

Senate Select Committee on Government Reform

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Senate Bill 1

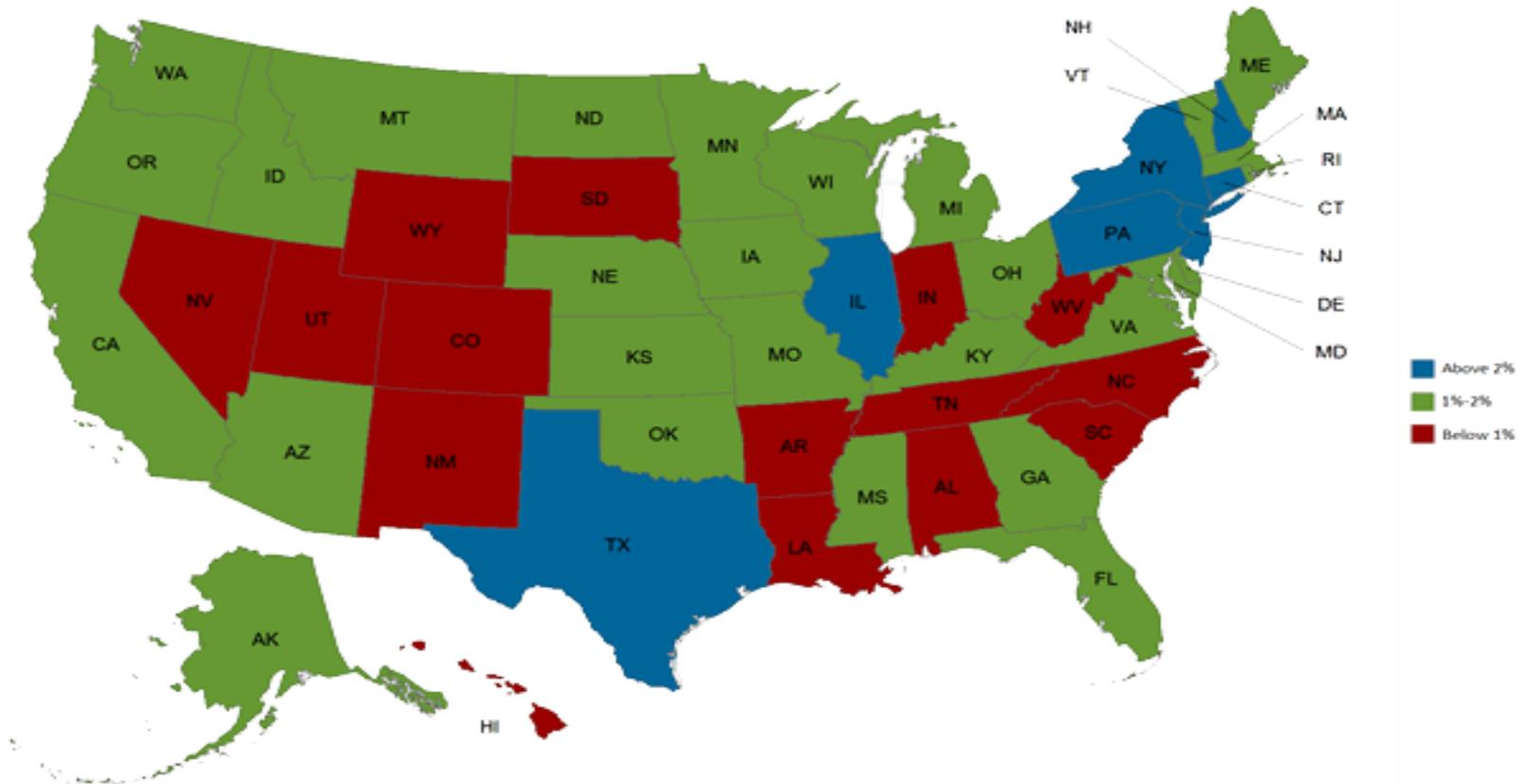
The Property Tax Reform and Relief Act
of 2017



LOCAL TAX BURDENS NATIONALLY

Texas has one of the highest property tax burdens in the country, with a median property tax rate of \$2.17 per \$100 in property value. Only 4 states have a higher median tax rate.

Figure 2: Media Property Tax Rates



Source: CoreLogic 2016

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Senate Bill 1

- Lowered Rollback Rate
- Provides property tax relief by lowering rollback rate from 8% to 4%
- Automatic Elections
- Provides an automatic Tax Ratification Election in November, if exceeded
- Property Tax Administration Advisory Board

Senate Bill 1

Property Tax Reform is accomplished by:

- Changes multiple protest deadlines to a standardized May 15th date
- \$10 million exemption for small jurisdictions, rollback election will still require a petition

Taxable Value x Tax Rate = Tax Bill



When property values go up...



Tax rates should come down.

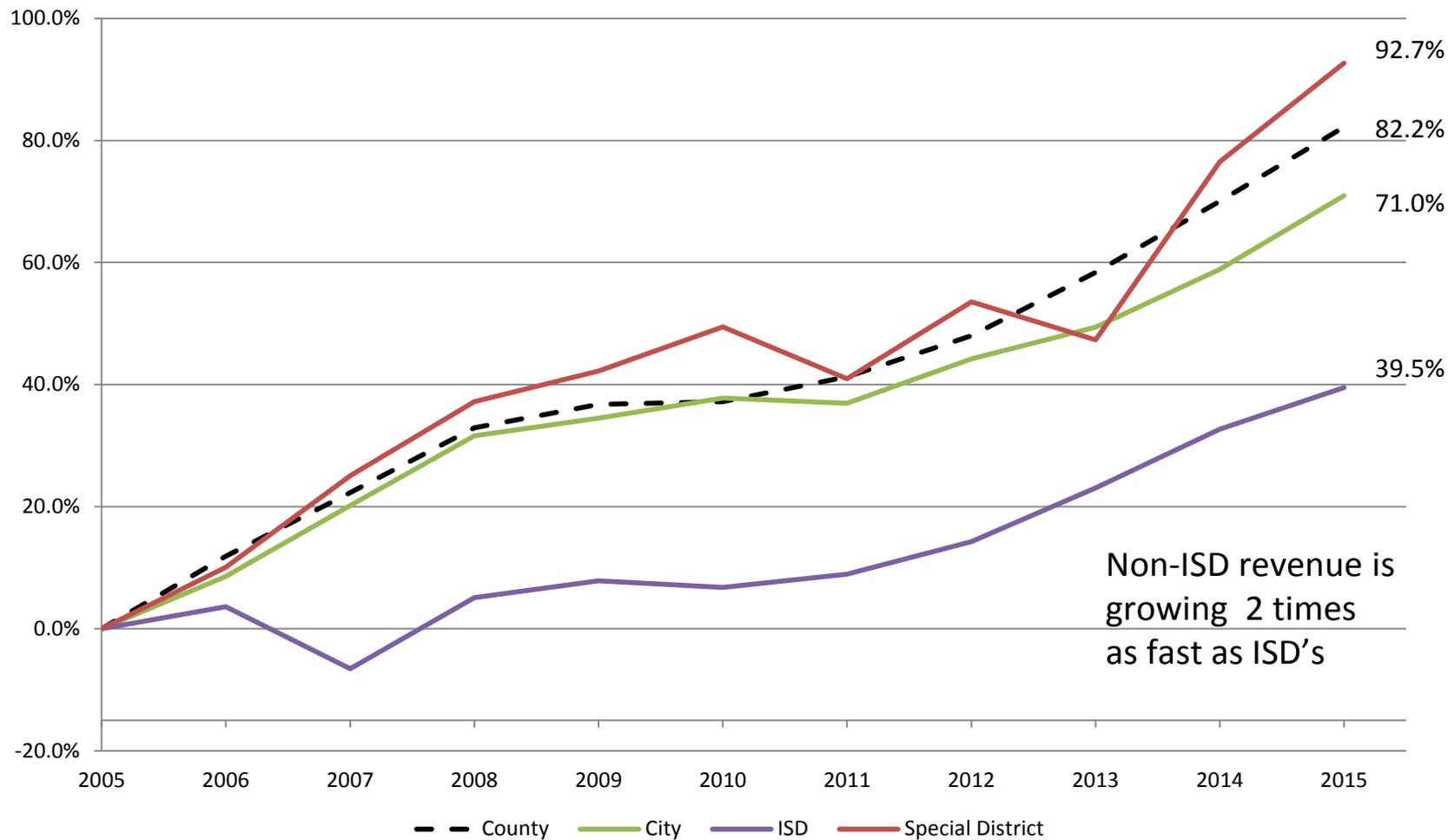


Instead, as values rise...

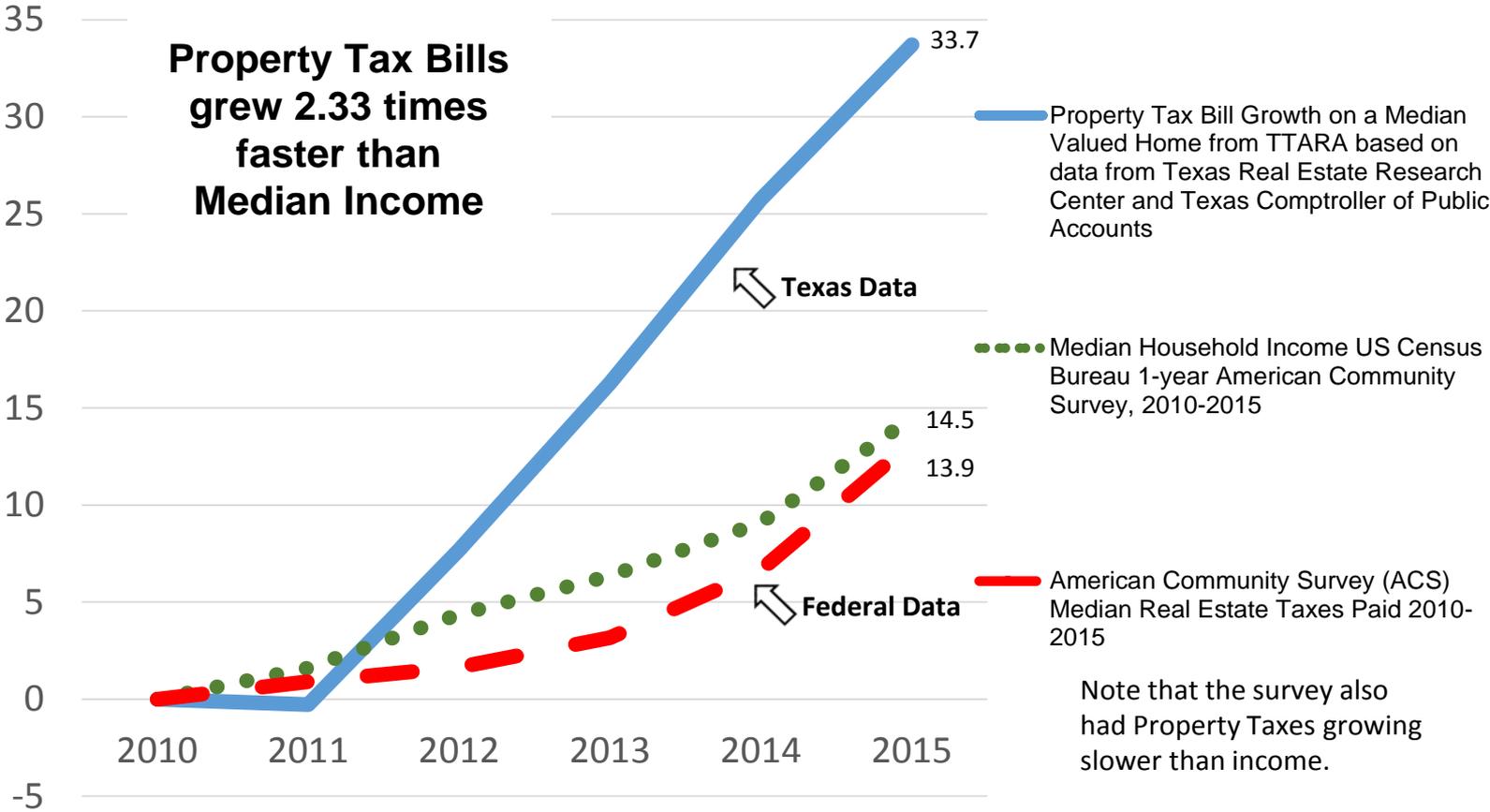


On average, rates are kept constant or slightly raised.

% Change in Total Tax Levies All Units, 2005-2015



Texas Property Tax Bill Growth VS Median Household Income



What's really happening with revenues

For the 3 year period (2013 – 2016)

the Top 5 Counties had revenues increases of:

- | | |
|-------------------|-------|
| 1. Bexar County | 38.2% |
| 2. Harris County | 36.4% |
| 3. Dallas County | 25.0% |
| 4. Travis County | 18.9% |
| 5. Tarrant County | 11.6% |

What's really happening with revenues

For the 3 year period (2013 – 2016)

the Top 5 Cities had revenues increases of:

1. San Antonio	35.0%
2. Houston	26.6%
3. Dallas	24.6%
4. Austin	18.9%
5. Ft. Worth	17.1%

What's happening with tax bills

2013 – 2016

2013 – 2016

County tax bill increases

City tax bill increases

1.	Harris County	36.4%
2.	Dallas County	25.5%
3.	Bexar County	24.3%
4.	Tarrant County	19.1%
5.	Travis County	-0.7%

1.	Houston	24.6%
2.	San Antonio	24.0%
3.	Ft. Worth	20.7%
4.	Dallas	20.3%
5.	Austin	6.4%

Property Taxes Reported by Taxing Unit Type 2005 vs. 2015

Taxing Unit Type	2005			2015			Change from 2014 to 2015
	Number of Taxing Units	Tax Levy	Percent of Levy	Number of Taxing Units	Tax Levy	Percent of Levy	
School Districts	1,019	20,194,915,813	60.32%	1,019	\$28,176,465,862	53.97%	39.52%
Cities	1,064	4,901,791,597	14.64%	1,064	\$8,380,435,861	16.05%	70.97%
Counties	254	4,772,791,597	14.26%	254	\$8,696,387,395	16.66%	82.07%
Special Districts	1,791	3,609,629,697	10.87%	1,834	\$6,954,137,406	13.32%	92.66%
Total	4,128	\$33,478,989,315	100.00%	4,171	\$52,207,426,524	100.00%	55.92%

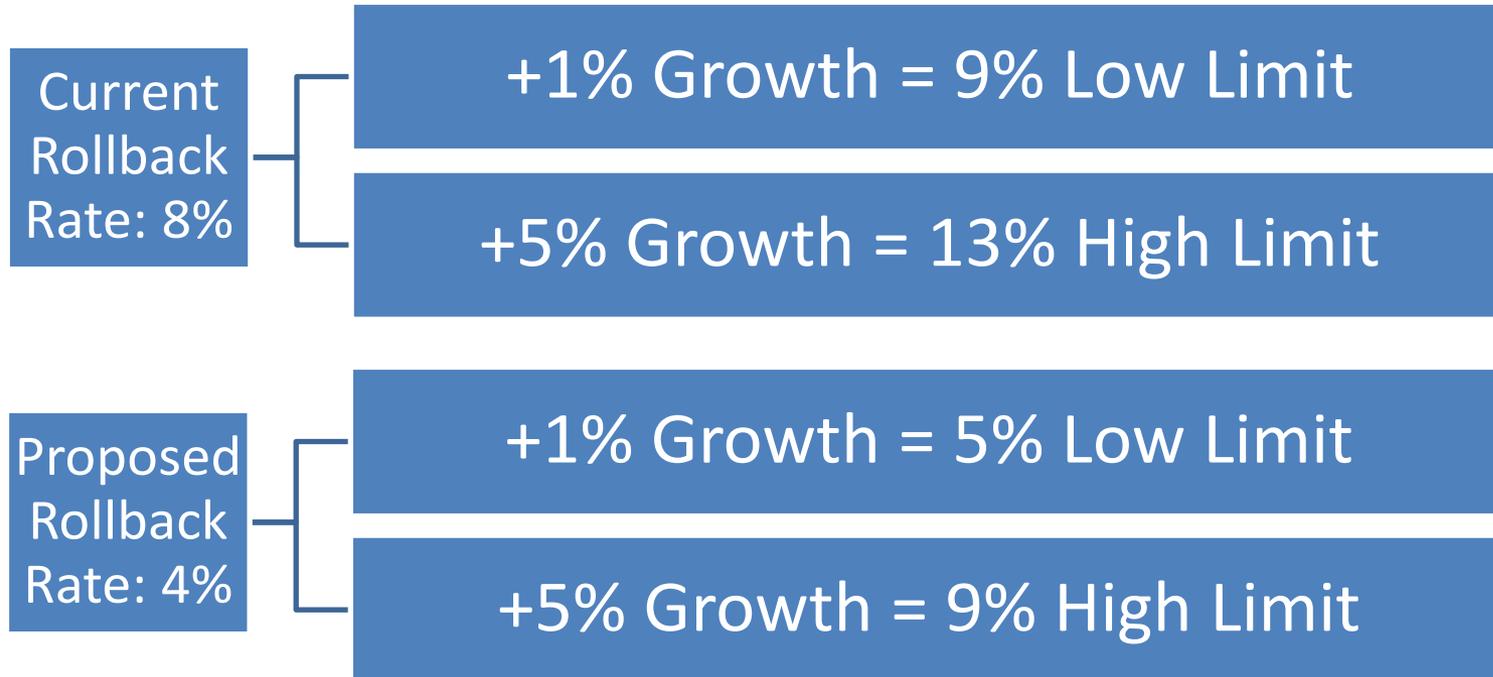
Note: 2014 to 2015 Increases: 5% ISDs, 7% Cities and Counties, 9% SDs

Property Tax Levies (in millions \$)

2005 vs. 2015

Property Tax Year	School District	City		County		Special District			Total Property Taxes	
2005	20,194.9	8.96%	4,901.8	6.38%	4,772.7	6.94%	3,609.6	7.14%	33,479.0	8.09%
2006	20,918.1	3.58%	5,323.0	8.59%	5,339.6	11.88%	3,972.2	10.04%	35,552.9	6.19%
2007	18,874.2	-9.77%	5,890.3	10.66%	5,837.0	9.31%	4,513.1	13.62%	35,114.6	-1.23%
2008	21,233.5	12.50%	6,451.0	9.52%	6,342.7	8.66%	4,952.7	9.74%	38,980.0	11.01%
2009	21,780.1	2.57%	6,593.8	2.21%	6,526.7	2.90%	5,133.8	3.66%	40,034.4	2.70%
2010	21,558.3	-1.02%	6,755.4	2.45%	6,567.1	0.62%	5,394.7	5.08%	40,275.5	0.60%
2011	22,001.6	2.06%	6,810.0	0.81%	6,742.9	2.68%	5,038.7	-6.60%	40,593.2	0.79%
2012	23,072.8	4.87%	7,055.0	3.60%	7,064.7	4.77%	5,543.4	10.02%	42,735.9	5.28%
2013	24,854.7	7.72%	7,324.4	3.82%	7,537.7	6.70%	5,529.4	-0.25%	45,246.2	5.87%
2014	26,792.7	7.80%	7,828.6	6.88%	8,115.0	7.66%	6,370.5	15.21%	49,106.7	8.53%
2015	28,176.5	5.16%	8,380.4	7.05%	8,689.5	7.08%	6,954.1	9.16%	52,200.6	6.30%
	Annual Average	4.04%		5.63%		6.29%		6.98%		6.15%

What does SB 1 do for Tax Relief?



Lowers the rollback rate from 8% to 4% but leaves growth intact. SB 2 simply slows the rate of increasing taxes.

Originally, the rollback rate was 5%, but it was raised to 8% during high inflation periods and left there even though Texas is now in a sustained period of low inflation.

The last time the Rollback rate was 5% or less was 1979!

Automatic Elections

- Requires automatic tax rate ratification if the taxing unit adopts a tax rate that exceeds the rollback rate, removing the onerous petition requirement in current statute.
- The tax rate ratification election will occur in November.

Revised Tax Calendar

- Appraisal notices for homeowners and property owners must be mailed by April 15th. The business personal property deadline is also April 15th.
- All real property protests must be filed by May 15th.
- All tax calendar deadlines moved back two weeks for elections

Property Tax Administration Advisory Board

- Appointed by the Texas Comptroller with at least 6 board members representing taxpayers, appraisal districts, school districts and ratio study experts
- Board will provide recommendations regarding the effectiveness and efficiency of the property tax system, best practices and complaint resolution procedures

Equivalent Tax Rate

- Finally, establishes an easily understood **Equivalent Tax Rate** and standardizes taxpayer public notices showing the property tax increases on average homes per taxing unit.
- Notice of [current year] tax year proposed property tax rate for [taxing unit] will explain terms and increase/decrease

NOTICE OF [CURRENT YEAR] TAX YEAR PROPOSED PROPERTY TAX RATE FOR

[Taxing Unit]

PROPOSED TAX RATE for [current year] [proposed tax rate] per \$100

NO-NEW-TAXES RATE for [current year] [no-new-taxes rate] per \$100

ROLLBACK TAX RATE for [current year] [rollback tax rate] per \$100

The NO-NEW-TAXES RATE is the tax rate for [current year] that will raise the same amount of property tax revenue for [taxing unit] from the same properties in both the [preceding year] tax year and the [current year] tax year.

The PROPOSED TAX RATE is greater than the NO-NEW-TAXES RATE. This means [taxing unit] is proposing to increase your property taxes for [current year]. A hearing on the PROPOSED TAX RATE will be held at [hearing location 1] on [hearing date 1] at [hearing time 1]. A second hearing on the PROPOSED TAX RATE will be held at [hearing location2] on [hearing date 2] at [hearing time 2].

The PROPOSED TAX RATE is greater than the ROLLBACK TAX RATE. If [taxing unit] adopts the PROPOSED TAX RATE, [taxing unit] is required to hold an election so that voters may either accept or reject the PROPOSED TAX RATE. If a majority of voters rejects the PROPOSED TAX RATE, the PROPOSED TAX RATE will automatically be reduced to the ROLLBACK TAX RATE. The election will be held on [uniform election date]. The voting location is [polling location]. The hours of voting on the election date at the voting location are [uniform voting hours].

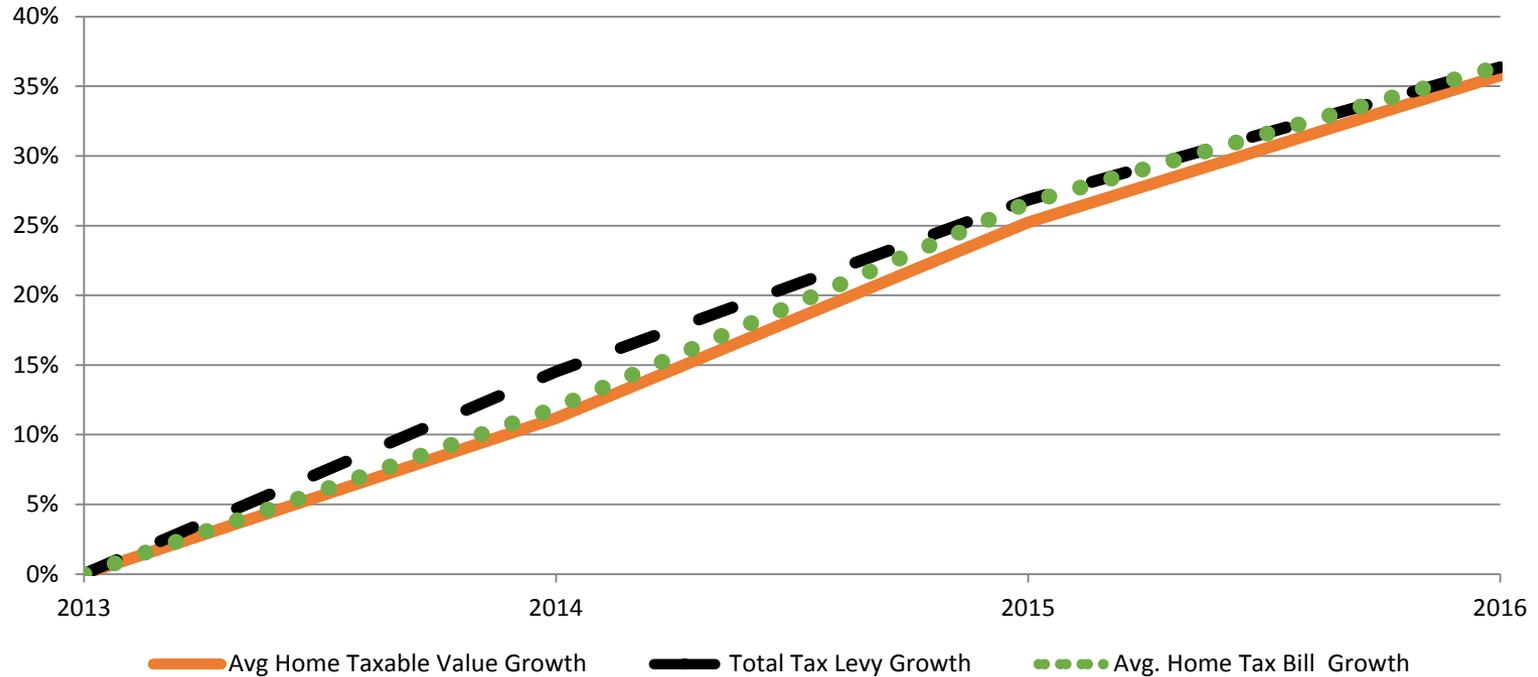
Your taxes owed under any of the above rates can be calculated as follows:

$$\text{Tax Rate} \times \text{Taxable value of your property} \div 100 = \text{Property Tax}$$

The following table compares taxes on the average residence homestead in [taxing unit] last year to the taxes proposed on the average residence homestead this year:

	[preceding year]	[current year]	Change
Total tax rate (per \$100 of value)	[preceding year adopted tax rate] per \$100	[proposed tax rate] per \$100	[Increase/Decrease] of [calculation 1] per \$100, or [calculation 2]%
Average homestead taxable value	[preceding year average taxable value of homesteads]	[current year average taxable value of homesteads]	[Increase/Decrease] of [calculation 3]
Tax on average homestead	\$(calculation 4)	\$(calculation 5)	[Increase/Decrease] of [calculation 6], or [calculation 7]%

Harris County 2013-2016



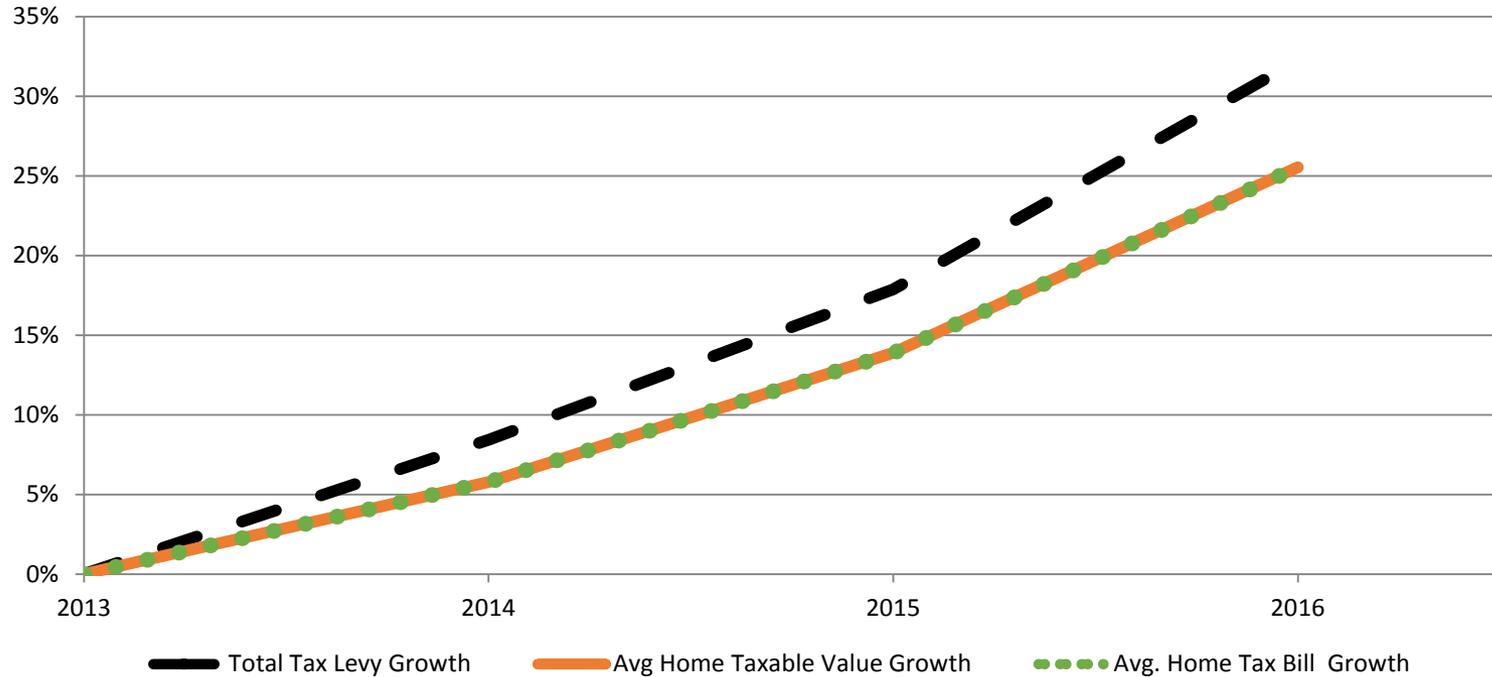
Harris County Avg. Home	2013	2014	2015	2016	Total Growth
Taxable Value	\$116,242	\$129,227	\$145,569	\$157,835	+35.8%
Tax Rate	0.4146	0.4173	0.4192	0.4166	+0.0020/0.5%
Tax Bill	\$482	\$539	\$610	\$657	+36.4%
Harris County Total Levy	\$1.15B	\$1.32B	\$1.46B	\$1.57B	↑ +36.4% \$418,196,000

City of Houston 2013-2016



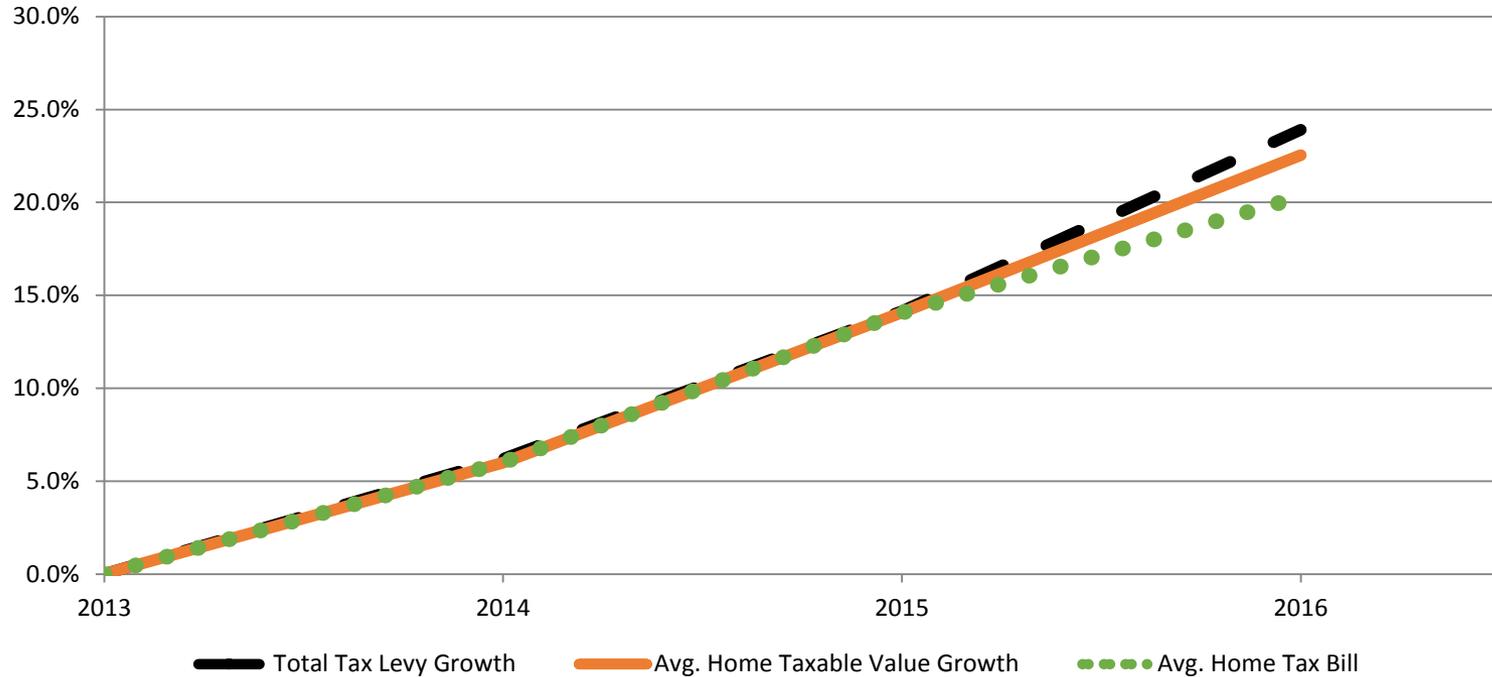
City of Houston Avg. Home	2013	2014	2015	2016	Total Growth
Taxable Value	\$128,503	\$144,004	\$156,170	\$170,171	+32.4%
Tax Rate	0.6388	0.6388	0.6311	0.6011	-0.0376/5.9%
Tax Bill	\$821	\$920	\$986	\$1,023	+24.6%
City of Houston Total Levy	\$970.2M	\$1.07B	\$1.18B	\$1.23B	↑ +26.6% \$258,406,000

Dallas County 2013-2016



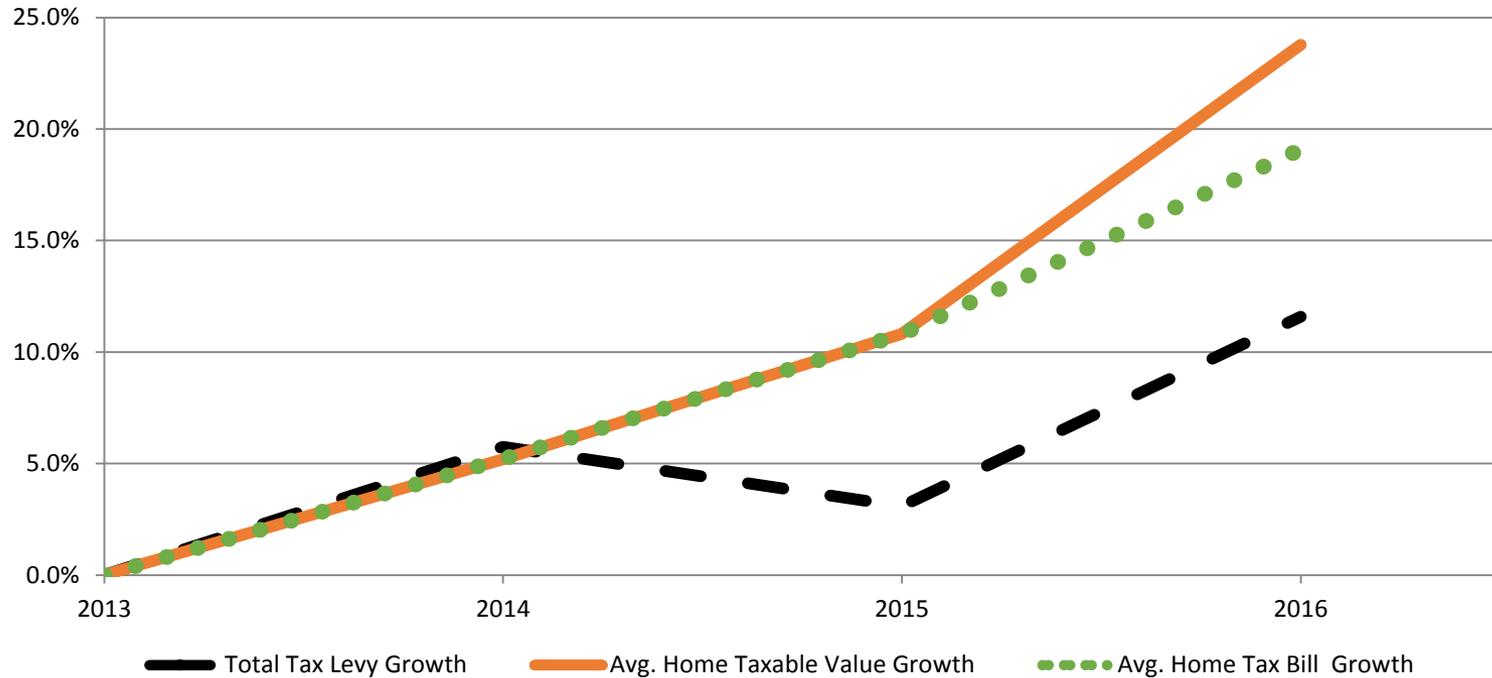
Dallas County Avg. Home	2013	2014	2015	2016	Total Growth
Taxable Value	\$127,479	\$134,835	\$145,172	\$160,032	+25.5%
Tax Rate	0.2431	0.2431	0.2431	0.2431	0.0000/0.0%
Tax Bill	\$310	\$328	\$353	\$389	+25.5%
Dallas County Total Levy	\$843.7M	\$914.8M	\$985.7M	\$1.08B	▲ +27.9% \$272,037,266

City of Dallas 2013-2016



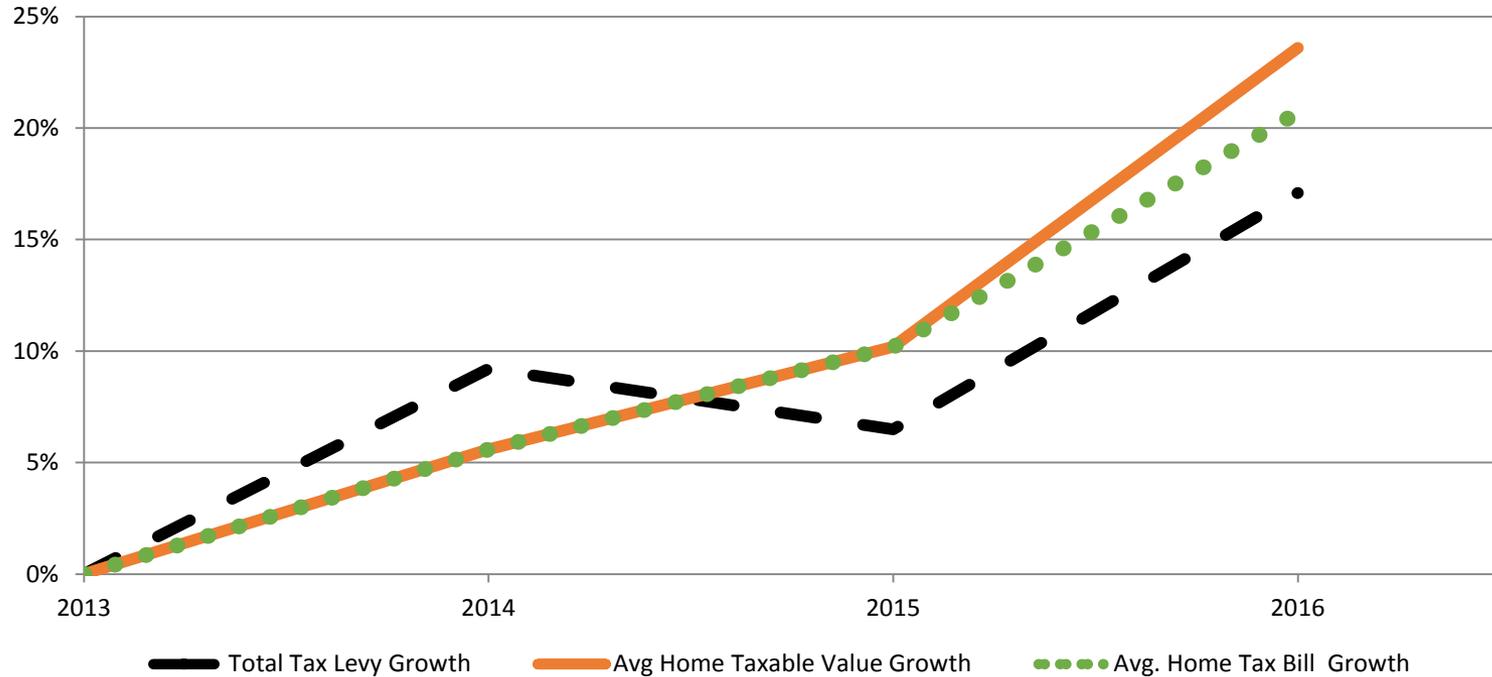
City of Dallas Avg. Home	2013	2014	2015	2016	Total Growth
Taxable Value	\$137,993	\$146,267	\$157,400	\$169,104	+22.5%
Tax Rate	0.7970	0.7970	0.7970	0.7825	-0.0145/1.8%
Tax Bill	\$1,100	\$1,166	\$1,254	\$1,323	+20.3%
City of Dallas Total Levy	\$238.5M	\$253.3M	\$272.2	\$295.5	▲ +23.9% \$70,798,000

Tarrant County 2013-2016



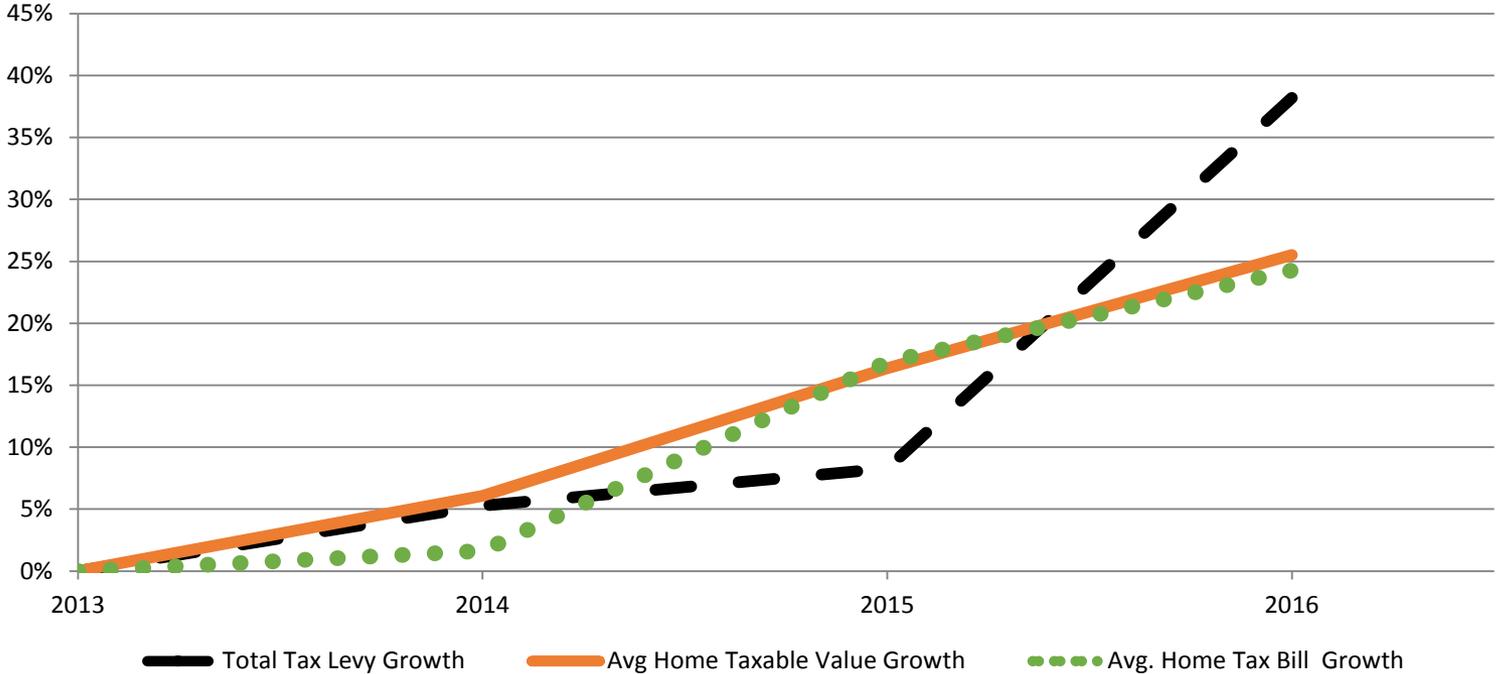
Tarrant County Avg. Home	2013	2014	2015	2016	Total Growth
Taxable Value	\$136,149	\$143,223	\$150,871	\$168,517	+23.8%
Tax Rate	0.2640	0.2640	0.2640	0.2540	-0.0100/3.8%
Tax Bill	\$359	\$378	\$398	\$428	+19.1%
Tarrant County Total Levy	\$335.8M	\$355.1M	\$346.1M	\$374.6M	↑ +11.6% \$38,879,835

City of Fort Worth 2013-2016



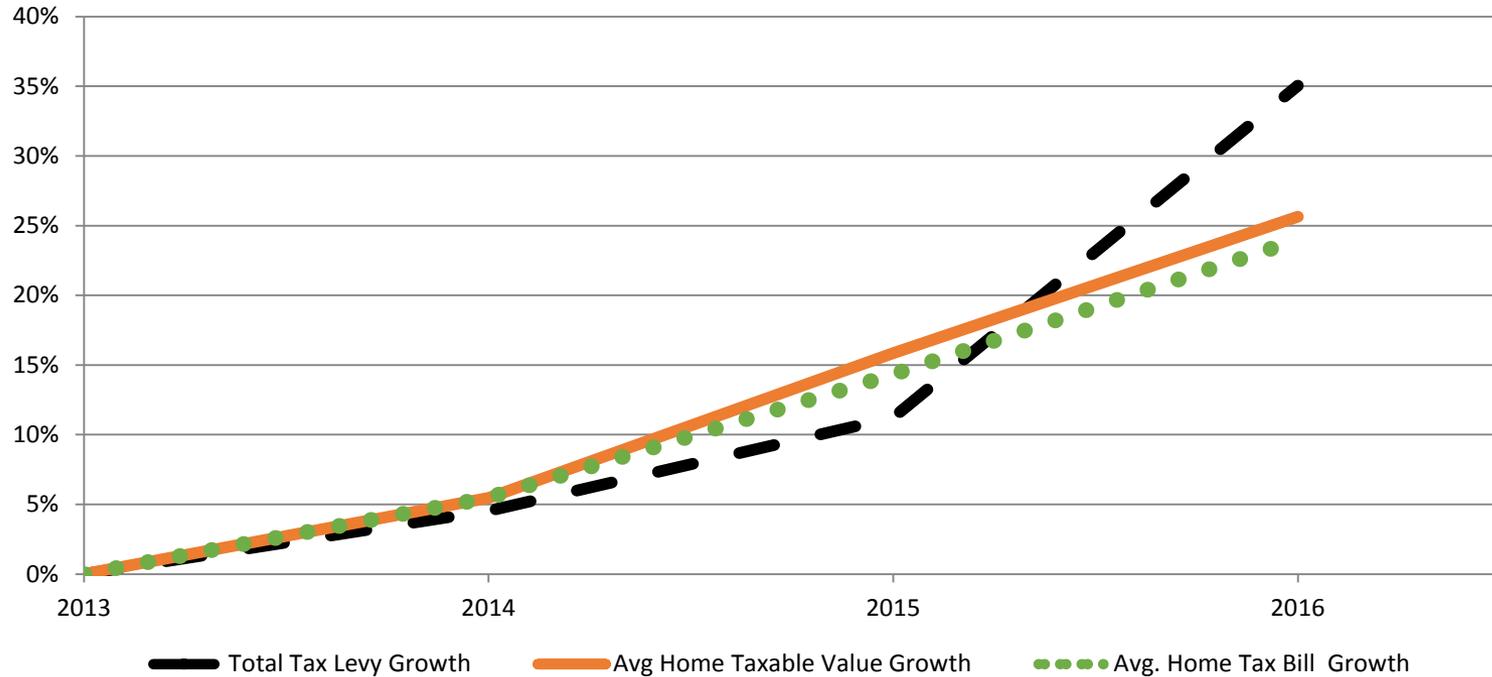
City of Fort Worth Avg. Home	2013	2014	2015	2016	Total Growth
Taxable Value	\$97,711	\$103,174	\$107,664	\$120,760	+23.6%
Tax Rate	0.8550	0.8550	0.8550	0.8350	-0.0200/2.3%
Tax Bill	\$835	\$882	\$921	\$1,008	+20.7%
City of Fort Worth Total Levy	\$365.9M	\$399.6M	\$389.6M	\$428.4M	↑ +17.1% \$62,519,720

Bexar County 2013-2016



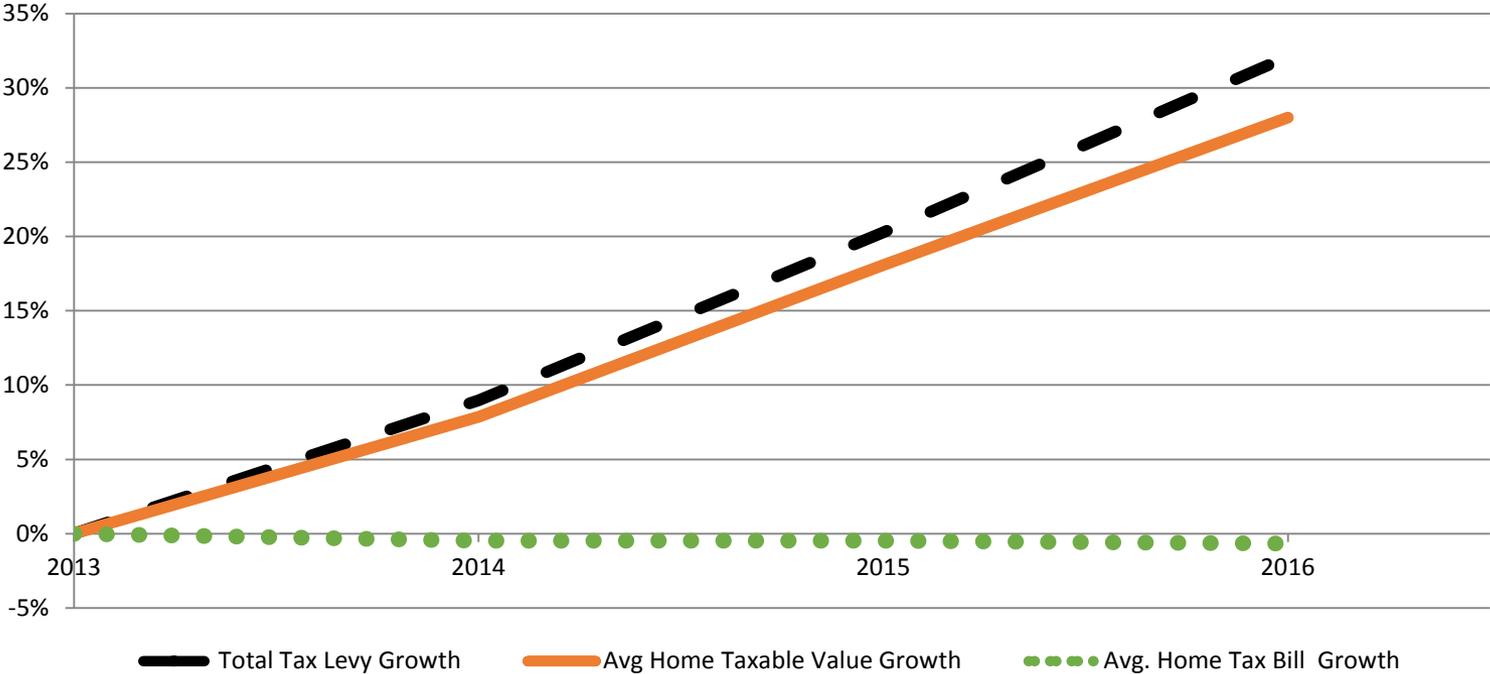
Bexar County Avg. Home	2013	2014	2015	2016	Total Growth
Taxable Value	\$120,707	\$128,029	\$140,456	\$151,510	+25.5%
Tax Rate	0.2962	0.2838	0.2975	0.2933	-0.0029/1.0%
Tax Bill	\$358	\$363	\$418	\$444	+24.3%
Bexar County Total Levy	\$288.5M	\$303.7M	\$312.3M	\$398.6M	▲ +38.2% \$110,147.509

City of San Antonio 2013-2016



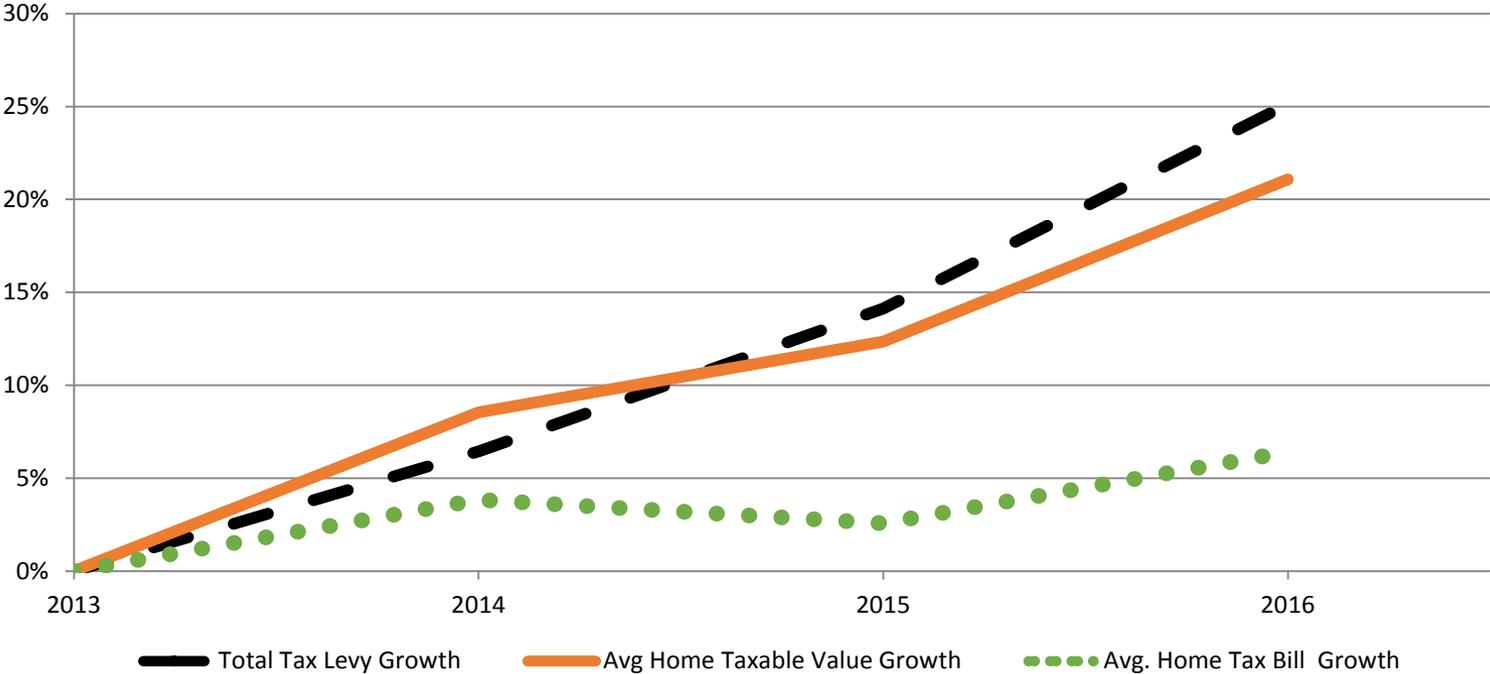
City of San Antonio Avg. Home	2013	2014	2015	2016	Total Growth
Taxable Value	\$101,344	\$106,887	\$117,416	\$127,337	+25.6%
Tax Rate	0.5657	0.5657	0.5583	0.5583	-0.0074/1.3%
Tax Bill	\$573	\$605	\$655	\$711	+24.0%
City of San Antonio Total Levy	\$400.1M	\$418.2M	\$445.0M	\$540.2M	▲ +35.0% \$140,181.562

Travis County 2013-2016



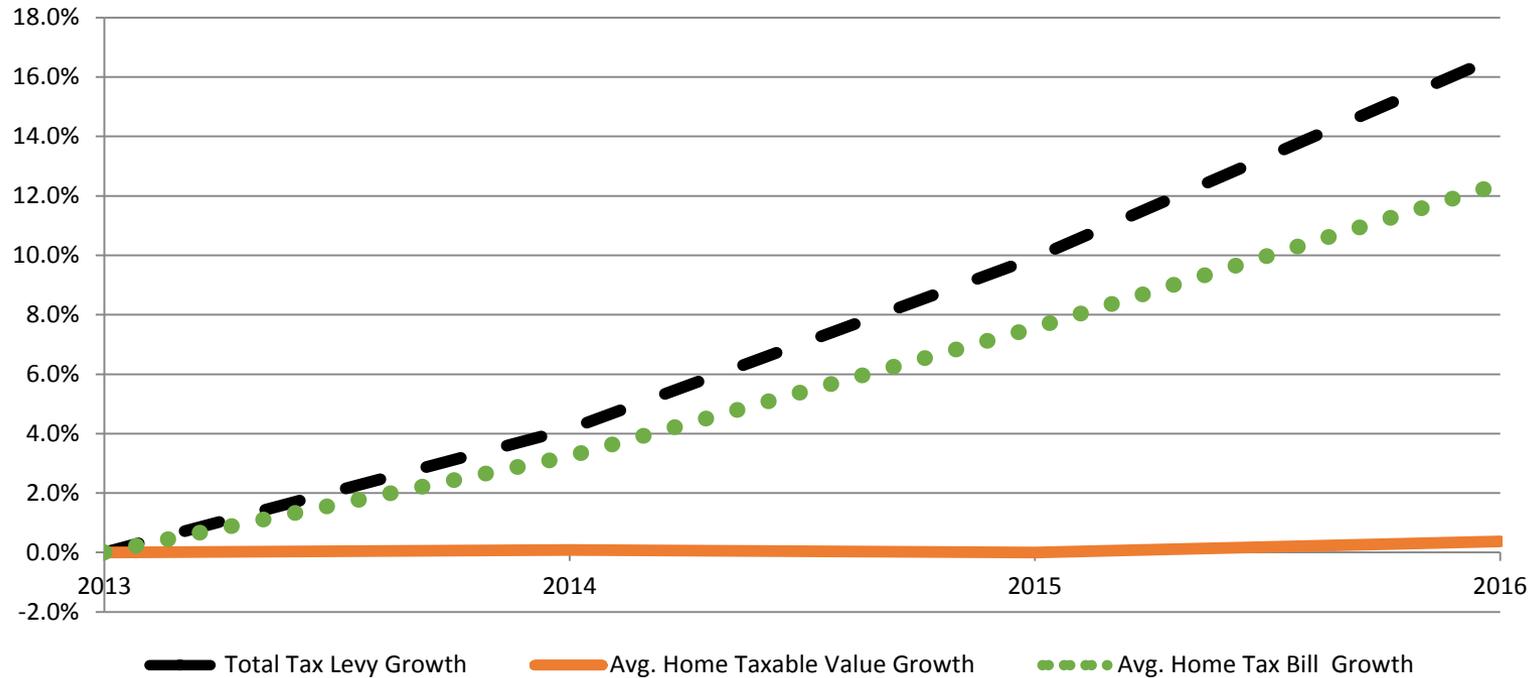
Travis County Avg. Home	2013	2014	2015	2016	Total Growth
Taxable Value	\$222,581	\$240,088	\$262,789	\$284,925	+28.0%
Tax Rate	0.4946	0.4563	0.4169	0.3838	-0.1108/22.4%
Tax Bill	\$1,101	\$1,096	\$1,096	\$1,094	-0.7%
Travis County Total Levy	\$505.2M	\$531.4M	\$545.8M	\$600.5M	↑ +18.9% \$95,388,945

City of Austin 2013-2016



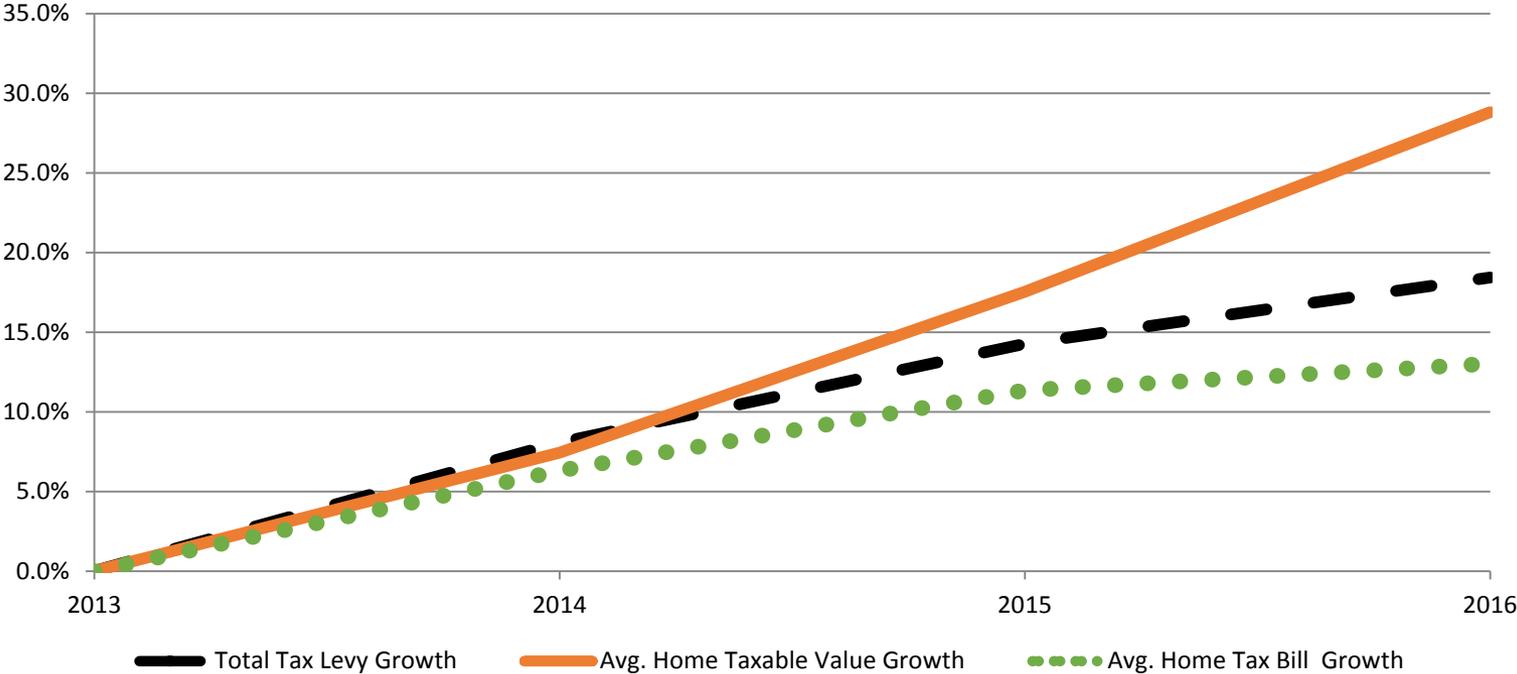
City of Austin Avg. Home	2013	2014	2015	2016	Total Growth
Taxable Value	\$262,306	\$284,722	\$294,705	\$317,597	+21.1%
Tax Rate	0.5027	0.4809	0.4589	0.4418	-0.0609/12.1%
Tax Bill	\$1,319	\$1,369	\$1,352	\$1,403	+6.4%
City of Austin Total Levy	\$423,181	\$450,464	\$482,983	\$529,477	↑ +25.1% \$106,295,237

City of El Paso 2013-2016



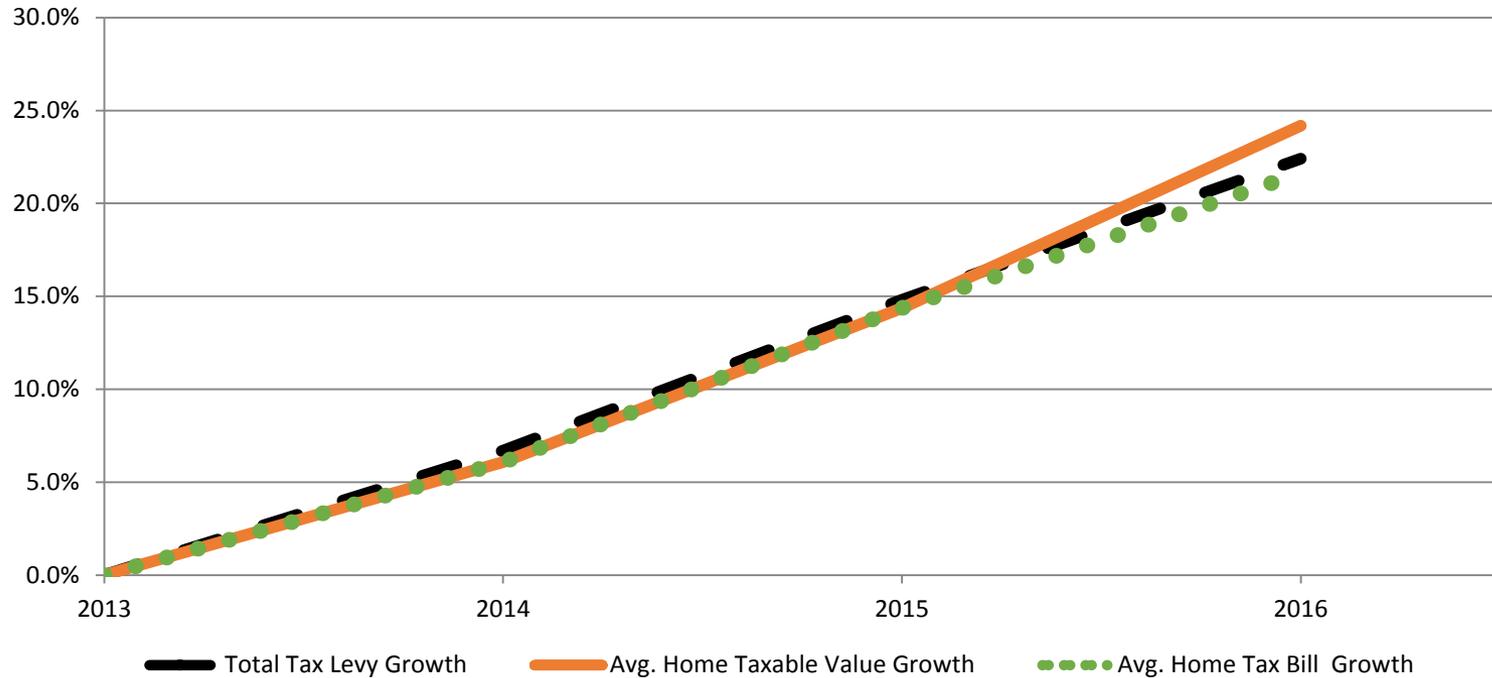
City of El Paso Avg. Home	2013	2014	2015	2016	Total Growth
Taxable Value	\$124,090	\$124,192	\$124,084	\$124,558	+0.4%
Tax Rate	0.6784	0.6998	0.7297	0.7597	+0.0813/12.0%
Tax Bill	\$842	\$869	\$905	\$946	+12.4%
City of El Paso Total Levy	\$220.1M	\$229.2M	\$241.9M	\$256.9M	▲ +16.7% \$36,814,047

Collin County 2013-2016



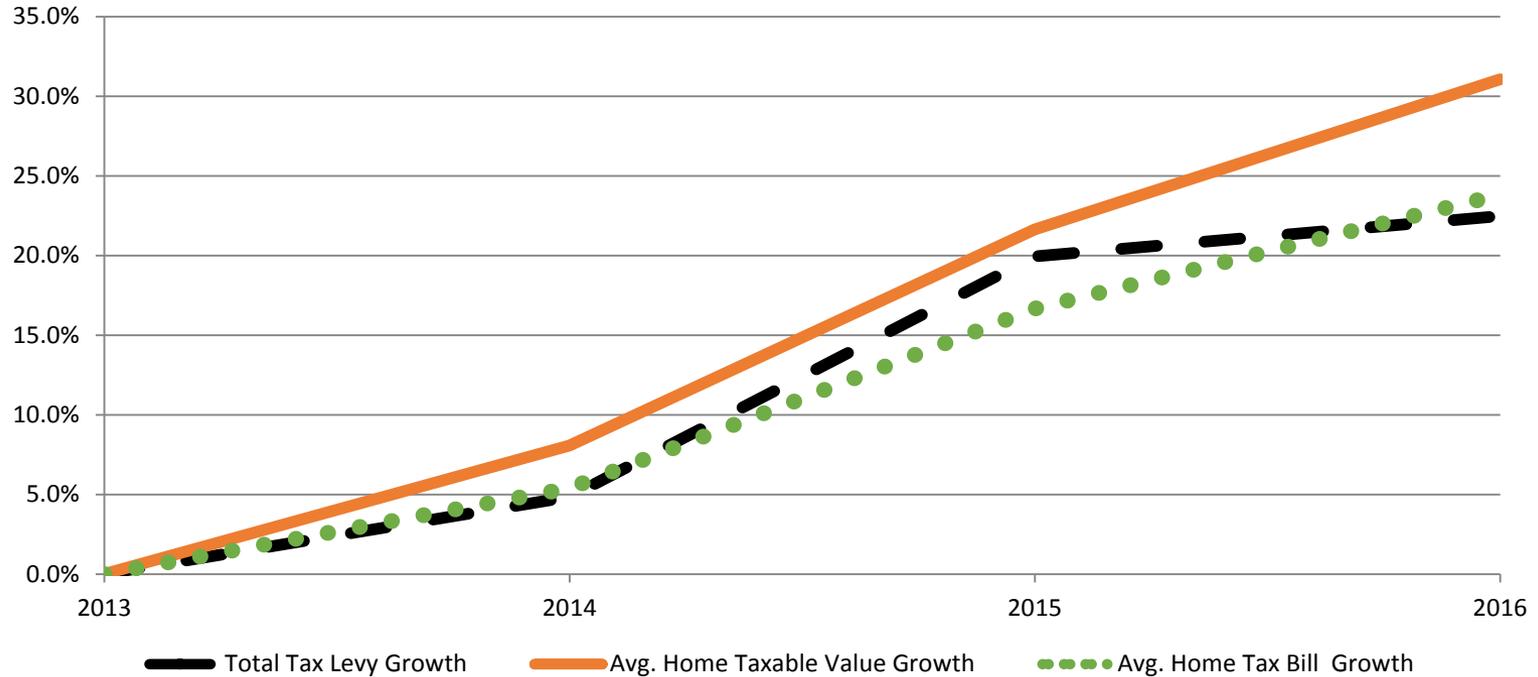
Collin County Avg. Home	2013	2014	2015	2016	Total Growth
Taxable Value	\$225,637	\$242,420	\$265,185	\$290,628	+28.8%
Tax Rate	0.2375	0.2350	0.2250	0.2084	-0.0291/12.3%
Tax Bill	\$536	\$570	\$597	\$606	+13.0%
Collin County Total Levy	\$185.6M	\$200.6M	\$212.1M	\$219.8M	↑ +18.4% \$34,190,627

Plano 2013-2016



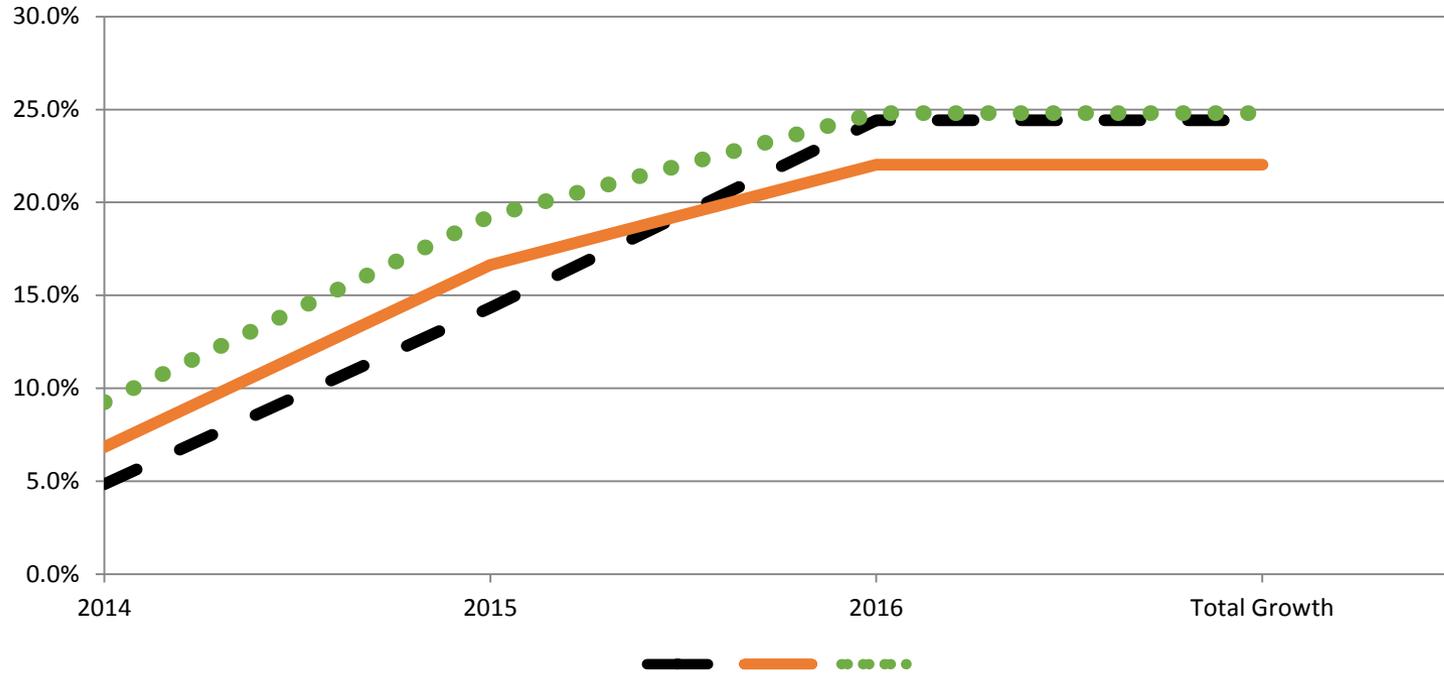
City of Plano Avg. Home	2013	2014	2015	2016	Total Growth
Taxable Value	\$198,921	\$211,002	\$227,491	\$247,009	+24.2%
Tax Rate	0.4886	0.4886	0.4886	0.4786	-0.0100/2.0%
Tax Bill	\$972	\$1,031	\$1,112	\$1,182	+21.6%
City of Plano Total Levy	\$129.9M	\$138.6M	\$149.2M	\$159.0M	↑ +22.4% \$29,104,275

Fort Bend County 2013-2016



Fort Bend County Avg. Home	2013	2014	2015	2016	Total Growth
Taxable Value	\$157,061	\$169,739	\$191,040	\$205,836	+31.1%
Tax Rate	0.4848	0.4728	0.4650	0.4580	-0.0238/5.5%
Tax Bill	\$761	\$802	\$888	\$943	+23.8%
Fort Bend County Total Levy	\$220.7M	\$231.4M	\$264.4M	\$270.3M	↑ + 22.5% \$49,617,532

City of Sugar Land 2013-2016



City of Sugar Land Avg. Home	2013	2014	2015	2016	Total Growth
Taxable Value	\$249,902	\$258,072	\$275,692	\$301,003	+22.0%
Tax Rate	0.30895	0.3090	0.3160	0.3160	+0.0070/2.3%
Tax Bill	\$772	\$797	\$871	\$951	+24.8%
City of Sugar Land Total Levy	\$29.9M	\$31.6M	\$34.2M	\$37.2M	▲ +24.4% \$7,308,336

Senate Bill 1 proposes to:

- Lower Rollback Rate from 8% to 4%, the lowest rate since 1979
- Provides for automatic election if Rollback Rate is exceeded.
- Adjusts election calendar so that Rollback elections will be held in November
- Creates the Property Tax Administration Advisory Board
- Changes the tax rate notice for increased transparency and ease of understanding

