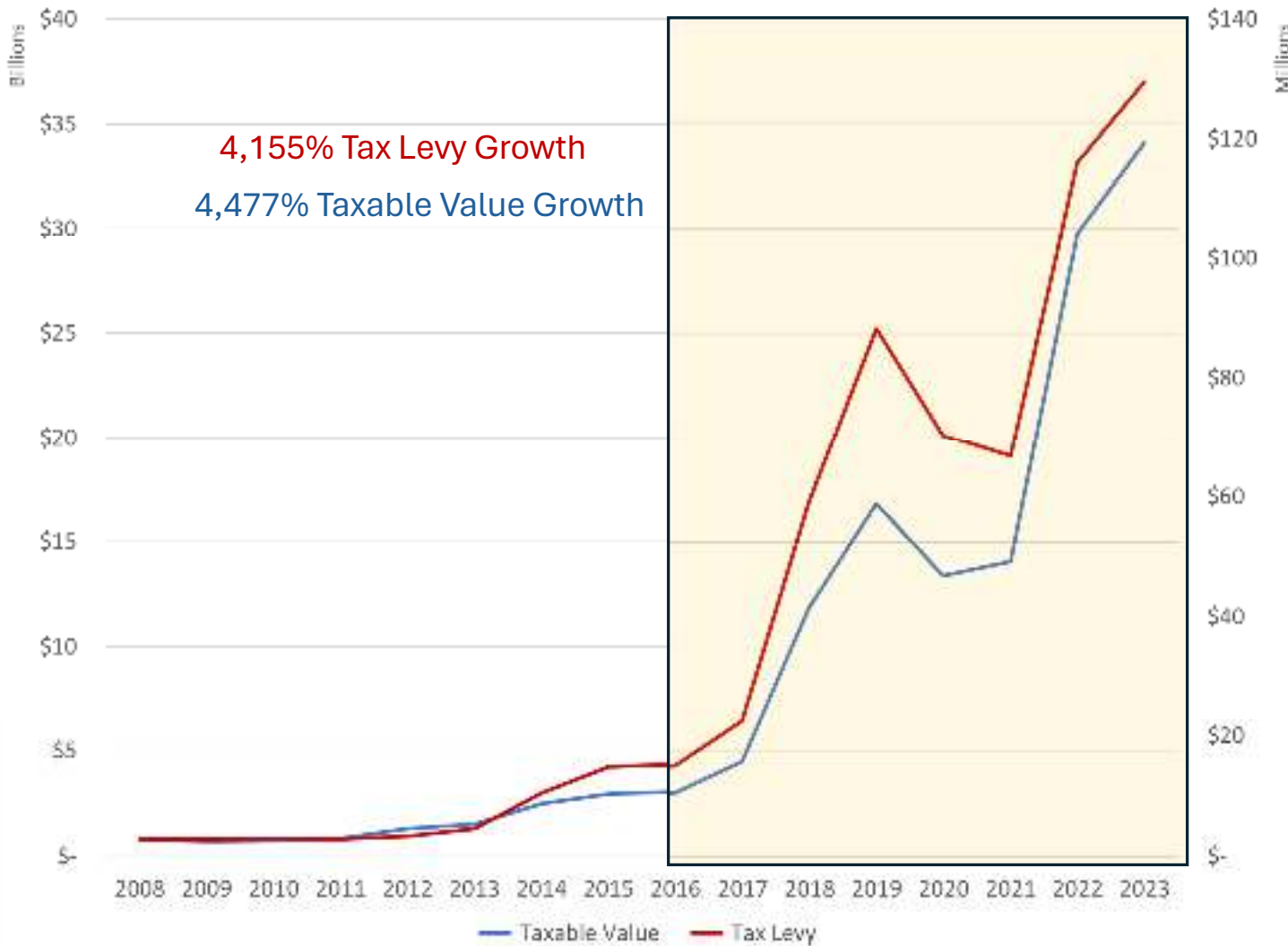
- Is the lower limit on revenue growth for cities and counties from 8% to 3.5% passed with SB 2 in the 86th Legislative Session property tax relief?
- Limiting the growth of local government spending slows the tax growth for all taxpayers equally.
 - Cities and Counties can increase their revenue growth above 3.5%, but it requires voter approval.



Who sets your property tax bill?

- Not the Appraisal District
 - Appraisal District only determines your proportionate share of the total levy through the valuation process
- Not the Texas Legislature
 - Texas does not have a state property tax
 - The Legislature can put in some limitations and transparency protections for the taxpayer
- *Local Governments* set the tax rates that calculate your property tax bill and collect property taxes through locally elected officials

Taxable Value vs. Tax Levy: Single County Example



Why is it important?

Is the cause the Value, Rate, or Budget?

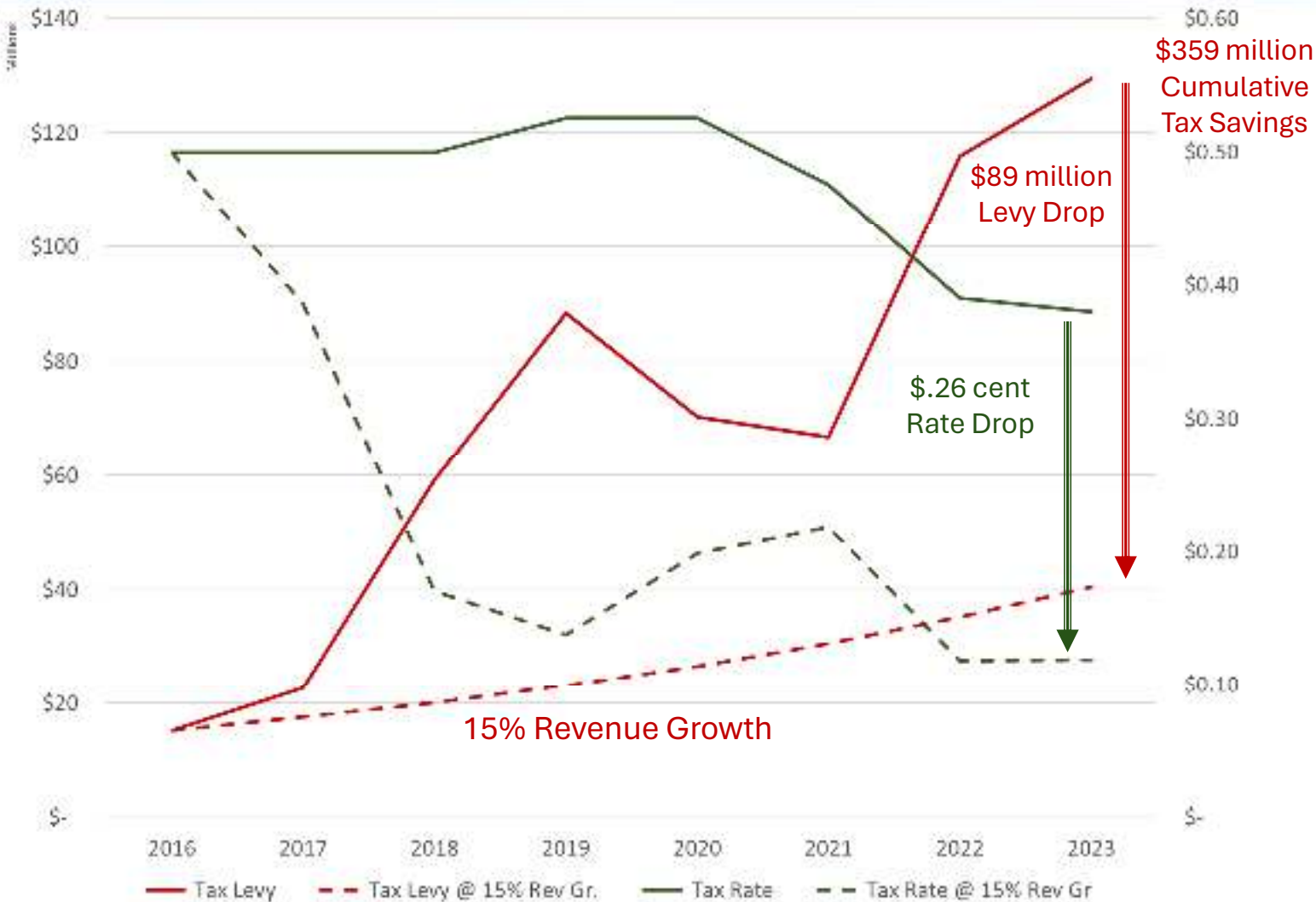
Tax Levy vs. Tax Rate: 2016 - 2023 in Focus



Why is it important?

Is the cause the Value, Rate, or Budget?

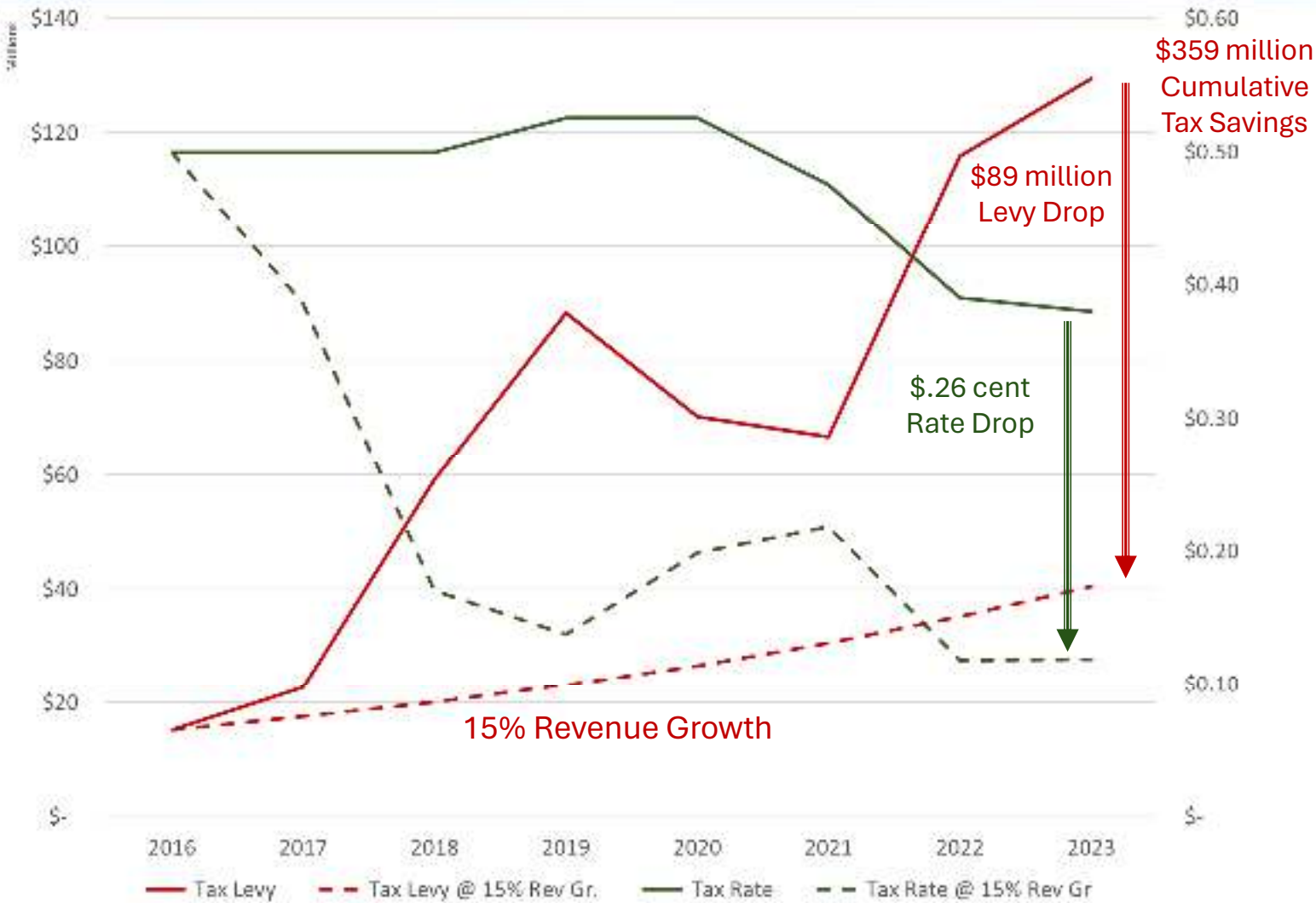
Tax Levy & Tax Rate *IF* Lower Rates Were Adopted



Why is it important?

Is the cause the Value, Rate, or Budget?

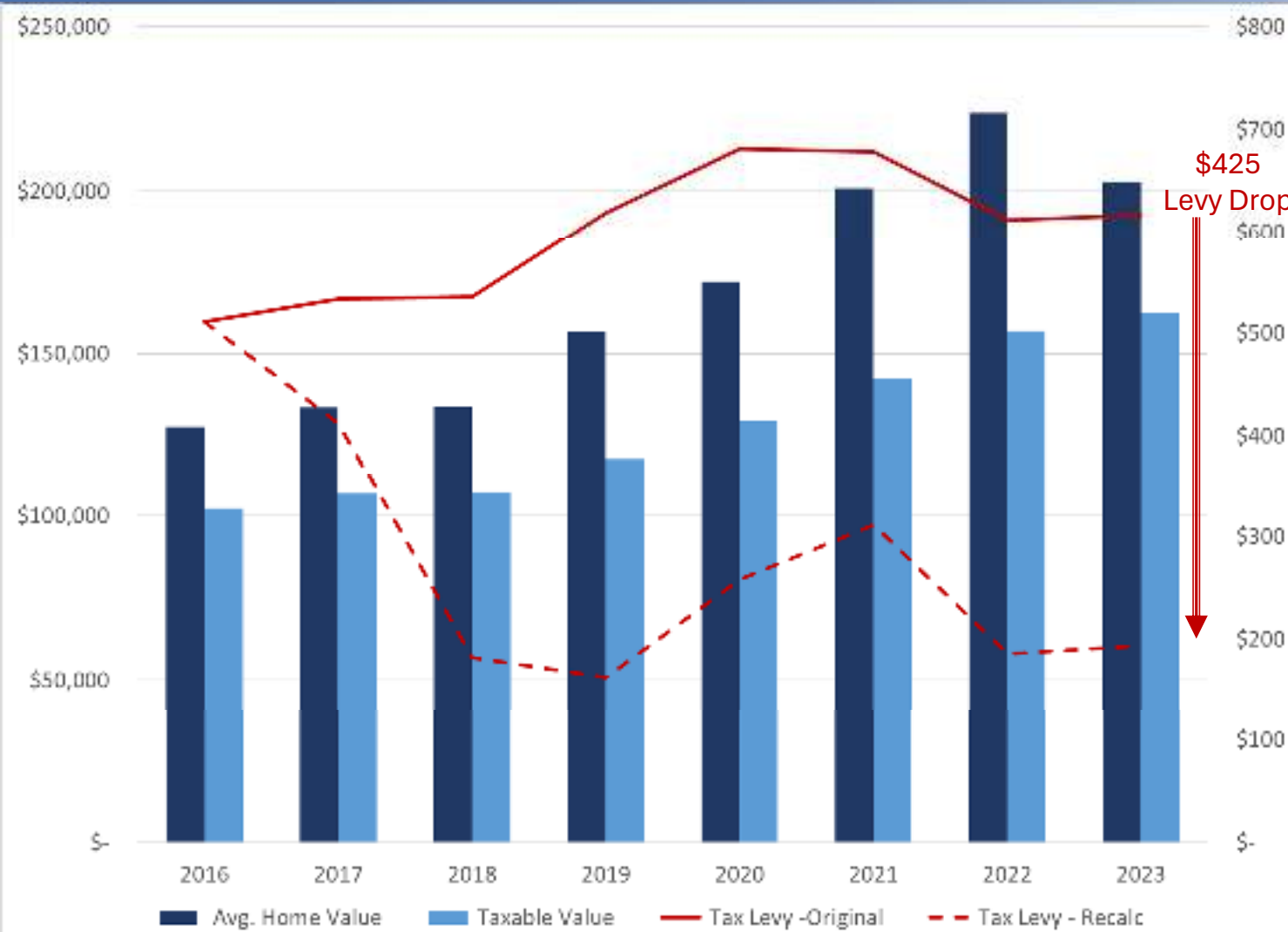
Tax Levy & Tax Rate IF Lower Rates Were Adopted



Why is it important?

Is the cause the Value, Rate, and Budget?

Average Home Value & Levy within County



Perspective of the Average Homeowner

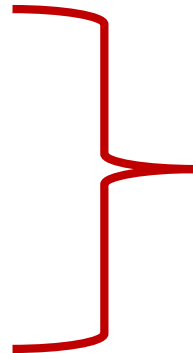
\$425 Levy Drop

\$2,570 Cumulative Tax Savings

Engaging those responsible!

- *Local Governments* set the tax rates that calculate your property tax bill and collect property taxes through locally elected officials

- School Trustees
- City Council Members
- City Mayor
- County Commissioners
- County Judge



External Partners:

- Chief Appraisers
- Assessor/Collector
- School Superintendent
- School Business Manager
- County Auditor
- Budget Officer



Who should
engage?

Top Taxpayers!



Rate adoption process and TNT

- Three major components of property tax system – appraisal, *assessment* and collection
- Assessment encompasses tax rate adoption and tax bill calculation
- Truth-in-Taxation (TNT) Laws
 - Notice of revaluation and protest process
 - Notice of proposed tax increase
 - Opportunity for public comment and limitation
- Texas Constitution, Art. VIII, Sec. 21
- Property Tax Code, Chapter 26



How do you begin?

- This is *NOT* a once-a-year and done process
 - It takes multiple years to build an effective *relationship with external partners* to overcome the non-resident/non-voting taxpayer issue
- Coordinate with your government relations on the extent to which you can be involved
- Routinely monitor agendas and minutes through out the year to stay informed of topics within the jurisdiction
 - Most agendas and minutes are posted to website
 - Counties typically meet twice a month with budgetary discussion occurring during one of the hearings
 - School districts typically meet once a month
 - Some taxing units will live stream the meetings
 - This does not replace being seen at the meeting
 - Some taxing units provide a video replay

Look for the meeting agenda

- Time of Posting - 72 hours prior to meeting
 - Government Code § 551.043(a) - The notice of a meeting of a governmental body must be posted in a place readily accessible to the general public at all times for *at least 72 hours before the scheduled time* of the meeting, except as provided by Sections 551.044 - 551.046.
 - Internet Posting Requirements - Government Code § 551.043(b) - Allows a governmental body to post notice of a meeting on the Internet
- Note: Routine meetings are general scheduled on a recurring day of the month
 - 3rd Monday or 2nd and 4th Tuesday
 - Does not remove the possibility of a special meeting posting
- If you can't make the meeting - Review the meeting minutes!



2 Deadlines linking appraisals to budget/rate adoption

1. **July 20** - ARB approves appraisal records
 - May be extended to **August 30** in counties with over 1 million population (Harris, Dallas, Tarrant, Bexar, Travis, Collin)
 - ARB may not approve appraisal records if 5% of appraisal roll remains under protest - 10% for counties of 1 million+
2. **July 25** - Chief Appraiser certifies estimated value
 - If no ARB approval by July 20 Chief Appraiser must prepare and certify an estimate of taxing unit taxable value



Review the proposed budget

- Specifically, the *Cover Page!*

Revised: County has debt payments of \$500,007.75 due, in 2024.

Revised: County has estimated fund balances in General Fund of \$119,502,705.35 and Road and Bridge an estimated fund balance of \$28,996,156.25.

Revised: County is proposing a tax rate of \$0.39000.

This budget will reduce overall revenue from last year's budget by \$13,288,299.98 or 11.61 percent, and of that amount \$ 330,206.19 is tax revenue to be raised from new Property added to the tax roll this year.

Review the tax rates

2023 Tax Rate Calculation Worksheet
 Taking Units Other Than School Districts or Water Districts

Worksheet for 2023 Tax Rate Calculation

Worksheet for 2023 Tax Rate Calculation

SECTION 1 - No-New-Revenue Tax Rate

The TNT rate is the highest rate that will generate the same amount of revenue as the previous year's rate, but not more. It is calculated based on the previous year's revenue and the current year's assessed value. The TNT rate is the highest rate that will generate the same amount of revenue as the previous year's rate, but not more. It is calculated based on the previous year's revenue and the current year's assessed value.

SECTION 2 - Voter-Approval Tax Rate

The VAT rate is the highest rate that will generate the same amount of revenue as the previous year's rate, but not more. It is calculated based on the previous year's revenue and the current year's assessed value. The VAT rate is the highest rate that will generate the same amount of revenue as the previous year's rate, but not more. It is calculated based on the previous year's revenue and the current year's assessed value.

Rate	2022 Assessed Value	2023 Assessed Value
1. NEED TO BE DETERMINED - The 2023 TNT rate is the highest rate that will generate the same amount of revenue as the previous year's rate, but not more. It is calculated based on the previous year's revenue and the current year's assessed value.		
2. 2022 voter-approval rate - The 2022 voter-approval rate is the highest rate that will generate the same amount of revenue as the previous year's rate, but not more. It is calculated based on the previous year's revenue and the current year's assessed value.		
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Worksheet for 2023 Tax Rate Calculation

Worksheet for 2023 Tax Rate Calculation

- What are the tax rates and what do they mean?
 - **No-New-Revenue Tax Rate** - the rate that will generate the previous year's revenue when applied to current values of properties on last year's tax roll.
 - **Voter-Approval Tax Rate** - the rate that triggers an automatic ratification election to obtain voter permission to exceed voter-approval rate.
- Review the Truth-in-Taxation (TNT) forms

Where to find the information

- [Texas.gov/propertytaxes](https://www.texas.gov/propertytaxes)

Property Tax Transparency in Texas

The budgets adopted by taxing units and the tax rates they set to fund those budgets play a significant role in determining the amount of taxes each property owner pays. In 2019, the Texas Legislature passed legislation to help Texans better understand tax rates in their home county. Access timely information about how local tax rate decisions affect your tax bill on your county's Truth in Taxation website.

If you have questions about your property taxes, please contact your county's Tax Assessor-Collector.

Find your county's website



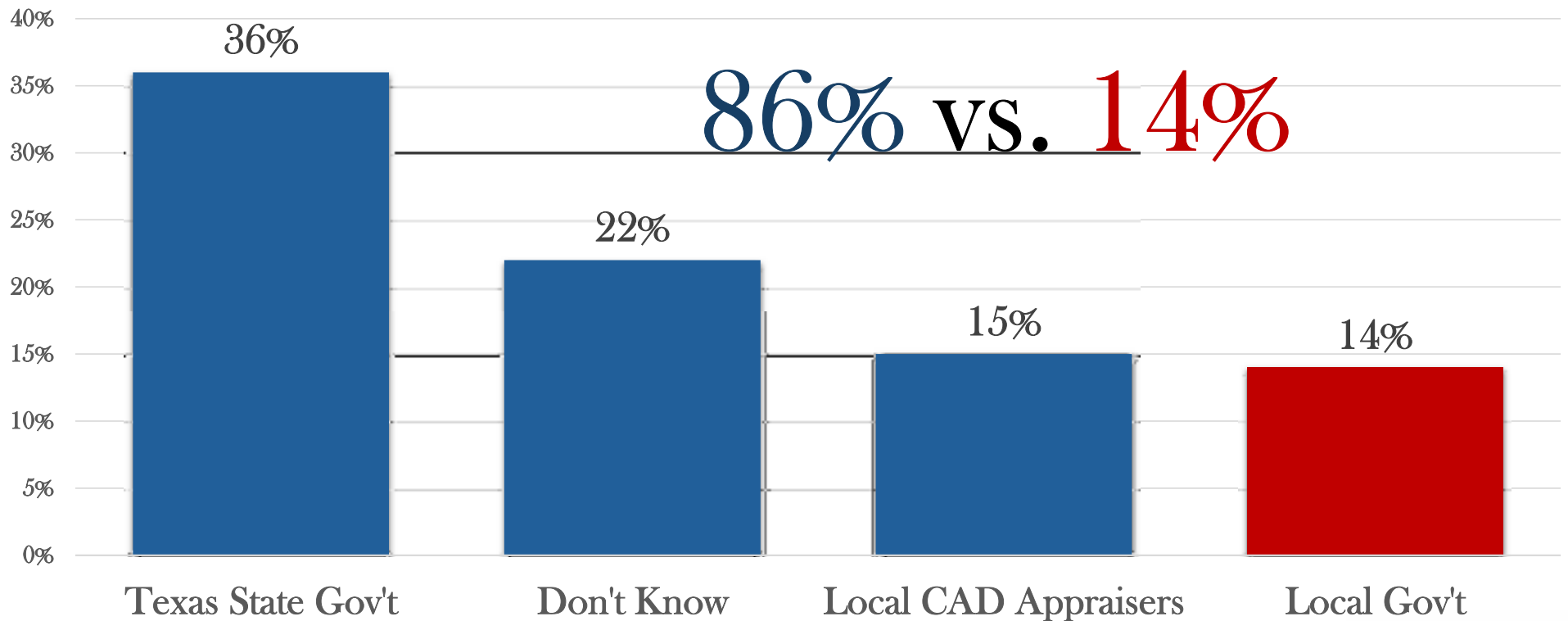
Additional benefits & value creation

- Monitoring budgets and tax rates are not all about tax savings
 - Open doors to being a good corporate neighbor
 - Focus on local government relations
 - Identification of local needs leading to corporate giving opportunities
 - Partner with local taxing jurisdictions on value forecasts



Showing up is
90% of the
battle!

Final call to action - Reverse of this trend!



Redfield & Wilton Strategies/Newsweek Poll



Questions?



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