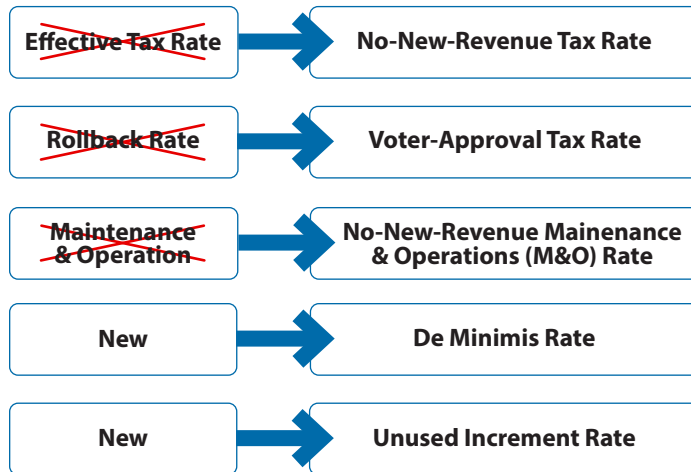


Truth-In-Taxation (TNT) Basics

(For Taxing Units Other Than School Districts)

Terminology and Calculations for Taxing Units

Senate Bill 2, 86th Legislative Session made several significant changes to the truth-in-taxation process. Below is new terminology and calculations from this legislation.



What adopted tax rates trigger an election or petition

ADOPTED TAX RATE IS:

BELOW voter-approval tax rate	No election required
ABOVE voter-approval tax rate but BELOW de minimis rate	Voters may petition for an election*
ABOVE voter-approval tax rate; Taxing unit does not calculate a de minimis rate	Election required**
ABOVE voter-approval tax rate and ABOVE the de minimis rate	Election required

* The election trigger in a municipality with a population of less than 30,000 that does not meet the definition of a special taxing unit may differ. See Tax Code Secs. 26.063 and 26.075 for details on when voters may petition for an election.

** See Water Code Secs. 49.23601, 49.23602, and 49.23603 for details on election requirements for water districts.

The calculations are:

(1) “No-New-Revenue Tax Rate”

means a rate expressed in dollars per \$100 of taxable value calculated to the following formula:

$$\frac{\text{NO-NEW-REVENUE}}{(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY LEVY})} \div (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})$$

(2) “Voter-Approval Tax Rate”

means a rate expressed in dollars per \$100 of taxable value calculated to one of the following applicable formulas:

(A) For a special taxing unit:

$$\text{VOTER-APPROVAL TAX RATE} = (\text{NO-NEW-REVENUE M\&O RATE} \times 1.08) + \text{CURRENT DEBT}$$

(B) For a taxing unit other than a special taxing unit:

$$\text{VOTER-APPROVAL TAX RATE} = (\text{NO-NEW-REVENUE M\&O RATE} \times 1.035) + \text{CURRENT DEBT RATE} + \text{UNUSED INCREMENT RATE}$$

Revenue Threshold in Voter-Approval Tax Rate

(or threshold over which voters must approve tax increases)

Taxing Unit	Voter-Approval Tax Rate
Cities / Counties	3.5%
Special Taxing Units*	8%

* Hospitals, Junior Colleges and Special Districts with M&O tax rate of 2.5 cents or less

Where can I find more information?

Information is typically obtained from the resources below, but may be different for your taxing unit.

What information is available from my appraisal district?

1. Certified taxable values
2. Property value under protest
3. New real property and improvement value
4. Value of property lost
5. Captured appraisal values for tax increment financing (TIFs)
6. Property known, but not certified
7. Property with tax ceiling

What information is available from my governing body?

1. Debt information
2. Unencumbered fund balance
3. TIF payments
4. Amount if transferring a function
5. Sales tax spent for no-new-revenue maintenance and operations
6. Enhanced indigent health care information
7. Criminal justice mandate information

What information is available from Texas Comptroller of Public Accounts?

1. Railroad rolling stock value
2. Sales tax information (if applicable)

What information is available from collectors?

1. Refund information
2. Excess collections

Terms and Definitions

No-new-revenue tax rate

(Last year's levy minus lost property levy) divided by (current total value minus new property value).

Voter-approval tax rate for a special taxing unit

Voter-approval tax rate equals (no-new-revenue maintenance and operations tax rate times 1.08) plus current debt rate.

Voter-approval tax rate for a taxing unit other than a special taxing unit

(No-new-revenue maintenance and operations tax rate times 1.035) plus current debt plus unused increment rate.

No-new-revenue maintenance and operations rate

(Last year's levy minus last year's debt minus last year's junior college levy) divided by (current total value minus new property value).

De minimis rate

The rate is equal to the sum of:

- (A) a taxing unit's no-new-revenue maintenance and operations rate;
- (B) the rate that when applied to a taxing current total value, will impose an amount of taxes equal to \$500,000, and
- (C) a taxing unit's current debt rate.

Unused increment rate

A taxing unit that did not use all of its revenue growth may bank that unused growth as long as the taxing unit averaged below 3.5 percent of the voter-approval rate over three years.

For more information, visit our website:
comptroller.texas.gov/taxes/property-tax

Texas Comptroller of Public Accounts
Publication #98-1080
March 2022