

# Information about Property Tax Bills: Time for “Real Time” Tax Notices

*One of the problems with the property tax system is the lack of public understanding about how tax rates affect the amount of tax owed. Most people believe that the amount of property taxes they pay every year is strictly a function of the value of their property. In fact, value is just half of the equation.*

## Things to Know

- Property owners currently get an advance estimate of their property taxes with their appraisal estimate. The tax estimate is wrong for two reasons: 1) the property owner may protest their value, reducing what the tax rates will apply to, and 2) the tax rates used are from last year, and the jurisdiction must adopt new rates each year.
- A “real time” tax notice would let property owners know how the tax rates local jurisdictions propose to adopt will directly impact their property tax bills.
- Many property owners erroneously equate their rising property values to rising tax bills. In fact, it is the tax rates applied to values that drives up tax bills
- Both the House and Senate passed a real time tax notice as a part of a major property tax reform bill in 2017, but could not agree on a final bill.
- The Legislature in 2019 will again consider requiring a real time tax notice.

## Online Access to Tax Rate Information

Your property tax bill is the product of two numbers: this year’s taxable value multiplied by the tax rates jurisdictions adopt. Texas law provides that property owners shall be given an advance estimate of the property taxes they will owe. Today that requirement is met with the notice of appraisal that owners receive from their appraisal district. The previous year’s tax rates are applied to the property’s value to yield an estimate of taxes that will be due. Unfortunately, the tax estimate is often wrong for two reasons. First, the value estimate is preliminary, and property owners may seek recourse by protesting the appraisal. Second, last year’s tax rates have expired, and new rates will have to be set for the upcoming year.

A better solution, now possible with modern technology, is a “real time tax notice.” “Real time tax notices” will revolutionize the property tax system by providing accurate property tax information to taxpayers in time for them to weigh in on the tax rates jurisdictions propose to adopt. Timely notification and taxpayer involvement are essential to the process of “truth-in-taxation” and an informed citizenry.

# Time for “Real Time” Tax Notices

## Is a “Real Time” Tax Notice Doable? Yes, and Its Been Done

This year Travis County Chief Appraiser Marya Crigler gave Travis County residents the opportunity to see how a real time tax notice could actually work. Information concerning 2019 property taxes based on final appraisals was available for the first time, also with information about how proposed tax rates would affect their bills, plus information about how to participate in the tax rate setting process at the following website:

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

**Notices.** Under a “real time” tax notice regime, once a property’s value is final, the owner would then get a “real time tax notice” based on the tax rates jurisdictions propose to adopt.

**Websites.** Each taxing unit would provide information for the website operated and maintained by their appraisal district about what a “no new revenue” tax rate (now called the “effective tax rate”) would be, what the taxing unit proposes as the adopted tax rate, and how much in taxes would be generated by each. An estimate would no longer be used nor would a notice concerning the average value for residence homesteads be necessary. Instead, the actual tax liability on a property would be provided based on the tax rate required to raise the same amount of revenue as the prior year and what their tax bill would be based on the proposed tax rate for each taxing unit. The difference between the two numbers is the tax increase a property owner faces.

The information would include the date, time, and location of each public hearing on a taxing unit’s proposed rate in time for taxpayers to attend and express their opinions. No longer would taxpayers be required to search the newspaper or numerous websites to find out when the hearings are scheduled. In addition, links to governing body contacts, taxing unit budgets, and other information would be found on the website. Taxpayers would be able to conduct research before offering opinions either online or in person at the hearings. The notice for a hypothetical property would look like this:

### 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	Time and 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	8:00 p.m. Aug 15, 2017	211 Main St. Smith City
<u>School District</u> <sup>1</sup>	\$255,000	\$1.38	\$1.38	\$3,519.00	\$3,519.00	\$0.00	6:00 p.m. Aug 1, 2017	457 Red Rock Ln. Green City
<u>City</u>	\$280,000	\$0.47	\$0.52	\$1,316.00	\$1,456.00	\$140.00	2:00 p.m. Aug 18, 2017	477 Sunny Dr. Smith City
<u>Junior College District</u>	\$280,000	\$0.05	\$0.05	\$140.00	\$140.00	\$0.00	6:00 p.m. Aug 16, 2017	100 Travis St. Travis City
<u>Special District #1</u>	\$280,000	\$0.08	\$0.08	\$224.00	\$224.00	\$0.00	4:00 p.m. Aug 18, 2017	300 Calvert Rd. Smith 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 revenue 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
- Historical Information for the Jurisdiction on:
  - General Revenue Spending
  - Property Taxes Collected and Property Tax Rates for
    - Maintenance and Operations
    - Debt Service

