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LOCAL REVENUE SOURCES
AD VALOREM TAXES

CCG
(LEGAL)

Tax Rate Adoption

Maintenance Taxes

The board may levy, assess, and collect annual ad valorem taxes for the maintenance of the district's schools. Taxes may not be levied unless authorized by a majority of the qualified voters of the district, voting at an election called for that purpose. *Education Code 45.002, .003(a)*

Maximum Tax Rate

For any year, the maintenance tax rate per \$100 of taxable value adopted by the district may not exceed the rate equal to the sum of \$0.17 and the product of the state compression percentage, as determined under Education Code 42.2516, multiplied by \$1.50.

A rate that exceeds the maximum rate for the year in which the tax is to be imposed is void. A district with a tax rate that is void under this provision may, subject to requirements imposed by other law, adopt a rate for that year that does not exceed the specified maximum rate for that year.

Notwithstanding any other law, a district that levied a maintenance tax for the 2005 tax year at a rate greater than \$1.50 per \$100 of taxable value in the district as permitted by special law may not levy a maintenance tax at a rate that exceeds the rate per \$100 of taxable value that is equal to the sum of \$0.17 and the product of the state compression percentage, as determined under Education Code 42.2516, multiplied by the rate of the maintenance tax levied by the district for the 2005 tax year.

Education Code 45.003(d)–(f)

Assessor and Collector

The board may employ a person to assess or collect the district's taxes and may compensate the person as the board considers appropriate. This provision does not prohibit a district from providing for the assessment or collection of the district's taxes under a method authorized by Tax Code Chapter 6, Subchapter B. *Education Code 45.231*

Certified Estimate of Values

By April 30, the chief appraiser shall prepare and certify to the district's assessor an estimate of the taxable value of district property. *Tax Code 26.01(e)*

Appraisal Roll

By July 25, the chief appraiser shall prepare and certify to the assessor for the district that part of the appraisal roll that lists the property taxable by the district. The part certified to the assessor is the appraisal roll for the district. *Tax Code 26.01(a)*

By August 1 or as soon thereafter as practicable, the district's assessor shall submit to the board the district's appraisal roll, showing the total appraised, assessed, and taxable values of all property and the total taxable value of new property.

By August 1 or as soon thereafter as practicable, a district's collector shall certify to the board an estimate of the collection rate for the current year. If the collector certified an anticipated collection rate in the preceding year and the actual collection rate in that year exceeded the anticipated rate, the collector shall also certify the amount of debt taxes collected in excess of the anticipated amount in the preceding year.

Tax Code 26.04(b)

*Reappraisal after
Disaster*

The board of a district that is located partly or entirely inside an area declared to be a disaster area by the governor may authorize the reappraisal of all property damaged in the disaster at its market value immediately after the disaster. A district that authorizes a reappraisal pursuant to this provision must pay the appraisal district all the costs of making the appraisal.

If property damaged in a disaster is reappraised as provided by this provision, the board shall provide for prorating the taxes on the property as specified in Tax Code 23.02(d) for the year in which the disaster occurred.

Tax Code 23.02; Att'y Gen. Op. KP-0192 (2018)

Truth-in-Taxation
Requirements

Note: The *Truth in Taxation* website maintained by the Texas comptroller of public accounts offers [detailed guidance on setting local property tax rates for school districts.](#)¹

*Traditional
Method*

When the budget has been prepared under Education Code 44.002, the board president shall call a meeting of the board for the purpose of adopting a budget for the succeeding tax year. The budget must be adopted before the adoption of the tax rate for the tax year in which the fiscal year covered by the budget begins. *Education Code 44.004(a), (g)* [See CE]

Published Notice

The board president shall provide for publication of notice of the budget and proposed tax rate meeting in a daily, weekly, or bi-weekly newspaper published in the district. If no daily, weekly, or biweekly newspaper is published in the district, the president shall provide for publication of notice in at least one newspaper of general circulation in the county in which the district's central administrative office is located. The notice shall be published not earlier than the 30th day or later than the tenth day before the date of the hearing.

Form of Notice

The notice of public meeting to discuss and adopt the budget and the proposed tax rate must comply with the size, format, and content requirements set out in Education Code 44.004.

A notice is not valid if it does not substantially conform to the language and format prescribed by the comptroller.

Education Code 44.004(b)–(d)

Rate Decrease If the published interest and sinking fund (debt service) rate decreases after the publication of the required notice, the president is not required to publish another notice or call another meeting to discuss and adopt the budget and the proposed lower tax rate. *Education Code 44.004(g-1)*

Districts with July 1 Fiscal Year Notwithstanding the provisions above, a district with a fiscal year beginning July 1 may use the certified estimate of the taxable value of district property in preparing the required notice if the district does not receive the certified appraisal roll on or before June 7. A district that uses a certified estimate may adopt a budget at the public meeting designated in the published notice prepared using the estimate, but the district may not adopt a tax rate before the district receives the certified appraisal roll for the district.

After receipt of the certified appraisal roll, a district must publish a revised notice and hold another public meeting before the district may adopt a tax rate that exceeds:

1. The rate proposed in the notice prepared using the estimate; or
2. The district's rollback rate determined under Tax Code 26.08 using the certified appraisal roll.

Education Code 44.004(h), (i)

Early Adoption Method Notwithstanding the provisions above or at Deadline below, a district may adopt a budget after the district adopts a tax rate for the tax year in which the fiscal year covered by the budget begins if the district elects to adopt a tax rate before receiving the certified appraisal roll for the district. If a district elects to adopt a tax rate before adopting a budget, the district must publish notice and hold a meeting for the purpose of discussing the proposed tax rate as provided above. Following adoption of the tax rate, the district must publish notice and hold another public meeting before the district may adopt a budget. The comptroller shall prescribe the language and format to be used in the notices. The district may use the certified estimate of taxable value in preparing a notice under this provision. *Education Code 44.004(j)*

The board of a district that elects to adopt a tax rate before the adoption of a budget for the fiscal year that begins in the current tax year may adopt a tax rate for the current tax year before receipt of the certified appraisal roll for the district if the chief appraiser of

the appraisal district in which the district participates has certified to the assessor for the district an estimate of the taxable value of property in the district as specified at Certified Estimate of Values above. If a district adopts a tax rate under this provision, the effective tax rate and the rollback tax rate of the district shall be calculated based on the certified estimate of taxable value. *Tax Code 26.05(g)*

Tax Rate Adoption
Requirements

Deadline

Before the later of September 30 or the 60th day after the date the certified appraisal roll is received, the board shall adopt a tax rate for the current tax year and shall notify the assessor of the tax rate adopted. [See Adoption of Tax Roll below] The tax rate consists of two components, each of which must be approved separately. The components are:

1. The interest and sinking fund (debt service) rate calculated under Education Code 44.004(c)(5)(A)(ii)(b); and
2. The rate that, if applied to the total taxable value, will impose the amount of taxes needed to fund maintenance and operation expenditures of the district for the next year.

Tax Code 26.05(a)

Tax Date for
Certain Districts

A district that before January 1, 1989, has for at least ten years followed a practice of adopting its tax rate at a different date than as provided by Tax Code Chapter 26 and of billing for and collecting its taxes at different dates than as provided by Chapters 31 and 33 may continue to follow that practice. This does not affect the dates provided by the Property Tax Code (Tax Code Title 1) for other purposes, including those relating to the appraisal and taxability of property, the attachment of tax liens and personal liability for taxes, and administrative and judicial review under Chapters 41 and 42. *Tax Code 26.135*

Vote

A board may not impose property taxes in any year until it has adopted a tax rate for that year, and the annual tax rate must be set by ordinance, resolution, or order. The vote on the ordinance, resolution, or order setting the tax rate must be separate from the vote adopting the budget. The vote on the ordinance, resolution, or order setting a tax rate that exceeds the sum of the district's effective maintenance and operations tax rate and the district's current debt rate must be a record vote, and at least 60 percent of the members of the board must vote in favor of the ordinance, resolution, or order.

Motion

A motion to adopt an ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate must be made in the following form: "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 effective tax rate) percent increase in the tax rate.”

*Language and
Internet Posting*

If the ordinance, resolution, or order sets a tax rate that, if applied to the total taxable value, will impose an amount of taxes to fund maintenance and operation expenditures of the district that exceeds the amount of taxes imposed for that purpose in the preceding year the district must:

1. Include in the ordinance, resolution, or order in type larger than the type used in any other portion of the document:
 - a. The following statement: “THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR’S TAX RATE”; and
 - b. If the tax rate exceeds the effective maintenance and operations rate, the following statement: “THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount).”; and
2. Include on the home page of any internet website operated by the district:
 - a. The following statement: “(Insert name of unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR’S TAX RATE”; and
 - b. If the tax rate exceeds the effective maintenance and operations rate, the following statement: “THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount).”

Tax Code 26.05(b)

Adoption of Tax Roll

On receipt of notice of the tax rate for the current tax year, the assessor for a district shall calculate the tax imposed on each property included on the appraisal roll for the district. The assessor shall enter the amount of tax in the appraisal roll and submit it to

the board for approval. The appraisal roll with amounts of tax entered as approved by the board constitutes the district's tax roll.
Tax Code 26.09(a), (e)

Failure to Adopt Tax
Rate

If the board does not adopt a tax rate before the date required at Deadline above, the tax rate for the district for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the district for the preceding tax year. A tax rate established by this provision is treated as an adopted tax rate. Before the fifth day after the establishment of a tax rate by this provision, the board must ratify the applicable tax rate in the manner set out at Tax Rate Adoption Requirements above. *Tax Code 26.05(c)*

Taxpayer Injunction

A person who owns taxable property in a district is entitled to an injunction restraining the collection of taxes by the district if the district has not complied with the requirements above at Published Notice, including Form of Notice, Districts with July 1 Fiscal Year, if applicable, and Tax Rate Adoption Requirements, and the failure to comply was not in good faith. An action to enjoin the collection of taxes must be filed before the date a district delivers substantially all of its tax bills. *Education Code 44.004(e); Tax Code 26.05(e)*

Tax Information to
County

A district shall provide to the county assessor-collector for each county in which all or part of district territory is located the district's adopted tax rate, maintenance and operations rate, debt rate, effective tax rate, effective maintenance and operations rate, and rollback tax rate for posting on the county's internet website. The district shall provide the information annually following the adoption of a tax rate by the district for the current tax year. *Tax Code 26.16(a)-(b)*

**Tax Ratification
Election**

If the board 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.

If for the preceding tax year a district adopted a maintenance and operations tax rate that was less than the district's effective maintenance and operations tax rate for that preceding tax year, the rollback tax rate of the district for the current tax year is calculated as if the district adopted a maintenance and operations tax rate for the preceding tax year that was equal to the district's effective maintenance and operations tax rate for that preceding tax year.

Tax Code 26.08(a), (n), (p); see Att'y Gen. Op. KP-0154 (2017) (addressing calculation of the rollback rate and when a district must hold a tax ratification election)

Disaster Exception

When increased expenditure of money by a district is necessary to respond to a disaster, including a tornado, hurricane, flood, or

	<p>other calamity, but not including a drought, that has impacted a district and the governor has requested federal disaster assistance for the area in which the district is located, an election is not required to approve the tax rate adopted by the board for the year following the year in which the disaster occurs. <i>Tax Code 26.08(a)</i></p>
Time for Election	<p>The board shall order that the election be held in the district on a date not less than 30 or more than 90 days after the day on which it adopted the tax rate. Election Code 41.001 (regarding uniform election dates) does not apply to the election unless a uniform election date falls within the time permitted by this provision. <i>Tax Code 26.08(b)</i></p>
<i>Call for Election</i>	<p>Except as provided at Uniform Election Date below, an election shall be ordered not later than the 62nd day before election day.</p>
Uniform Election Date	<p>For an election to be held on a uniform election date, the election shall be ordered not later than the 78th day before election day.</p> <p>An election to ratify a tax rate adopted by a board under the early adoption method described above shall be ordered not later than the 30th day before election day.</p> <p><i>Election Code 3.005 [See BBBA]</i></p>
<i>Notice to County Clerk</i>	<p>The board shall deliver notice of the election to the county clerk and voter registrar of each county in which the district is located not later than the 60th day before election day.</p>
Exception	<p>A board that orders an election to ratify a tax rate adopted by the board under the early adoption method described above shall deliver notice of the election to the county clerk of each county in which the district is located not later than the 30th day before election day.</p> <p><i>Election Code 4.008</i></p>
Proposition	<p>At the election, the ballots shall be prepared to permit voting for or against the proposition: "Approving the ad valorem tax rate of \$_____ per \$100 valuation in (name of school district) for the current year, a rate that is \$_____ higher per \$100 valuation than the school district rollback tax rate, for the purpose of (description of purpose of increase)." The ballot proposition must include the adopted tax rate and the difference between that rate and the rollback tax rate in the appropriate places. <i>Tax Code 26.08(b)</i></p> <p>In addition to any other requirement imposed by law for a proposition, including a provision prescribing the proposition language, a proposition submitted to the voters for approval of the imposition or increase of a tax shall specifically state the amount of or maximum</p>

tax rate of the tax or tax increase for which approval is sought.
Election Code 52.072(e)(2)

Each proposition on the ballot must identify the name of the authority ordering the election on the measure. *Election Code 52.095(c)*

Election Outcome

If a majority of the votes cast in an election favor the proposition, the tax rate for the current year is the rate that was adopted by the board. If the proposition is not approved, a board may not adopt a tax rate for the current year that exceeds the district's rollback tax rate. *Tax Code 26.08(c)-(d)*

¹ Truth-in-Taxation: Tax Rate Adoption: <https://comptroller.texas.gov/taxes/property-tax/truth-in-taxation/index.php>