



# Testimony before the Select Committee on Property Tax Reform

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TEXAS TAXPAYERS  
**TTARA**  
AND RESEARCH ASSOCIATION

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# Interim Charge

**Evaluate the effective tax rate and rollback tax rate calculations and identify modifications that would yield a rollback process that is meaningful for local governments and for citizens. Evaluate whether the current rollback election trigger serves modern objectives.**

# Truth-in-Taxation

- **Cities, counties, and special districts: effective tax rates calculated annually to determine the rates required to raise the same revenues for maintenance and operations (M&O) as prior year**
- **If adopted M&O rate exceeds effective rate by 8% in new revenue (excluding new value), a voter petition to “rollback” the proposed tax increase to 8% authorized**
- **Petition requires signatures of 7% of registered voters in a taxing unit if the rate adopted for the current year imposes M&O taxes of at least \$5 million**
- **Petition requires signatures of 10% of registered voters in a taxing unit if the rate adopted for the current year imposes M&O taxes of less than \$5 million**
- **Submission of petitions on or before the 90<sup>th</sup> day after the adoption of the tax rate**

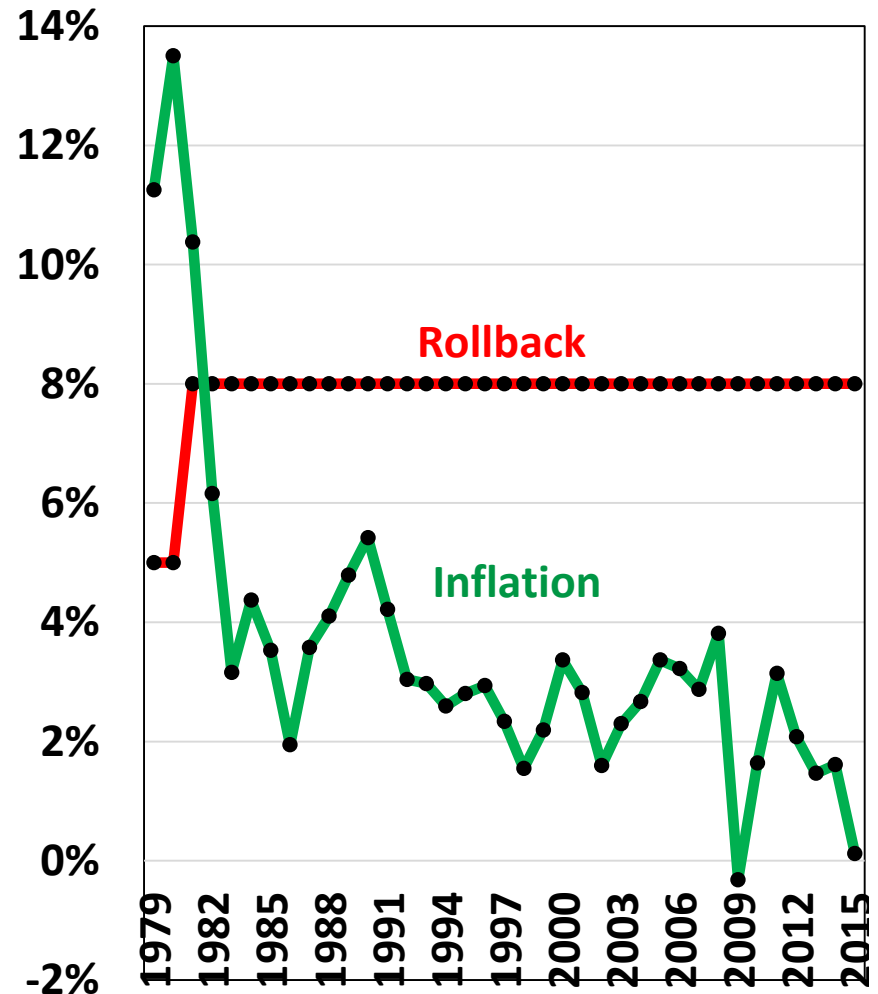
# Truth-in-Taxation

- School districts: different M&O rollback tax rate calculations based on property tax, state aid, number of students and number of pennies, rather than a percentage
- School district ratification election is required to approve an M&O tax rate that exceeds the lesser of:
  - 1) \$1.04 (plus previously voter approved pennies) or
  - 2) the effective rate plus \$0.04

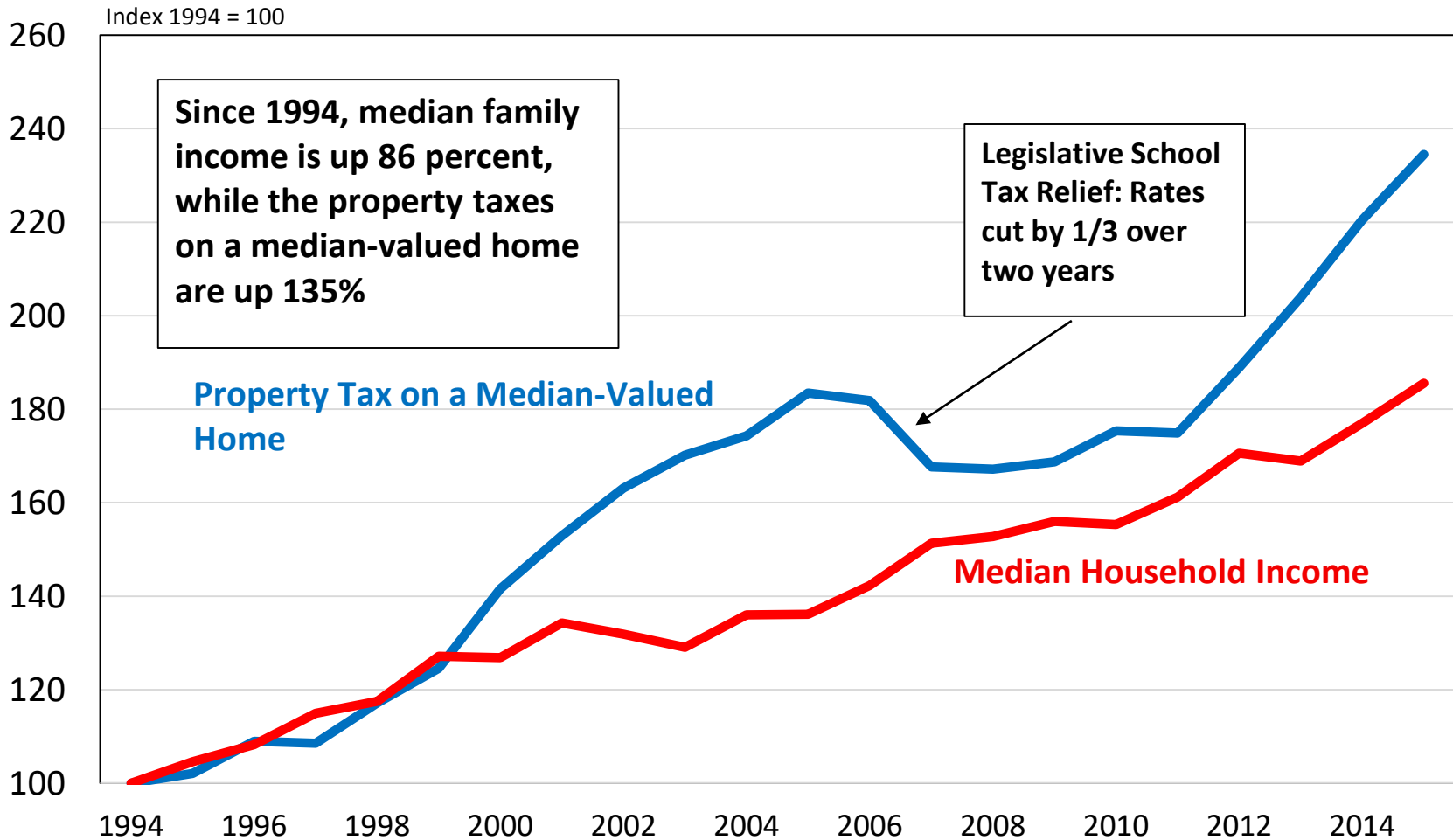
(Effective rate is the rate that provides the same amount of state and local revenue per weighted student that the district had in the previous year)
- Ratification elections:
  - 41 in 2015 (all but 3 passed)
  - 49 in 2016 (all but 3 passed)
  - 58 in 2017 (all but 3 passed)

# Inflation and the Rollback Rate

- The rollback rate was initially set at 5% in 1979, when the rate of inflation was over 10 percent.
- In 1981, the Legislature raised the limit to 8% to better reflect the then-current rate of inflation.
- In today's low inflation environment, the 8% rollback limit far exceeds the rate of inflation.



# Property Value Growth and Median Household Income



# Property Taxes Reported by Taxing Unit Type, 2014 vs. 2015

Taxing Unit Type	2014 Number of Taxing Units	2014 Tax Levy	2014 Percent of Levy	2015 Number of Taxing Units	2015 Tax Levy	2015 Percent of Levy	Percent Levy Change from 2014 to 2015
School Districts	1,019	\$26,792,677,172	54.56%	1,019	\$28,176,465,862	53.97%	5.16%
Cities	1,064	\$7,828,571,758	15.94%	1,064	\$8,380,435,861	16.05%	7.05%
Counties	254	\$8,114,998,194	16.53%	254	\$8,696,387,395	16.66%	7.16%
Special Districts	1,791	\$6,370,469,864	12.97%	1,834	\$6,954,137,406	13.32%	9.16%
<b>Total</b>	<b>4,128</b>	<b>\$49,106,716,988</b>	<b>100.00%</b>	<b>4,171</b>	<b>\$52,207,426,524</b>	<b>100.00%</b>	<b>6.31%</b>

Source: Texas Comptroller of Public Accounts.



# CONCLUSIONS

- Rollback rate of 8% excessive, especially considering new value added to the appraisal roll from the preceding year by annexation or additional improvements
- Petition process ineffective due to number of signatures required within limited time period

## Example:

Harris County: 2,234,671 million registered voters in 2016\*—so 156,247 signatures in 90 days required

- Ratification election process for schools successful
- Voter participation in tax rate setting needed

\*Number from Texas Secretary of State; rollback petitions' voter numbers determined from taxing unit's "most recent list of registered voters" according to applicable statute



# Real-Time Tax Notices

- **Delivery of annual notices to all property owners in August, instead of estimates of taxes in April with notices of appraised value**
- **Maintenance of a county-wide tax rate information website by each appraisal district, or if no access to a computer, contact information for an assessor to provide paper copies of tax information**
- **Real-time tax information based on the certified value for each owner's property for that year, no-new-revenue and proposed tax rates, amount of taxes to be imposed, and date, time, and location of public meetings to set tax rates for all taxing units**

# Notice

## PROPOSED 2019 PROPERTY TAX BILL INFORMATION

Information concerning the 2019 property taxes on your property proposed by your local taxing units, together with information about expressing your support for or opposition to the proposed property taxes, may be found in the real-time tax notice at the website listed below:

**[www.traviscountytaxinfo.com](http://www.traviscountytaxinfo.com)**

If you do not have access to a computer, you may request tax rate information for each taxing unit in which your property is located from the county tax assessor-collector. The same information found on the website will be provided to you in writing if you request it. The Travis County Tax Assessor-Collector may be contacted by mail at 5501 Airport Blvd, Austin, Texas 78751, or by telephone at 512-854-9473.

# Real-Time Property Tax Website

- **Searchable by name and property address**
- **Lists the proposed and “no-new-revenue” tax rates for all taxing units in which the owner’s property is located**
- **Informs each owner about the taxes that will be imposed on his or her property based on proposed tax rates for all taxing units; also states the amount of taxes that would be imposed if the “no-new-revenue” rate was adopted**
- **Provides e-mail addresses to provide comments to taxing unit governing bodies about the proposed tax rates and links to taxing units’ Internet websites**
- **Includes the date, time, and location of each public hearing and public meeting to adopt tax rates, as well as copies of tax rate calculation worksheet forms**

## Website Information for Property Taxes

Property Address: 123 Sycamore Lane  
 Legal Description: Lot 18 Block C Frosty Acres Sec 2  
 Property Identification ID: 624387  
 Market Value: \$280,000

Jurisdiction	Taxable Value	"No New Revenue" Tax Rate (per \$100 of value)	Proposed Tax Rate	Tax on Property at "No New Revenue" Tax Rate	Tax on Property at Proposed Tax Rate	Proposed Tax Increase	Date of Public Hearing on Tax Rate	Location of Public Hearing
<u>County</u>	\$277,000	\$0.38	\$0.40	\$1,052.60	\$1,108.00	\$55.40	Aug 15, 2017	211 Main St, City
<u>School District</u> <sup>1</sup>	\$255,000	\$1.38	\$1.38	\$3,519.00	\$3,519.00	\$0.00	Aug 1, 2017	457 Red Rock Ln, City
<u>City</u>	\$280,000	\$0.47	\$0.52	\$1,316.00	\$1,456.00	\$145.60	Aug 18, 2017	477 Sunny Dr, City
<u>Junior College District</u>	\$280,000	\$0.05	\$0.05	\$140.00	\$140.00	\$0.00	Aug 16, 2017	100 Travis St, City
<u>Special District #1</u>	\$280,000	\$0.08	\$0.08	\$224.00	\$224.00	\$0.00	Aug 18, 2017	300 Calvert, City
<b>Total</b>				\$6,251.60	\$6,452.60	\$201.00		

<sup>1</sup> The school district "no new revenue" tax rate is one which would generate the same amount of state aid and local revenue per weighted student under current school finance formulas as in the previous year.

**Note:** Clicking on the name of the jurisdiction will launch a web page with the following information for that jurisdiction:

- Members of the Governing Board
- Contact Information for Each Member
- Property Tax Rates
  - Maintenance and Operation
  - Debt Service
- Historical Information for the Jurisdiction on:
  - General Revenue Spending
  - Property Taxes Collected for
    - Maintenance and Operation
    - Debt Service

# Taxing Unit Website Information

- **Requires every taxing unit to maintain an Internet website or have access to one**
- **Must post names of members of governing bodies and provide contact information**
- **Provides links to the taxing unit's budget, tax rate history, and most recent financial audit**
- **Lists current year tax rate proposals for M&O and debt service separately**

# Comptroller Requirements

- **Prescribe tax rate calculation forms for no-new-revenue and rollback tax rates for cities, counties, and special districts**
- **Maintain updated lists of tax rates for all taxing units**
- **Adopt rules prescribing the form of the real-time tax notice and the format and delivery of the notice**
- **Prescribe the format for taxing units to post or cause to be posted on their Internet websites tax rate information**
- **Work with the Property Tax Administration Advisory Board, appointed by the Comptroller, regarding state administration of property taxation and oversight of appraisal districts**

# Other Tax Rate Setting Improvements

- **Comptroller-prescribed tax rate calculation forms required to be used, certified as true and correct, and included in the tax rate information database**
- **Public hearings on a proposed rate not allowed by governing bodies of cities, counties, and special districts until 7 days after the real-time tax notice is delivered and the tax rate information is available on-line; also no tax rate adoption until completed**
- **Injunctive relief for taxpayers strengthened**

If you have any questions or comments, please feel free to contact TTARA staff.

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