

Procedures to Adopt

And other Budget and Tax Rate matters



Kristen Kubecka
Matagorda County Auditor



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PEN-OF-THREE															
OPEN COMMERCIAL HEIFERS															
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ROUND-UP 4-H

BAILEY ELIZABETH KUBECKA





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PEN-OF-THREE

OPEN COMMERCIAL HEIFERS

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ROUND-UP 4-H

CLINT ANDREW KUBECKA

Topics in this Session

- Change in calculation of Unused Increment Rate
- The Property Tax Database
- Budget Contents & Cover Page – Proposed & Adopted versions
- Public Hearings
- Votes
- What to put on the website

Changes to the Unused Increment Rate

- Previously expressed as a rate for each year, but now converted to a dollar amount for each year
 - Revenue derived from unused increment previously could vary, depending on the total property value in the year it was “used.”
 - Now, “Foregone Revenue” is static for that year
 - Preceding 3 years of foregone revenue are combined and converted to a rate to add to VAR
- Conceptually, a penny of unused increment will be worth more revenue in the future (as value grows) than it is today. Legislature didn’t like that, and this revision only allows a County to “bank” the revenue that would have been generated in that preceding year.
- Still uses a 3 year rolling bank, and other rules are the same as before. Individual years in the calculation can be negative, if you used some increment that year. But, the total cannot be less than zero.

About the property tax database

- Tax Code 26.17 requires the chief appraiser to create and maintain a property tax database that:
 - Contains information provided by the taxing units
 - Is continuously updated as preliminary and revised data becomes available
 - Is accessible to the public
 - Is searchable by property address and owner
- The designated officer at the County is required to electronically incorporate items into that database as they become available
 - No-new-revenue tax rate and voter-approval tax rate
 - Proposed tax rate
 - The date, time, and location of the public hearing, if applicable, on the proposed tax rate
 - The date, time, and location of the public meeting, if applicable, at which the tax rate will be adopted
 - The tax rate calculation forms

Property tax database

- The database must allow a property owner to electronically complete and submit to a taxing unit in which the owner's property is located a form on which the owner may provide the owner's opinion as to whether the tax rate proposed by the governing body of the taxing unit should be adopted.
- The form must require the owner to provide the owner's name and contact information and the physical address of the owner's property located in the taxing unit. The database must allow a property owner to complete and submit the form at any time during the period beginning on the date the governing body of the taxing unit proposes the tax rate for that tax year and ending on the date the governing body adopts a tax rate for that tax year.

Property Tax Database

- Example: <https://tomgreen.countytaxrates.com>

Breakdown of your Local Property Taxes

Enter a Property ID, Owner Name or Property Address Tax Year: 2021

Hello Tom Green County Property Owners,

The Texas Legislature does not set the tax amount of your local taxes. Your property tax burden is determined by your locally elected officials.

The Texas Constitution requires local taxing units to make taxpayers aware of tax rate proposals and to afford taxpayers the opportunity to roll back or limit tax increases. Property owners are encouraged to use this website to find information concerning your estimated taxes, the taxing units to which your taxes are distributed, the dates and locations of any public hearings where your locally elected officials will determine your tax rates, and other important property tax information.

Last Year

- San Angelo I.S.D.
- City of San Angelo
- Tom Green County

Taxing Unit	Last Year's Taxes (2020)	No New Revenue Taxes (2021)	Voter-Approval Taxes (2021)	Proposed Taxes (2021)	Adopted Taxes (2021)	Difference Between No New Revenue and Proposed (2021)
City of San Angelo	\$1,682.31 0.776000			\$1,682.31 0.776000	\$1,682.31 0.776000	
San Angelo I.S.D.	\$2,756.02 1.20280			\$2,756.02 1.20280	\$2,756.02 1.20280	
Tom Green County	\$1,919.92 0.849800					
Total	\$5,358.25			\$4,438.33	\$4,438.33	

Example: Public Comments from Database

Year	Taxing Unit Name	Property Address	Is Property Owner	Vote	Comments
2023	Tom Green County	1234 County Road	Yes	No	Appraised value higher than property value
2023	Tom Green County	1235 County Road	Yes	No	
2023	Tom Green County	1236 County Road	Yes	Yes	
2023	Tom Green County	1237 County Road	Yes	Yes	
2023	Tom Green County	1238 County Road	Yes	No	
2023	Tom Green County	1239 County Road	Yes	No	I am disabled and on social security disability with a limited fixed income each month.
2023	Tom Green County	1240 County Road	Yes	No	
2023	Tom Green County	1241 County Road	Yes	Yes	none
2023	Tom Green County	1242 County Road	Yes	No	
2023	Tom Green County	1243 County Road	Yes	No	This is in city limits, we don't receive any services from the County.

Proposed budget contents

- As clear a comparison as practicable between expenditures included in the proposed budget and actual expenditures for the same or similar purposes that were made for the preceding fiscal year.
- The budget must show as definitely as possible each of the projects for which an appropriation is established in the budget and the estimated amount of money carried in the budget for each project.

Proposed budget contents

- The budget must contain a complete financial statement of the county that shows:
 - The outstanding obligations of the county
 - The cash on hand to the credit of each fund of the county government
 - The funds received from all sources during the preceding year
 - The funds available from all sources during the ensuing year
 - The estimated revenues available to cover the proposed budget
 - The estimated tax rate required to cover the proposed budget
- Can vary based on subchapter of LGC 111 due to County's population size.

Proposed budget cover page

- A proposed budget that will require raising more revenue from property taxes than in the previous year must contain a cover page with the following statement in 18-point or larger type:
 - "This budget will raise more total property taxes than last year's budget by (insert total dollar amount of increase and percentage increase), and of that amount (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll) is tax revenue to be raised from new property added to the tax roll this year."

Tom Green County

Proposed Budget FY 2021

By County Judge, Stephen Floyd

This budget will raise more total property taxes than last year's budget by \$1,380,412 or 3.53%, and of that amount \$515,472 is tax revenue to be raised from new property added to the tax roll this year.

Public hearings

- Public Hearing on Tax Rate

- If proposed rate exceeds lower of NNR or VAR, the hearing is required
- Only ONE hearing is required
- Must afford adequate opportunity for proponents and opponents of the tax increase to present their views

- Public Hearing on Budget

- Required; separate from tax rate hearing
- Any person may attend and participate

Vote on the Budget

- At the conclusion of the public hearing on the budget, vote on the budget
- Steps
 1. Make any changes to the proposed budget that are warranted by law and required by the interest of the taxpayers
 2. Take a record vote on adopting the budget
 3. If more revenue will be raised from property taxes than the previous year, take a separate vote to ratify the property tax increase reflected in the budget

Vote on the tax rate

- Tax Code 26.05 – at least 60% of the members of Commissioners Court must vote in favor for it to pass
- LGC 81.006 – Tax must be levied at a regular meeting. Four members of Commissioners Court must be present; at least three must vote in favor for it to pass
- Steps
 1. Assure an appropriate quorum is present
 2. Take a record vote on the maintenance & operations portion of the tax rate
 3. Take a record vote on the debt service portion of the tax rate

Motion to adopt a tax rate

- If the rate exceeds the NNR:
 - "I move that the property tax rate be increased by the adoption of a tax rate of (specify tax rate), which is effectively a (insert percentage by which the proposed tax rate exceeds the no-new-revenue tax rate) percent increase in the tax rate."
- AND, if the NNR M&O portion exceeds last year, then add this statement to the order or resolution:
 - "THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE."
 - "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."

Practical considerations

- Adopting the budget and the tax rate can all be done at the same meeting; just be sure to list agenda items in the correct order. Budget first.
- Prepare a script. Have written motions prepared in advance for the tax rate, with percentages and amounts filled in ahead of time.

Adopted budget cover page

- Must contain one of these three statements, pick the appropriate one:
 - "This budget will raise more revenue from property taxes than last year's budget by an amount of (insert total dollar amount of increase), which is a (insert percentage increase) percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll)."
 - "This budget will raise less revenue from property taxes than last year's budget by an amount of (insert total dollar amount of decrease), which is a (insert percentage decrease) percent decrease from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll)."
 - "This budget will raise the same amount of revenue from property taxes as last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll)."

Adopted budget cover page

- Must also contain:
 - The record vote of each member of commissioners court
 - Property tax rate, NNR, NNR M&O, VAR, and Debt Rate
 - The total amount of county debt obligations

Tom Green County

Fiscal Year 2021 Budget

This budget will raise more revenue from property taxes than last year's budget by an amount of \$1,380,412, which is a 3.53 percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$515,472.

Record Vote

County Judge, Stephen C. Floyd	Aye
County Commissioner Precinct #1, Ralph Hoelscher	Aye
County Commissioner Precinct #2, Sammy Farmer	Aye
County Commissioner Precinct #3, Rick Bacon	Aye
County Commissioner Precinct #4, Bill Ford	Aye

County Property Tax Rates (Amounts per \$100 of value)

	<u>FY2020 (preceding year)</u>	<u>FY2021 (adopted budget)</u>
Property Tax Rate	\$.55117	\$.54980
No New Revenue Tax Rate	\$.51039	\$.53470
No New Revenue Maintenance & Operations Tax Rate	\$.44255	\$.46823
Voter Approval Tax Rate	\$.55182	\$.54993
Debt Rate	\$.06784	\$.06647

The total amount of County debt obligations as of the adoption of this budget was \$61,785,000.

Adopted by the Commissioners Court on September 1, 2020.

Website - Budget

- A copy of the adopted budget, including the required cover page
- The record vote of each member of commissioners court on the budget
 - LGC 111.009; 111.040; 111.069

Website – Tax Rate

- Homepage – if the NNR M&O exceeds last year
 - "(Insert name of taxing unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE"
 - "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."

Website – Truth in Taxation Summary

- Tax Assessor to post 5 years of tax information, in a table, for each taxing unit in the County. Comptroller prescribes rule.
 - Adopted tax rate
 - Maintenance & operations rate
 - Debt rate
 - NNR
 - NNR M&O
 - VAR
- **Example:** https://www.tomgreencountytx.gov/upload/page/0001/docs/Truth_in_Taxation_Summary101722.pdf

Website – Truth in Taxation Summary – Comptroller rule

- The information required to be posted by the county assessor-collector on the county's internet website pursuant to Tax Code, §26.16 shall be posted on the website by means of a prominently featured hyperlink on the home page of the website entitled "Tax Rate Information" that links to either a list of all taxing units described in §26.16(b) or a single table that includes all taxing units described in §26.16(b).
- Two options from there
 - Link to a list of taxing units on a webpage, and each name must be a hyperlink to a table of information for that unit
 - Link to a single table that includes all the information arranged by taxing unit by year.



Website – Other required information

- Name of each member of the commissioners court
- Mailing address, email address, and telephone number of the County
- Official contact information for each member of the commissioners court
- County's budget for previous 2 years
- Proposed or adopted budget for current year
- Change in the amount of the budget from preceding to current year, by dollar amount and percentage
- Amount of property tax revenue budgeted for M&O for current year and preceding 2 years
- Amount of property tax revenue budgeted for debt service for the previous 2 years
- Tax rate for M&O proposed for the current year
- Tax rate for debt service proposed for the current year
- Most recent financial audit of the County
- Tax rate calculation forms

Website – Other required information

- Tax Code 26.18 – format to be prescribed by comptroller
 - Comptroller – All information required by Tax Code 26.18 must be contained on the website on one page
 - Best practice is to create a pdf document with all 26.18 information, and link to it from financial transparency page.

Tax Code Section 26.18

Entity Name: Tom Green County

Mailing Address: 113 W. Beauregard Ave., San Angelo TX 76903

Website: <https://www.tomgreencountytexas.gov/>

Governing Body Name & Contact Information:

Name	Phone Number	Email Address
Stephen C. Floyd, County Judge	325-653-3318	Steve.Floyd@co.tom-green.tx.us
Ralph Hoelscher, Commissioner Pct. 1	325-659-6511	Ralph.Hoelscher@co.tom-green.tx.us
Sammy Farmer, Commissioner Pct. 2	325-659-6512	Sammy.Farmer@co.tom-green.tx.us
Rick Bacon, Commissioner Pct. 3	325-659-6513	Rick.Bacon@co.tom-green.tx.us
Bill Ford, Commissioner Pct. 4	325-659-6514	Bill.Ford@co.tom-green.tx.us

The preceding two years budget plus current year proposed or adopted budget can be found at <https://www.tomgreencountytexas.gov/page/ft.FinancialTransparency>.

The change in the amount of budget from the preceding year to the current year, by dollar amount and percentage:

\$2,766,601 5%

The amount of property tax budgeted for maintenance and operations for the preceding two years plus the current year:

2021 \$34,543,202
2022 \$36,133,548
2023 \$39,034,253

The amount of property tax budgeted for debt service for the preceding two years plus the current year:

2021 \$4,775,044
2022 \$4,263,957
2023 \$4,692,487

The tax rate for maintenance and operations adopted for the preceding two years:

Fiscal Year 2022 \$0.49114
Fiscal Year 2023 \$0.45297

The tax rate for debt service adopted for the preceding two years:

Fiscal Year 2022 \$0.05766
Fiscal Year 2023 \$0.05282

The tax rate for maintenance and operations proposed for the current year:

Fiscal Year 2023 \$0.45297

The tax rate for debt service proposed for the current year:

Fiscal Year 2023 \$0.05282

The most recent financial audit of the taxing unit can be found at <https://www.tomgreencountytexas.gov/page/ft.FinancialTransparency>.

Voter approval election

- If you have a voter approval election and the voters do NOT approve the county's adopted tax rate, then the county's tax rate is set at:
 - The Voter Approval Tax Rate (VAR)
 - Refund must be given for the difference of any taxes paid at the original higher tax rate

Resources

- <https://comptroller.texas.gov/taxes/property-tax/truth-in-taxation/index.php>
- <https://statutes.capitol.texas.gov>
- <https://capitol.texas.gov>
- www.county.org