

Tax Ratification Elections

29th Annual Election Law Seminar for Cities,
Schools, and Other Political Subdivisions

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TASB Legal Services



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This information is provided for educational purposes only to facilitate a general understanding of the law or other regulatory matter. This information is neither an exhaustive treatment on the subject nor is this intended to substitute for the advice of an attorney or other professional advisor. Consult with your attorney or professional advisor to apply these principles to specific fact situations.

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What is a TRE?

A tax ratification election (TRE) is a special election called by a school board for voters to approve the adopted tax rate.



When is a TRE required?

If the governing body of a **school district** adopts a tax rate that **exceeds** the district's **rollback tax rate**, the registered voters of the district at an **election** held for that purpose **must** determine whether to **approve** the adopted tax rate.

Texas Tax Code § 26.08(a)





Rockport, Texas



Houston, Texas



Port Arthur, Texas



West Orange, Texas



ved.

Are there any exceptions?

A TRE is **not** required to approve the tax rate adopted for the year **following** the year in which a **disaster** (tornado, hurricane, flood, other calamity, but not drought) occurs if:

- Increased expenditure is necessary to respond to the disaster; and
- The governor requests federal disaster assistance for the area in which the district is located.



When does a district adopt its tax rate?

Budgets must be adopted by

- June 30 for July 1 fiscal year districts
- August 31 for September 1 fiscal year districts

Tax rates must be adopted by the later of

- September 30
- 60 days after the district receives the certified appraisal roll



What comprises the district tax rate?

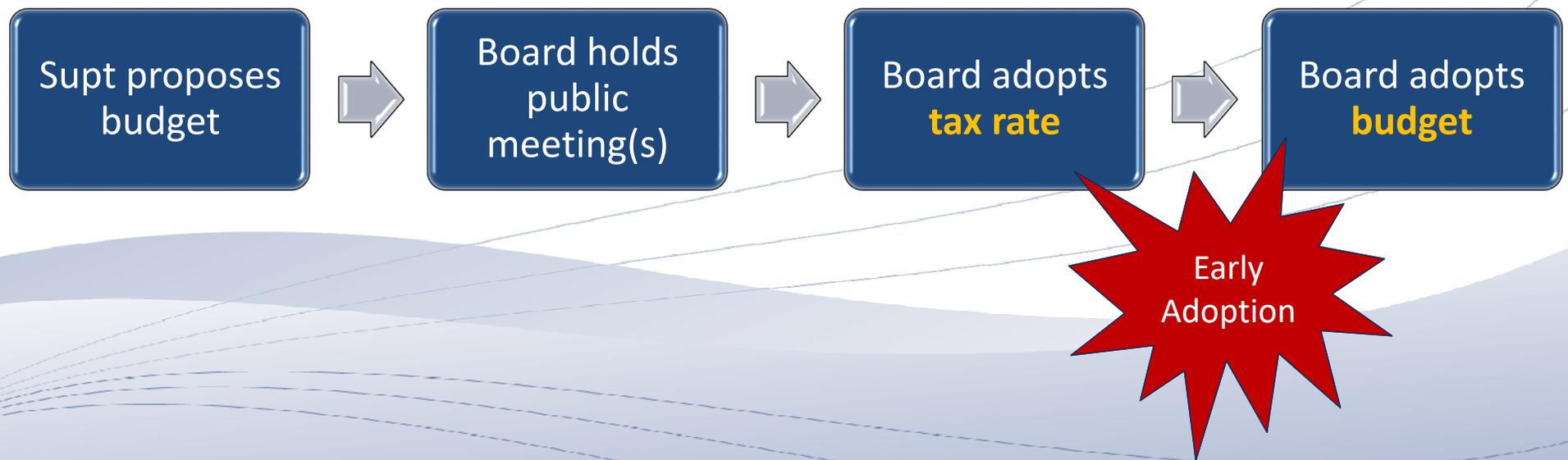
- Maintenance & Operations (M&O) rate
 - Operating expenses, such as salaries, instructional costs, utilities, transportation, general equipment, maintenance
 - \$1.17 max
- Interest & Sinking Fund (I&S) rate
 - Debt payments on bonds
 - \$.50 max



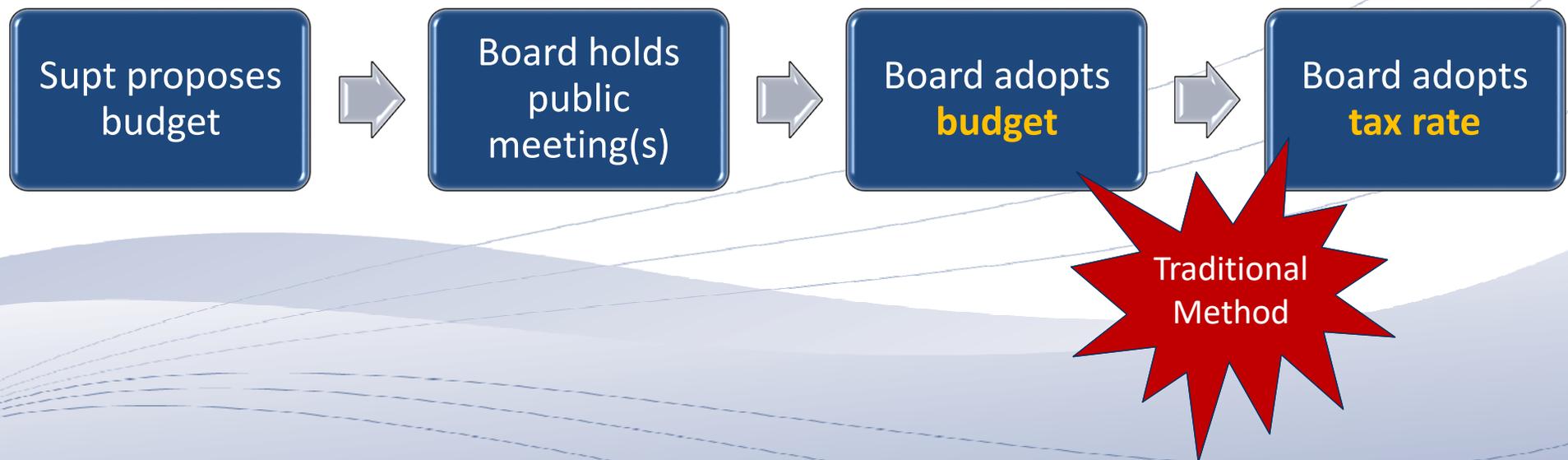
How does a district adopt its tax rate?

- Two methods
 - Early adoption based on certified estimate of values
 - Traditional based on certified appraisal roll
- Different notice & hearing requirements

How does a district adopt its tax rate?



How does a district adopt its tax rate?



Early v. Traditional Methods

Early

- Based on property value **estimates**, available April 30
- **TWO** notices, **TWO** meetings
- **TAX RATE** adopted first

Traditional

- Based on **certified** appraisal roll, available July 25
- **ONE** notice; may hold **ONE** or **TWO** meetings
- **BUDGET** adopted first





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**To: Superintendent, Superintendent Secretary, and Council of School Attorney
Member Addressed**
From: TASB Legal Services
Date: March 15, 2017
Subject: Adoption of Budget and Tax Rates—Early Tax Rate Adoption

It is time once again for Texas school districts to adopt their budgets and tax rates. This memo provides an overview of the steps school districts using the early tax rate adoption process must take to adopt a tax rate and a budget under Texas Education Code sections 44.001 through 44.006 and Texas Tax Code chapter 26. Budget adoption is addressed in TASB Policy CE(LEGAL) and tax rate adoption is addressed in TASB Policy CCG(LEGAL).

If your district uses the traditional method of adopting a tax rate based on the certified appraisal roll, please see TASB Legal Services' [*Adoption of Budget and Tax Rates—Traditional Method*](#).¹





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**To: Superintendent, Superintendent Secretary, and Council of School Attorney
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Subject: Adoption of Budget and Tax Rates—Traditional Method

It is time once again for Texas school districts to adopt their budgets and tax rates. This memo provides an overview of the traditional method school districts use in adopting their budget and tax rates under Texas Education Code sections 44.001 through 44.006 and Texas Tax Code chapter 26. Budget adoption is addressed in TASB Policy CE(LEGAL) and tax rate adoption is addressed in TASB Policy CCG(LEGAL).

If your district uses the early tax rate adoption process under Texas Tax Code section 26.05(g) and Texas Education Code section 44.004(j) to adopt its tax rate based on the certified *estimate*



What is the rollback rate?

The lesser of:

Current year's compressed tax rate
+ 4 cents
+ additional cents approved in an election in 2006 or later
+ current debt tax rate

Effective M&O tax rate
+ 4 cents
+ current debt tax rate

Worksheet: comptroller.texas.gov/taxes/property-tax/forms/index.php



2017 Sample Tax Rate Calculation Worksheet School Districts

School District's Name _____ Phone (area code and number) _____
 School District's Address, City, State, ZIP Code _____ School District's Website Address _____

GENERAL INFORMATION: Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the effective tax rate and rollback tax rate for the taxing unit.

This sample worksheet is for school districts only. Water districts as defined under Water Code Section 49.001(1) should use Comptroller Form 50-858 *Sample Water District Rollback Tax Rate Worksheet*. All other taxing units should use Comptroller Form 50-856 *Sample Tax Rate Calculation, Taxing Units Other Than School Districts*.

The Comptroller's office provides this sample worksheet to assist taxing units in determining tax rates. The information provided in this worksheet is offered as technical assistance and not legal advice. Taxing units should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

STEP 1: Effective Tax Rate (No New Taxes)

The effective tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of taxes (no new taxes) if applied to the same properties that are taxed in both years. When appraisal values increase, the effective tax rate should decrease.

Line	Effective Tax Rate Activity	Amount/Rate
1.	2016 total taxable value. Enter the amount of 2016 taxable value on the 2016 tax roll today. Include any adjustments since last year's certification; exclude one-third over-appraisal corrections from these adjustments. This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2).	\$ _____
2.	2016 tax ceilings and Chapter 313 limitations. A. Enter 2016 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. ¹ _____ \$ _____ B. Enter 2016 total taxable value of applicable Chapter 313 limitations when calculating effective maintenance and operations (M&O) taxes. Enter zero when calculating effective debt service taxes. (Use these numbers on the advice of your legal counsel.) ² _____ \$ _____ C. Add A and B. _____ \$ _____	
3.	Preliminary 2016 adjusted taxable value. Subtract Line 2 from Line 1.	\$ _____
4.	2016 total adopted tax rate (School districts with an applicable Chapter 313 limitation agreement will do a two step process using the adopted M&O rate and debt rate separately).	\$ _____ /\$100
5.	2016 taxable value lost because court appeals of ARB decisions reduced 2016 appraised value. A. Original 2016 ARB values: _____ \$ _____ B. 2016 values resulting from final court decisions: _____ \$ _____ C. 2016 value loss. Subtract B from A. _____ \$ _____	
6.	2016 taxable value, adjusted for court-ordered reductions. Add Line 3 and Line 5C.	\$ _____

¹ Tax. Tax Code § 26.012(14)
² Tax. Tax Code § 26.012(5)

The Property Tax Assistance Division at the Texas Comptroller of Public Accounts provides property tax information and resources for taxpayers, local taxing entities, appraisal districts and appraisal review boards.

For more information, visit our website: comptroller.texas.gov/taxes/property-tax
 50-859 • 07-1771



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STEP 2: Rollback Tax Rate

Most school districts calculate a rollback tax rate that is split into two separate rates:

- Maintenance and Operations (M&O):** School districts must use the lesser amount of the following methods to calculate the M&O rate:
 - Four cents (\$0.04) PLUS current year's compression rate multiplied by \$150 (usually \$1) PLUS any additional cents approved by voters at a 2006 or subsequent rollback election; **OR**
 - Current year's compression rate multiplied by six cents (usually four cents) PLUS effective M&O rate which includes school formula funding calculations.⁶

- Debt:** The debt tax rate includes the debt service necessary to pay the school district's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

In most cases the rollback tax rate exceeds the effective tax rate, but occasionally decreases in a school district's debt service will cause the effective tax rate to be higher than the rollback tax rate.

Line	Rollback Tax Rate Activity	Amount/Rate
25.	Maintenance and Operations (M&O) tax rate. Enter \$1.50 OR the 2005 adopted M&O rate if voters approved a rate higher than \$1.50.	\$ _____ /\$100
26.	Multiply line 25 times 0.6667.	\$ _____ /\$100
27.	2017 rollback M&O rate. Use the lesser of the M&O rate as calculated in Tax Code Section 26.08(n)(2)(A) and (B).	\$ _____ /\$100
28.	Total 2017 debt to be paid with property tax revenue. Debt means the interest and principal that will be paid on debts that: (1) Are paid by property taxes, (2) Are secured by property taxes, (3) Are scheduled for payment over a period longer than one year, and (4) Are not classified in the school district's budget as M&O expenses. A. Debt includes contractual payments to other school districts that have incurred debt on behalf of this school district, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. Enter debt amount: _____ \$ _____ B. Subtract unencumbered fund amount used to reduce total debt. _____ - \$ _____ C. Subtract state aid received for paying principal and interest on debt for facilities through the existing debt allotment program and/or instructional facilities allotment program. _____ - \$ _____ D. Adjust debt: Subtract B and C from A. _____ \$ _____	
29.	Certified 2016 excess debt collections. Enter the amount certified by the collector.	\$ _____
30.	Adjusted 2017 debt. Subtract line 29 from line 28D.	\$ _____
31.	Certified 2017 anticipated collection rate. Enter the rate certified by the collector. If the rate is 100 percent or greater, enter 100 percent.	_____ %
32.	2017 debt adjusted for collections. Divide line 30 by line 31.	\$ _____
33.	2017 total taxable value. Enter amount on line 18.	\$ _____
34.	2017 debt tax rate. Divide line 32 by line 33 and multiply by \$100.	\$ _____ /\$100
35.	2017 rollback tax rate. Add lines 27 and 34.	\$ _____ /\$100

⁶ Tax. Tax Code § 26.08(n)

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

2017 Sample Tax Rate Calculation Worksheet School Districts

School District's Name	Phone (area code and number)
School District's Address, City, State, ZIP Code	School District's Website Address

STEP 1: Effective Tax Rate (No New Taxes)

The effective tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of taxes (no new taxes) if applied to the same properties that are taxed in both years. When appraisal values increase, the effective tax rate should decrease.

Line	Effective Tax Rate Activity	Amount/Rate
1.	2016 total taxable value. Enter the amount of 2016 taxable value on the 2016 tax roll today. Include any adjustments since last year's certification; exclude one-third over-appraisal corrections from these adjustments. This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2).	\$ <input type="text"/>

C. Add A and B.	\$ <input type="text"/>
3. Preliminary 2016 adjusted taxable value. Subtract Line 2 from Line 1.	\$ <input type="text"/>
4. 2016 total adopted tax rate (School districts with an applicable Chapter 313 limitation agreement will do a two step process using the adopted M&O rate and debt rate separately).	\$ <input type="text"/> /\$100
5. 2016 taxable value lost because court appeals of ARB decisions reduced 2016 appraised value.	
A. Original 2016 ARB values:	\$ <input type="text"/>
B. 2016 values resulting from final court decisions:	-\$ <input type="text"/>
C. 2016 value loss. Subtract B from A.	\$ <input type="text"/>
6. 2016 taxable value, adjusted for court-ordered reductions. Add Line 3 and Line 5C.	\$ <input type="text"/>

¹ Tax. Tax Code § 26.012(14)
² Tax. Tax Code § 26.012(6)



STEP 2: Rollback Tax Rate

Most school districts calculate a rollback tax rate that is split into two separate rates:

1. **Maintenance and Operations (M&O):** School districts must use the lesser amount of the following methods to calculate the M&O rate:

- Four cents (\$0.04) PLUS current year's compression rate multiplied by \$1.50 (usually \$1) PLUS any additional cents approved by voters at a 2006

Texas Comptroller of Public Accounts

Form
50-859**STEP 2: Rollback Tax Rate**

Most school districts calculate a rollback tax rate that is split into two separate rates:

1. **Maintenance and Operations (M&O):** School districts must use the lesser amount of the following methods to calculate the M&O rate:

- Four cents (\$0.04) PLUS current year's compression rate multiplied by \$1.50 (usually \$1) PLUS any additional cents approved by voters at a 2006 or subsequent rollback election; **OR**
- Current year's compression rate multiplied by six cents (usually four cents) PLUS effective M&O rate which includes school formula funding calculations.⁶

2. **Debt:** The debt tax rate includes the debt service necessary to pay the school district's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

In most cases the rollback tax rate exceeds the effective tax rate, but occasionally decreases in a school district's debt service will cause the effective tax rate to be higher than the rollback tax rate.

31.	Certified 2017 anticipated collection rate. Enter the rate certified by the collector. If the rate is 100 percent or greater, enter 100 percent.		%
32.	2017 debt adjusted for collections. Divide line 30 by line 31.	\$	
33.	2017 total taxable value. Enter amount on line 18.	\$	
34.	2017 debt tax rate. Divide line 32 by line 33 and multiply by \$100.	\$	/ \$100
35.	2017 rollback tax rate. Add lines 27 and 34.	\$	/ \$100

* Tax. Tax Code § 26.08(p)

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

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What timelines apply to a TRE?

Held

- 30-90 days after the tax rate is adopted
- On a uniform election date if one falls in that period

Ordered not later than

- 78th day before election day if it's a uniform election date
- 62nd day before election day if it's a non-uniform election date
- 30th day before election day if the district uses the early tax rate adoption method





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2017 Tax Ratification Election Information and Timelines

This memo outlines relevant deadlines and procedures for conducting a tax ratification election (TRE) in 2017, both for districts using the early tax rate adoption process and districts adopting budgets and tax rates on the traditional timeline. Information in this document should be used in conjunction with TASB Legal Services' guides on budget and tax rate adoption.¹ Please note that the dates included in the TRE timelines are provided as a guide and starting point for district planning purposes only. The district should review its final TRE calendar with local counsel to ensure accuracy.

[BACKGROUND INFORMATION](#)

[PROCEDURAL TAX RATE ADOPTION INFORMATION](#)

[EARLY TAX RATE ADOPTION PROCESS AND TIMELINES](#)

[TRADITIONAL TAX RATE ADOPTION PROCESS AND TIMELINES](#)

[IMPORTANT REMINDERS FOR EITHER PROCESS](#)



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Is a joint election required?

Only if the TRE is at the same time as a trustee election; the joint election requirement only applies to a trustee election.

Texas Education Code § 11.0581(a)



Can district resources be used to advertise?

- Public funds **cannot** be used for political advertising or electioneering to support a TRE
- School districts **can** disseminate **factual** materials about the TRE, including election details



Is this legal?

“Vote YES to Proposition 8675309.”

“Shady Grove ISD TRE, November 7, 2017.”

Official TRE logo

“Every child deserves a good education.”



What must the ballot say?

Sample Rollback Ballot

Tax Rate Rollback Election

For (name of school district)
 (date of election)

OFFICIAL BALLOT

Place an "X" in the square beside the statement indicating the way you wish to vote.

FOR

AGAINST

Approving the ad valorem tax rate of \$ (adopted tax rate) per \$100 valuation in (name of school district) for the current year, a rate that is \$ (difference between adopted rate and rollback tax rate) higher per \$100 valuation than the school district rollback tax rate, for the purpose of (description of purpose of increase).



What happens after the election?

Proposition
passes by
majority
vote

Adopted tax
rate is the rate
for the current
year

Proposition
fails

Board may not
adopt a tax rate
that exceeds the
rollback rate



Where can I get more information?

TASB Legal Services

800.580.5345

legal@tasb.org

schoolawesource.tasb.org

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Welcome to TASB School Law eSource.

This resource was developed for school officials and the school community and is organized by subject matter based on the structure of TASB's Policy Reference Manual.

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TASB Legal Services @tasblegal
Joy Baskin, director @tasblegal, talks #immigration issues in Texas public schools. buff.ly/2naE3TK 2h

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Check updates on #SB7 affidavit FAQs!
Use the link for the most recent

TASB Resources

- Financial Responsibility
- Religion in the Public Schools

Sarah Orman, Staff Attorney TASB Legal Services

Watch and learn how to use eSource from a TASB staff attorney in this brief [tutorial](#)



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Taxes

Property Tax Assistance

TRUTH-IN-TAXATION: TAX RATE ADOPTION

Truth-in-taxation is a concept embodied in the Texas Constitution that 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. ¹ Property owners have the right to know about increases in their properties' appraised value and to be notified of the estimated taxes that could result from the new value. ²

Creating a budget and adopting a property tax rate to support that budget are major functions of a taxing unit's governing body. This is accomplished by following truth-in-taxation requirements to ensure the public is informed of any increases. The type of taxing unit determines its applicable truth-in-taxation requirements.

If certain taxing units fail to comply with the hearing, notice or tax rate adopting process in good faith, a property owner in the taxing unit may seek an injunction to stop the taxing unit from sending tax bills until it convinces the district court that it has complied with the law. ³ A property owner must act to

Resources

- [Tax Rate Calculations](#)
- [Notice Requirements](#)
- [Hearing Requirements](#)
- [Rollback Elections](#)
- [Forms for Tax Rate Adoption](#)
- [Important Dates \(PDF\)](#)
- [Texas Constitution Provisions \(PDF\)](#)
- [Truth-in-Taxation FAQ](#)
- [Truth-in-Taxation Videos](#)

