

# Setting the Tax Rate

---

Calculating Tax Rates and the  
Procedures to Adopt


# Session Overview

---

- Explain the different tax rates
- Discuss the tax rate calendar
- Review the procedures to adopt
- Statutes and references

# Explaining Tax Rates Rates & Components

---

- Ad valorem tax
    - Property tax rate
    - No-New Revenue tax rate (Effective)
    - Voter-Approval tax rate (Rollback)
  - Sales tax rate
  - Property tax rate components
    - Maintenance & operations (M&O)
    - Interest & sinking (I&S)
  - Collection rates
    - Current taxes
    - Delinquent taxes
- 

# Explaining Tax Rates

## Property Tax Sample

### Fiscal Year 2023

### Fiscal Year 2024

Roll Value	\$ 100,000
Tax Rate per \$100	\$ 0.50
Tax Levy	\$ 500.00

Roll Value	\$ 105,000
Tax Rate per \$100	\$ 0.50
Tax Levy	\$ 525.00

# Explaining Tax Rates

## No-New-Revenue Tax Rate

---

- No-New-Revenue tax rate
  - Definition –
  - Inverse relationship to property value
- Calculating the NNR rate
  - Comptroller Prescribed Property tax worksheet
- Adjustments that can factor into the calculation
  - Lost value from prior years
  - Refunds for prior year
  - Tax Increment Funds (TIF)
  - Pollution control exemptions
  - Properties under protest
  - New Property

# Explaining Tax Rates

## No-New-Revenue Tax Rate

Fiscal Year 2023

Fiscal Year 2024

Roll Value	\$ 100,000
Tax Rate per \$100	\$ 0.50
Tax Levy	\$ 500.00

Roll Value	\$ 105,000
Tax Rate per \$100	\$ 0.50
Tax Levy	\$ 525.00

NNR Tax Rate – rate that generates the same tax levy as year before. Ex: \$0.47619

# Explaining Tax Rates

## Voter-Approval Tax Rate

---

- Definition –
- Applies to M&O portion of the rate only
- 3.5% generally, subject to some adjustments
  - Tax refunds from prior years
  - Enhanced indigent health expenditures
  - Taxes in a TIF
  - Property tax collection rate
  - Sales tax collection rate

# Explaining Tax Rates

## Voter-Approval Tax Rate

Fiscal Year 2023

Fiscal Year 2024

Roll Value	\$ 100,000
Tax Rate per \$100	\$ 0.50
Tax Levy	\$ 500.00

Roll Value	\$ 105,000
Tax Rate per \$100	\$ 0.50
Tax Levy	\$ 525.00

Tax Rate - \$0.50000  
 No-New-Revenue Rate - \$0.47619  
 Voter-Approval Rate - \$0.49285

Multiply NNR rate by  
 1.035 to get VAR rate





# Explaining tax rates

## One more look

Fiscal Year 2023

Fiscal Year 2024

Roll Value	\$ 100,000.00
Tax Rate per \$100	\$ 0.50
Tax Levy	\$ 500.00

Roll Value	\$ 200,000.00
New Value	\$ 100,000.00
Tax Rate per \$100	\$ 0.50
Tax Levy	\$ 1,000.00

NNR Rate is .50 – Why? New value is excluded from NNR tax rate calculation

# Tax Rate Calendar

---

- Budget calendar must sync with the tax rate calendar
- Key dates on the tax rate calendar (deadlines)
  - Value estimates – from CAD – April 30
  - Certified values – from CAD – July 25
  - Tax Assessor shall submit rates to governing body – August 7
  - Adoption of a tax rate – before September 30

# Tax Code Section 26.04

---

(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**

## Section 26.04(e)

---

August 7 (or soon thereafter as practicable) designated officer/employee submits NNRR and VATR to the governing body and posts **PROMINENTLY** on **HOME PAGE** of taxing unit website Form 50-212.

# Section 26.04(e-2)(e-3)(e-4) HB3273

## Effective January 1, 2024

---

No more postcard – By August 7 or soon as practicable requires a publication of a notice instead of mailing, with posting on 26.17 website, and each taxing entity website. Property owners may request email notification for updates to 26.17 site.

The headline must be bigger type and bold.

The Comptroller will make rules for format, posting and publication of the notice.

# Section 26.04(e-5)

---

## **BUDGET APPENDIX**

All entities are to all a copy of the TNT calculation worksheet as an appendix to the budget for the fiscal year that tax rate applies.

## Section 26.16(a)

---

Each county shall maintain  
an internet website.

# County Website

## Section 26.16(a) continued

---

The **county assessor-collector** for each county shall post on the Internet website maintained by the county the following information for the **most recent five years** for each taxing unit all or part of the territory of which is located in the county:

- (1) the adopted tax rate;
- (2) the maintenance and operations rate;
- (3) the debt rate;
- (4) the no-new-revenue tax rate;
- (5) the no-new-revenue maintenance and operations rate; and
- (6) the voter-approval tax rate.



## Section 26.16 cont'd

(d-1) In addition to posting the information described by Subsection (a), the county assessor-collector shall post on the Internet website of the county for each taxing unit all or part of the territory of which is located in the county:

(1) the tax rate calculation forms used by the designated officer or employee of each taxing unit to calculate the no-new-revenue and voter-approval tax rates of the taxing unit for the **most recent five years** beginning with the 2020 tax year, as certified by the designated officer or employee under Section 26.04(d-2); and

(2) the name and official contact information for each member of the governing body of the taxing unit.

(d-2) **By August 7** or as soon thereafter as practicable, the **county assessor-collector shall post** on the website the tax rate calculation forms described by Section (d-1)(1) **for the current tax year.**

# Section 26.17 Database

---

## Sec 26.17 DATABASE OF PROPERTY-TAX-RELATED INFORMATION.

(a) The chief appraiser...shall create and maintain a property tax database...

(e) The **officer or employee designated by the governing body** of each taxing unit in which the property is located to calculate the no-new-revenue tax rate and the voter-approval tax rate for the taxing unit must electronically incorporate into the database:

(2) the tax rate calculation forms prepared ...at the same time the designated officer...submits the tax rates to the governing body...

# Notice Must Be Published and Posted on Homepage of Entity Website

---

- Proposed tax rate **does not** exceed the lower of the NNRR or VATR

Form 50-883 “Notice of Meeting to Vote on Tax Rate” published at least five days before meeting. **NOT A PUBLIC HEARING**

- Proposed tax rate **exceeds** the lower of NNRR or VATR

“Public Hearing on Tax Increase” (8 Notice types to choose from) published at least 5 days before the public hearing

Section 26.06(a) & (b) list minimum meeting and publication requirements

# Small Taxing Unit

---

- Defined as 50 cents or less current tax rate; AND would impose taxes of \$500,000 or less
- Exempt from requirements from Sec 26.04
- Notice by mail or publishing 7 days before meeting
- If notice published in newspaper, MUST also post on Homepage and on Taxing Unit's website

# Failure to Comply with TNT Provisions

---

## Section 26.04(g)

A person who owns taxable property is entitled to an injunction prohibiting the taxing unit...from adopting a tax rate if:

- the assessor or designated officer...,
- the chief appraiser..., or
- the taxing unit

has not complied with the computation, publication or posting requirements...

It is a defense in an action for an injunction...that the failure to comply was in good faith.

# Failure to Comply with TNT Provisions

---

## Section 26.05(e)

A person who owns taxable property is entitled to an injunction **restraining the collection of taxes** by a taxing unit...if the taxing unit has not complied with the requirements of this section or Section 26.04

It is a defense in an action for an injunction under this subsection that the failure to comply was in good faith.

# Session Review

## We have Problems

---

- What happens if we don't do all of this?
- What if we are late and miss one of the deadlines?
- Someone else does all of this, and they just tell me when to be at the meeting...

# Session Review

## Statutes & References

---

- Tax Code, Chapter 26
- Texas State Comptroller – Property Tax Assistance Division
  - <https://comptroller.texas.gov/taxes/property-tax/>
  - Truth in Taxation
  - Calculation worksheets
  - Your rates are on there
- Texas Association of Counties – [www.county.org](http://www.county.org)
  - Sample planning calendars and handbooks



# Closing

---

- Final Questions?
- Contact Information

**Randy H. Riggs, CPA, PCC**  
**McLennan County Tax Assessor/Collector**  
**215 North 5<sup>th</sup> Street**  
**Waco, TX 76701**

254-757-5130

[Randy.Riggs@mclennan.gov](mailto:Randy.Riggs@mclennan.gov)