



TAX RATE CHANGES FROM THE 86TH LEGISLATIVE SESSION

1



SPEAKERS

Craig Williams
Catie Burleigh

2

PERSONAL INFO

Property Tax Assistance Division
Subject Matter Experts for
Truth and Taxation

3

3

LEGAL DISCLAIMER

Please be advised that this information is being provided solely as an informational resource. The information provided neither constitutes nor serves as a substitute for legal advice. Questions regarding the meaning or interpretation of any information included or referenced herein should be directed to your legal counsel.

4

4

86TH LEGISLATIVE SESSION OVERVIEW

5

SENATE BILL 2 (BETTENCOURT)



► Texas Property Tax Reform & Transparency Act




- Over 160 pages
- Over 100 bill sections
- ADDS 20 New Sections to the Tax Code
- AMENDS 52 Sections of the Tax Code
- Plus
 - 15 AMENDMENTS
 - 3 ADDITIONS
 - 3 REPEALS in 5 other Codes

6

TAX CODE, CHAPTER 1

7

SECTION 1.045 – TERMS CHANGE

| OLD | NEW |
|--|--|
| Maintenance  Operation Rate | No-New-Revenue Maintenance & Operations Rate |
| Effective  Tax Rate | No-New-Revenue Tax Rate |
| Roll Back  Tax Rate | Voter Approval Rate |

SB 2

Effective Jan. 1, 2020

8

8

TAX CODE, CHAPTER 5

9

SECTION 5.07 – NEW TAX RATE CALCULATION FORMS

- ▶ Comptroller will prescribe new tax rate calculation forms based on 2019 forms.
- ▶ Must be in electronic format and electronically incorporated into the CAD's property tax database
- ▶ Must be submitted to the county assessor-collector of each county in the CAD.
- ▶ Comptroller will have a committee, equally representing taxpayers, taxing units and assessors to approve substantive changes to the forms.

SB 2

Effective Jan. 1, 2020

10

10

TAX CODE, CHAPTER 26

11

SECTION 26.01 – CERTIFIED ESTIMATE

- ▶ If by July 20 the appraisal review board for an appraisal district has not approved the appraisal records for the district, the chief appraiser shall, by July 25th, prepare and certify to the assessor for each taxing unit participating in the district an estimate of the taxable value of property in that taxing unit.



SB 2

Effective Jan. 1 2020

12

12

SECTION 26.012 - NEW TERMS

de minimis adjective

de min·i·mis | \ dē-ˈmi-nə-məs , dā-ˈmē-ni-mis\

Definition of *de minimis*

: lacking significance or importance : so minor as to merit disregard

II de minimis fringe benefits

// what amounts to a *de minimis* tax increase



SB 2

Effective Jan. 1 2020

13

13

SECTION 26.012 - NEW TERMS

“De minimis rate” means the rate equal to the sum of:

NO-NEW-REVENUE
M+O RATE

+

RATE TO LEVY
\$500,000

+

CURRENT
DEBT RATE

SB 2

Effective Jan. 1 2020

14

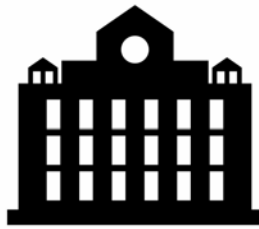
14

SECTION 26.012 - NEW TERMS (CONT.)

"Special taxing unit" means:



TAXING UNIT
≤ 2.5 CENTS



JUNIOR
COLLEGE



HOSPITAL
DISTRICT

SB 2

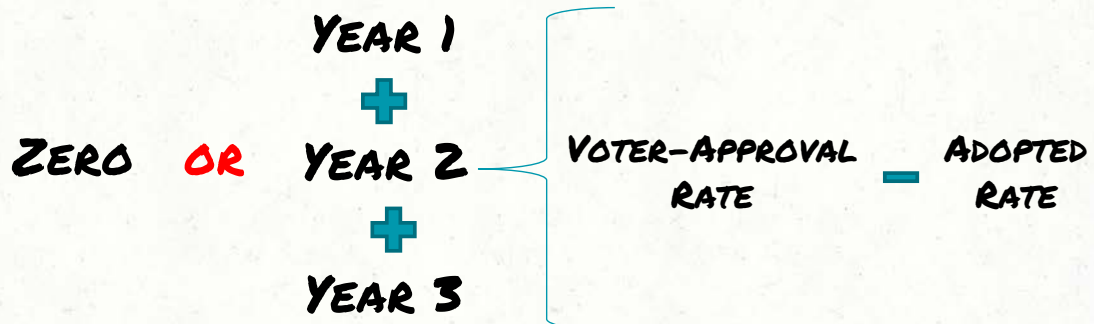
Effective Jan. 1 2020

15

15

SECTION 26.012 - NEW TERMS (CONT.)

► "Unused Increment Rate" means the greater of:



SB 2

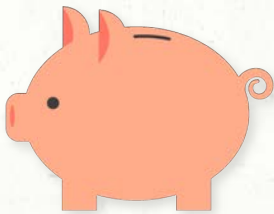
Effective Jan. 1 2020

16

16

SECTION 26.012 - NEW TERMS (CONT.)

- Basically, if a taxing unit does not set a rate that is equal to or higher than the Voter-Approval tax rate, it can “bank” that growth in its Unused Increment Rate.



3.5%

SB 2

YEAR 1

**NO-NEW-REVENUE
RATE IS ADOPTED**



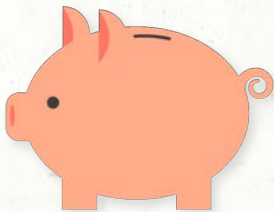
Effective Jan. 1 2020

17

17

SECTION 26.012 - NEW TERMS (CONT.)

- Basically, if a taxing unit does not set a rate that is equal to or higher than the Voter-Approval tax rate, it can “bank” that growth in its Unused Increment Rate.



3.5%

SB 2

YEAR 2

**NO-NEW-REVENUE
RATE IS ADOPTED**



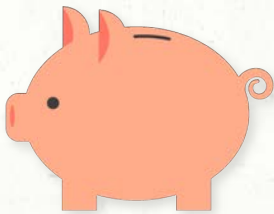
Effective Jan. 1 2020

18

18

SECTION 26.012 - NEW TERMS (CONT.)

- ▶ Basically, if a taxing unit does not set a rate that is equal to or higher than the Voter-Approval tax rate, it can “bank” that growth in its Unused Increment Rate.



100.5%

YEAR 3

**NO-NEW-REVENUE
RATE IS ADOPTED**



SB 2

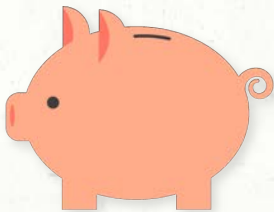
Effective Jan. 1 2020

19

19

SECTION 26.012 - NEW TERMS (CONT.)

- ▶ Basically, if a taxing unit does not set a rate that is equal to or higher than the Voter-Approval tax rate, it can “bank” that growth in its Unused Increment Rate.



10.5%

YEAR 4

**OPTS TO USE
INCREMENT**

NO-NEW-REVENUE M+O RATE

PLUS

3.5% OF M+O RATE

PLUS

CURRENT DEBT RATE

PLUS

UNUSED INCREMENT RATE

SB 2

Effective Jan. 1 2020

20

20

SECTION 26.04 – VOTER-APPROVAL TAX RATE

- ▶ Voter-approval rate for special taxing units:

$$\text{NO-NEW-REVENUE} + \text{CURRENT} \\ \text{M+O RATE} \times 1.08 + \text{DEBT RATE}$$

- ▶ Voter-approval rate for all other taxing units :

$$\text{NO-NEW-REVENUE} + \text{CURRENT} + \text{UNUSED} \\ \text{M+O RATE} \times 1.035 + \text{DEBT RATE} + \text{INCREMENT} \\ \text{RATE}$$

SB 2

Effective Jan. 1 2020

21

21

SECTION 26.04 – VOTER-APPROVAL TAX RATE – DISASTERS

- ▶ If any part of the taxing unit is located in an area declared a disaster area during the current tax year, they effectively become a **special taxing unit**.

$$\text{NO-NEW-REVENUE} + \text{CURRENT} \\ \text{M+O RATE} \times 1.08 + \text{DEBT RATE}$$

- ▶ Special treatment continues until:
 - 2nd year in excess of taxable value for the year in which the disaster occurred; or
 - 3rd year after the disaster.

SB 2

Effective Jan. 1 2020

22

22

SECTION 26.041 – RATE CALCS WITH SALES + USE TAX

- ▶ If a taxing unit imposes or ceases to impose an additional sales and use tax, the Sales Tax Gain Rate/Loss is included in calculation of their No-New-Revenue Tax Rate and Voter-Approval Tax Rate.

$$\text{NO-NEW-REVENUE} \quad \text{CURRENT} \quad \text{SALES TAX} \\ \text{M+O RATE} \times 1.08 \quad + \quad \text{DEBT RATE} \quad - \quad \text{GAIN RATE}$$

$$\text{NO-NEW-REVENUE} \quad \text{CURRENT} \quad \text{UNUSED} \quad \text{SALES TAX} \\ \text{M+O RATE} \times 1.035 \quad + \quad \text{DEBT RATE} \quad + \quad \text{INCREMENT} \quad - \quad \text{GAIN RATE} \\ \text{RATE}$$

SB 2

Effective Jan. 1 2020

23

23

SESSION LAW ON TAX RATE IN 2020

- ▶ The governing body of a taxing unit may not adopt a budget for the fiscal year that begins 2020 or take any other action that has the effect of decreasing the total compensation to which a first responder employed by the taxing unit was entitled in the preceding fiscal year of the taxing unit.

SB 2

24

24

SECTION 26.04 – NOTICE OF ESTIMATED TAXES IN DATABASE

- ▶ Chief Appraiser shall deliver a notice that the property tax database maintained by the CAD under Section 26.17 includes the estimated amount of taxes to be imposed on the owner's property by each taxing unit.

| JURISDICTION SIZE | EFFECTIVE DATE | NOTICE DATE |
|-----------------------------|----------------|-----------------|
| Counties of 200,000 or more | Jan. 1, 2020 | By Aug. 7, 2020 |
| Counties less than 200,000 | Jan. 1, 2021 | By Aug. 7, 2021 |

SB 2

Effective Jan. 1 2020 or 2021

25

25

SECTION 26.04 – NOTICE OF ESTIMATED TAXES IN DATABASE

- ▶ The notice must include:
 - a statement directing the property owner to website;
 - a statement that the property owner may request contact info for the assessor for each taxing unit; and
 - the name, address, and telephone number of the county assessor-collector or other person who assesses taxes for the county.

SB 2

Effective Jan. 1 2020

26

26

SECTION 26.05 – RATE ADOPTION DEADLINES

- ▶ Taxing units (except schools) must wait to hold their public hearing or set their rate until 5 days AFTER:
 - the notice is sent (26.04); and
 - the information is posted to database (26.17).

| JURISDICTION SIZE | EFFECTIVE DATE |
|-----------------------------|----------------|
| Counties of 200,000 or more | Jan. 1, 2020 |
| Counties less than 200,000 | Jan. 1, 2021 |

SB 2

Effective Jan. 1 2020 or 2021

27

27

SECTION 26.05 – RATE ADOPTION DEADLINES

- ▶ Taxing units still have until the later of either September 30th or 60 days after receiving the certified roll ...

**UNLESS THE TAXING UNIT
 ADOPTS A RATE THAT
 EXCEEDS
 THE VOTER-APPROVAL TAX RATE**

SB 2

Effective Jan. 1 2020

28

28

SECTION 26.05 – RATE ADOPTION DEADLINES

- ▶ Taxing Units adopting a rate that is **higher** than the Voter-Approval Tax Rate must adopt at least 71 days before their November election date.



SB 2

Effective Jan. 1 2020

29

29

SECTION 26.06 – NOTICE, HEARING + VOTE ON TAX INCREASE

- ▶ One public hearing instead of two required.
- ▶ Notice language is changed significantly and varies depending on proposed tax rate – 4 versions.
- ▶ If the unit publishes in the newspaper, they must also publish on their website.

SB 2

Effective Jan. 1 2020

30

30

SECTION 26.07 – AUTOMATIC ELECTION TO APPROVE TAX RATE OF TAXING UNIT

- ▶ An election is automatic when a taxing unit adopts a tax rate that exceeds the Voter-Approval Tax Rate.
- ▶ The election to ratify the adopted rate must be held on the November election date.
- ▶ If the taxpayers do not approve the higher rate, then the tax rate is the voter-approval tax rate.

SB 2

Effective Jan. 1 2020

31

31

SECTION 26.07 – AUTOMATIC ELECTION TO APPROVE TAX RATE OF TAXING UNIT

SCENARIO 1: de minimis rate is greater than voter-approval rate

| ADOPTED TAX RATE | RESULT |
|--|-----------------------|
| Greater than de minimis rate | Automatic election |
| Greater than voter-approval rate but less than or equal to de minimis rate | Petition for election |
| Less than voter-approval rate | No election |



Note: "Voter-approval rates" refers to the standard voter-approval rate (3.5%) used by taxing entities that are not special taxing units and the special taxing unit voter-approval rate (8%).

SB 2

Effective Jan. 1 2020

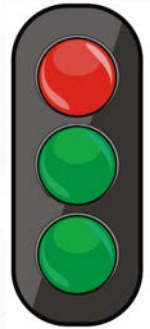
32

32

SECTION 26.07 – AUTOMATIC ELECTION TO APPROVE TAX RATE OF TAXING UNIT

SCENARIO 2: de minimis rate is less than voter-approval rate

| ADOPTED TAX RATE | RESULT |
|--|--------------------|
| Greater than voter-approval rate | Automatic election |
| Less than voter-approval rate but greater than or equal to de minimis rate | No election |
| Less than voter-approval rate and de minimis rate | No election |



Note: "Voter-approval rates" refers to the standard voter-approval rate (3.5%) used by taxing entities that are not special taxing units and the special taxing unit voter-approval rate (8%).

SB 2

Effective Jan. 1 2020

33

33

SECTION 26.11 – GOVERNMENT SEIZED PROPERTY



- ▶ This section was expanded to include a governmental taking under a possession and use agreement or under 21.021, Property Code.
- ▶ The calculation of taxes for the year a property is acquired by the governmental entity is prorated by the number of days that the entity had possession.

SB 2083

Effective June 10, 2019

34

34

TAX CODE, CHAPTER 26 26.16, 26.17 + 26.18

35

SECTION 26.16 – POSTING OF TAX-RELATED INFORMATION ON COUNTY'S INTERNET WEBSITE

- ▶ Each county shall maintain an Internet website
- ▶ Must post the information including:
 - no-new-revenue tax rate
 - voter-approval tax rate
 - that an election is required if the adopted rate exceeds the voter-approval tax rate.
 - tax rate calculation forms for the previous 5 years

SB 2

Effective Jan. 1 2020

36

36

SECTION 26.17 – DATABASE OF PROPERTY-TAX-RELATED INFORMATION

- ▶ Database, created and maintained by the Chief Appraiser, that is:
 - identified by the County name, not the CAD name;
 - “continuously” updated;
 - accessible to the public;
 - searchable by address and owner, unless protected.
- ▶ Includes the statement: *"The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state."*

SB 2

Effective Jan. 1 2020

37

37

SECTION 26.17 – DATABASE OF PROPERTY-TAX-RELATED INFORMATION (CONT'D)

- ▶ Database includes :
 - property identification
 - property market value and taxable value
 - name of each taxing unit
 - tax rates for each taxing unit
 - differences in the tax amount
 - hearing time, date and location
 - links to the website of each taxing unit
 - feedback mechanism (email)

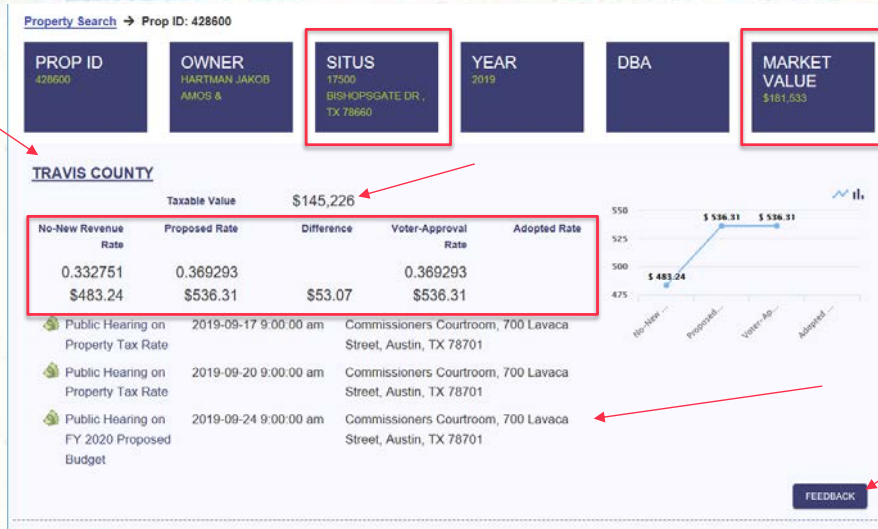
SB 2

Effective Jan. 1 2020

38

38

SECTION 26.17 – DATABASE OF PROPERTY-TAX-RELATED INFORMATION (CONT'D)



SB 2

Effective Jan. 1 2020 or 2021

39

39

SECTION 26.17 – DATABASE OF PROPERTY-TAX-RELATED INFORMATION (CONT'D)

- Database contains access to information from each unit, including the tax rate calculation forms.

| JURISDICTION SIZE | EFFECTIVE DATE |
|-----------------------------|----------------|
| Counties of 200,000 or more | Jan. 1, 2020 |
| Counties less than 200,000 | Jan. 1, 2021 |

SB 2

Effective Jan. 1 2020 or 2021

40

40

SECTION 26.18 – POSTING OF TAX RATE + BUDGET INFO BY TAXING UNIT ON WEBSITE

- ▶ Each taxing unit is required to have a website and post:
 - names of governing body members;
 - contact information for the taxing unit;
 - contact information for governing body members;
 - taxing unit's budget for the preceding two years;
 - taxing unit's budget for the current year;
 - change in the budget from the preceding year to the current year, by dollar amount and percentage;

SB 2

Effective Jan. 1 2020

41

41

SECTION 26.18 – POSTING OF TAX RATE + BUDGET INFO BY TAXING UNIT ON WEBSITE (CONTD)

- ▶ Each taxing unit is required to have a website and post:
 - amount of property tax revenue budgeted for M&O for preceding two years and current year;
 - amount of property tax revenue budgeted for debt service for preceding two years and current year;
 - M&O tax rate for preceding two years and current year;
 - debt services tax rate for the preceding two years and current year;
 - most recent financial audit of the taxing unit.

SB 2

Effective Jan. 1 2020

42

42

TAX CODE, CHAPTERS 31, 33 + 34

43

SECTION 31.02 – DEFERRAL FOR ACTIVE DUTY

- ▶ Eliminate the requirement that there be a war or federally declared national emergency in order for a person on active duty in the U.S. armed forces who was transferred out of the state to temporarily defer payment of delinquent property taxes. All other requirements for deferral would remain in statute.
- ▶ The bill also would require that any taxes paid after the deferral period had expired would accrue interest at a rate of 6 percent for each year or portion of a year that the tax remained unpaid. No penalty would be incurred.
- ▶ The bill would apply to penalties and interest on delinquent taxes paid on or after 9/1/2019.

HB 1883

Effective Sept. 1, 2019

YY

44

SECTION 33.011 – MORTGAGE COMP/P+I

- ▶ P&I may be waived on late payment by property owner if:
 - The mortgage does not require the owner to fund an escrow account for property taxes;
 - The tax bill goes to the mortgage company and they fail to get it to the owner; and
 - The owner pays the bill within 21 days of learning of the bill.
- ▶ Only applies to P&I on taxes that become delinquent on or after 1/1/2020.

HB 1885

Effective Jan. 1, 2020

45

45

SECTION 34.05 – ONLINE AUCTIONS

- ▶ The County Commissioners Court can direct that ad valorem tax sales be conducted according to the Section 34.01 rules for public auction using online bidding and sale.



HB 1652

Effective Jun. 14, 2019

46

46

SECTION 34.01 - AUCTIONEER'S FEES

- ▶ Adds an auctioneer's commission and fees to the costs of a sale of real property seized under a tax warrant or ordered to be sold pursuant to the foreclosure of a tax lien.
- ▶ Specifies that property seized by a municipality or county could not be sold for an amount less than the lesser of the market value of the property or the total amount of taxes, penalties, interest, costs, auctioneer's commission and fees, and other claims for which a warrant was issued.

HB 2650

Effective May 29, 2019

47

47

TAX CODE, CHAPTER 41

48

SECTION 41.03 – CHALLENGE BY A TAXING UNIT

- ▶ A taxing unit can no longer challenge the level of appraisals of any category of property.
- ▶ They can still challenge the following:
 - an exclusion of property from the appraisal records;
 - a grant in whole or in part of a partial exemption;
 - a determination that land qualifies for special appraisal; or
 - failure to identify the taxing unit as one in which a particular property is taxable.

SB 2

Effective Jan. 1, 2020

49

49

MISCELLANEOUS BILLS

50

SECTION 312.002 – TAX ABATEMENT GUIDELINES

- ▶ Before revising their guidelines for abatements, a taxing unit must hold a public hearing and allow members of the public an opportunity to be heard.
- ▶ If the unit maintains a website, they must post their current guidelines and criteria.

HB 3143

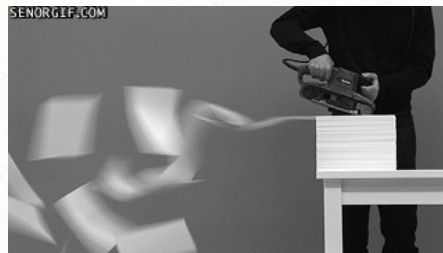
Effective Sept. 1, 2019

51

51

SECTION 312.005 – TAX ABATEMENT REPORTING

- ▶ For three years after an abatement agreement expires, the chief appraiser must report the property's values to the Comptroller.



HB 3143

Effective Sept. 1, 2019

52

52

SECTION 312.207 – NOTICE OF PUBLIC MEETING

- The notice of a public meeting to consider a tax abatement must now also include
 - the name of the property owner
 - the name of the applicant
 - name & location of the reinvestment zone;
 - description of the improvements included;
 - estimated cost
- Provided at least 30 days before the meeting.

HB 3143

Effective Sept. 1, 2019

53

53

SECTION 312.004 – TAX ABATEMENT ACT RENEWAL

- Property Redevelopment & Tax Abatement Act is renewed until 9/1/2029.



HB 3143

Effective Sept. 1, 2019

54

54

SECTION 4.21 – NO TRANSFER OF RIGHT OF REDEMPTION

- An owner of real property who is entitled to redeem the property under this section may not transfer the owner's right of redemption to another person.
- Any instrument purporting to transfer the owner's right of redemption is void.

SB 1642

Effective June 14, 2019

55

55

GOVERNMENT CODE SECTION 552.117 – CONFIDENTIALITY

- Adds certain personal information regarding a firefighter, a volunteer firefighter, or emergency medical services personnel to the list of those protected by statutory provisions on the confidentiality.

HB 2446

Effective June 14, 2019

56

56

GOVERNMENT CODE SECTION 552.117 - CONFIDENTIALITY

- ▶ Adds statewide elected officials and legislators to the list of those protected by statutory provisions on the confidentiality of certain personal identifying information of peace officers and other officials performing sensitive governmental functions.

SB 662

Effective June 6, 2019

57

57

GOVERNMENT CODE SECTION 552.117 - CONFIDENTIALITY

- ▶ Adds certain employees and contractors of the Department of Family and Protective Services (DFPS) to the list of persons whose personal information would be excepted from the public availability requirement of the Public Information Act and to the list of state employees to whom Tax Code provisions on confidentiality of home address information would apply.

SB 1494

Effective June 10, 2019

58

58

TAX CODE 25.025 - CONFIDENTIALITY

- ▶ Amends the Tax Code and Transportation Code to clarify the definitions of "federal judge" and "state judge" for purposes of provisions relating to the confidentiality of home address information contained in appraisal records and the omission of residence address information on a driver's license.

SB 73

Effective Sept. 1, 2019

59

59

GOVERNMENT CODE SECTION 403.0305

- ▶ Government Code sec. 403.0305 currently prohibits certain public entities from entering into a contingency fee contract for legal services without review and approval by the comptroller. Public entities subject to this requirement include school districts, cities, or other political subdivisions or agencies of the state.
- ▶ It requires among other things, approval by the Attorney General instead of the Comptroller.

HB 2826

Effective Sept. 1, 2019

60

60

QUESTIONS? COMMENTS?



61

CREDITS

Special thanks to all the people who made and released these awesome resources for free:

- ▶ Presentation template by [SlidesCarnival](#)
- ▶ Photographs by [Unsplash](#)
- ▶ Paper backgrounds by [SubtlePatterns](#)

62

62