



**LINEBARGER**

ATTORNEYS AT LAW

# **Truth-in-Taxation (TNT2020)**

## ***Houston Community College***

Blair Riley

- HCC has been a Linebarger client for over 20 years
- Our comprehensive legal services and collection program includes every part of the delinquent collection process
- Professional collectors, many of whom are bilingual
- Experienced attorneys to oversee all aspects of the collection program
- Our HCC Team is led by Anthony Nims with A'Shunte Cashaw as the area manager.



**LINEBARGER**

ATTORNEYS AT LAW

# Truth-in-Taxation Laws

**Texas Constitution and Property Tax Code Chapter 26 requirements have two purposes:**

- 1. To make taxpayers aware of tax rate proposal and**
- 2. To allow taxpayers, in certain cases, to rollback or limit tax increase**

# Four Guiding Principles

Taxpayers' right to know of property value increases and estimated taxes

Unit's obligation to calculate and publish rate before adoption

Unit's obligation to publish notices and hold hearings regarding increases

Voters' right to call for a tax rate rollback/  
voter-approval election



**LINEBARGER**

ATTORNEYS AT LAW

# New in 2020

## New language:

- **effective rate → no-new-revenue rate**
- **rollback rate → voter-approval rate**
- **unused increment rate**

# New in 2020

## **New entity type (Special Taxing Unit):**

- Includes junior college districts
- Special Taxing Units can still use the 8% trigger for voter-approval elections
- Adopting a tax rate above the voter-approval rate automatically triggers an election (no voter petition required)
- The de minimis rate does not apply to Special Taxing Units

# New in 2021

## Unused Increment Rate:

- Special provision to provide taxing units an incentive not to adopt the voter-approval rate each year.
- Taxing Units that adopt a tax rate under their voter approval rate can “bank” the difference for up to 3 years.
- Example:
  - 2020 VAR is 10¢ and Adopted Rate is 9¢ (1¢ difference)
  - 2021 VAR is 13¢ and Adopted Rate is 11¢ (2¢ difference)
  - 2022 VAR is 14¢ and Adopted Rate is 14¢ (0¢ difference)

*In 2023 the taxing unit can add up to 3¢ to their voter-approval rate*

*So if the VAR is 14 ¢ you can adopt up to 17 ¢ without an election*

In 2020 the Unused Increment Rate is 0.

# Additional Changes

- **If appraisal roll is not certified by July 25th the Chief Appraiser must provide certified estimates for use in tax rate calculations**
- **The anticipated collection rate cannot be lower than the actual collection rate in any of the 3 most recent years AND can be greater than 100% for the purpose of TNT calculations**



# Additional Changes



- **Injunction by taxpayer to prevent collection of taxes must be filed not later than 15 days after the rate is adopted**



- **A tax rate that exceeds the VAR must be adopted at the public hearing at least 71 days before the uniform election date in November (August 24, 2020).**
- **An election must be called least 78 days before the election date (August 18, 2020)**

# 2020

- Taxing Units will hold 1 hearing to discuss the tax rate
- New notice must be published in the newspaper at least 5 days before the hearing/ meeting
- The tax rate can be adopted after the public hearing, but must be adopted within 7 days
- Notice language will change depending on the proposed tax rate



# CAD Database

**New in 2020-Harris CAD is required to build and maintain a new (continuously updated) database.**

- **The calculated tax rates (no-new revenue tax rate, voter-approval tax rate, proposed tax rate)**
- **taxes that would be raised by the no-new revenue tax rate vs. the proposed tax rate**
- **dates, times, and location of public hearings to discuss and adopt the tax rate**
- **contact information for each member of governing body**
- **electronic form allowing taxpayers to submit their opinion of the tax rates**

# CAD



- **By August 7th, the Chief Appraiser will deliver to each taxpayer by mail or email a notice directing them to the new database**
- ***Taxing units other than school districts cannot adopt their tax rates until the rates have been added to the CAD database and the new CAD notice has been delivered***



**LINEBARGER**  
ATTORNEYS AT LAW



**Thank You**