

# Agenda of Hearing Meeting

## The Board of Trustees Splendora ISD

---

A Hearing meeting of the Board of Trustees of Splendora ISD will be held September 21, 2020, beginning at 6:00 PM in the Timber Lakes Elementary Cafeteria, 15450 Harrington Drive, New Caney, TX 77357.

The subjects to be discussed or considered or upon which any formal action may be taken are as listed below. Items do not have to be taken in the order shown on this meeting notice.

Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

1. Strategic Direction - Why We Exist
2. ROLL CALL
3. INVOCATION by
4. U.S. & TEXAS STATE PLEDGES
5. AUDIENCE
6. PUBLIC HEARING
7. ADJOURN

---

*If, during the course of the meeting, discussion of any item on the agenda should be held in a closed meeting, the Board will conduct a closed meeting in accordance with the Texas Open Meetings Act, Government Code, Chapter 551, Subchapters D and E. Before any closed meeting is convened, the presiding officer will publicly identify the section or sections of the Act authorizing the closed meeting. All final votes, actions, or decisions will be taken in open meeting.*

The notice for this meeting was posted in compliance with the Texas Open Meeting Act on \_\_\_\_\_, at \_\_\_\_\_

---

For the Board of Trustees



## STRATEGIC DIRECTION - *why we exist*

**VISION** Right People. Right Things. Right Way. Right Resources. Right Relationships

**MISSION** Cultivating Exceptional People

<b>BELIEFS</b> - <i>why we act</i>	<b>PRINCIPLES</b>
<u>Student-Focused</u> : We believe the greatest outcomes result when students come first.	<ul style="list-style-type: none"> <li>• Be accountable.</li> <li>• Live with integrity.</li> <li>• Focus on student needs.</li> </ul>
<u>Relationships</u> : We believe positive and supportive relationships create the conditions for students to be advocates in their education.	<ul style="list-style-type: none"> <li>• Value each other.</li> </ul>
<u>Culture</u> : We believe a healthy, collaborative culture fosters exploration and innovation in a supportive environment.	<ul style="list-style-type: none"> <li>• Ensure a safe physical, emotional, + social environment.</li> </ul>
<u>Servant Leaders</u> : We believe servant leaders and critical thinkers strengthen our community and democracy.	<ul style="list-style-type: none"> <li>• Develop servant leaders.</li> </ul>
<u>Learning</u> : We believe all students deserve high-quality, engaging learning experiences that honor the potential in each student.	<ul style="list-style-type: none"> <li>• Create a dynamic learning environment.</li> </ul>

## LEARNER PROFILE

The Splendor ISD Learner Profile provides an educational setting where every student is empowered to be: Self Motivated, Confident, An Adaptable Learner, A Critical Thinker, A Productive Citizen

## STRATEGIC GOALS

Goal 1: Establish a shared commitment to district beliefs, the need for continuous innovation, and a focus on the future.

Goal 2: Ensure the focus of school district activity is on improving the quality of learning experiences for all.

Goal 3: Enhance the capacity to increase student engagement through digital learning.

Goal 4: Enact a communication strategy that results in a common language and a shared commitment to student success.

Goal 5: Establish a culture that promotes social, emotional and physical well-being for all.

U.S. Pledge:

"I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all."

Texas Pledge:

"Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible."

**AUDIENCE** - Participants must have signed up prior to Board Meeting start time. Participants may address the Board on any agenda item. Participation is limited to three minutes to make comments to the Board, unless the participant requires the use of a translator, in which case participation is limited to six minutes. The Board will only consider complaints that remain unresolved after being addressed through proper administrative channels and when they have been placed on the agenda. Please note the Board of Trustees shall not deliberate, respond, or make decisions regarding any subject that is not included on the agenda that is posted. For further information on these requirements, contact Katie Key, Superintendent Secretary at 281-689-4441.



**Splendoria ISD Board of Trustees  
Agenda Item Information Form**

**Board Meeting Date: September 21, 2020**

**Submitted Date: September 15, 2020**

**Agenda Business Items:**

- Consent Agenda Item  
(Board has acted on items such as this previously)
- New Action  
(Board has not seen information previously and allows for more time to discuss)

**Information Only Items:**

- X Presentation
- Recognition
- Information

---

**Name of Person Responsible: Kevin Lynch**

**Department or Campus: Assistant Superintendent of Business and Operations**

**Topic: Public Hearing to discuss the 2020 Ad Valorem Tax Rate.**

**Background Information: Annual Adoption of the district tax rate.**

**Attachments: Tax Code Worksheet, Notice of Public Meeting**

**Superintendent's Resolutions: Reviewed**

# NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

The Splendora Independent School District will hold a public meeting at 6:00 PM , August 17, 2020 in Piney Woods Elementary Cafeteria 23395 FM 2090 SPLENDORA TX . **The purpose of this meeting is to discuss the school district's budget that will determine the tax rate that will be adopted. Public participation in the discussion is invited.**

The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to discuss the revised notice.

Maintenance Tax	\$0.9751/\$100 (proposed rate for maintenance and operations)
School Debt Service Tax	\$0.4300/\$100 (proposed rate to pay bonded indebtedness)
Approved by Local Voters	

### Comparison of Proposed Budget with Last Year's Budget

The applicable percentage increase or decrease (or difference) in the amount budgeted in the preceding fiscal year and the amount budgeted for the fiscal year that begins during the current tax year is indicated for each of the following expenditure categories.

Maintenance and operations	21.44% increase
Debt Service	0.15% increase
Total expenditures	18.63% increase

### Total Appraised Value and Total Taxable Value (as calculated under Section 26.04, Tax Code)

	<u>Preceding Tax Year</u>	<u>Current Tax Year</u>
Total appraised value* of all property	\$1,260,783,975	\$1,398,045,242
Total appraised value* of new property**	\$68,725,505	\$58,261,110
Total taxable value*** of all property	\$928,384,662	\$1,043,397,278
Total taxable value*** of new property**	\$33,967,227	\$24,893,908

\*Appraised value is the amount shown on the appraisal roll and defined by Section 1.04(8), Tax Code.  
 \*\*"New property" is defined by Section 26.012(17), Tax Code.  
 \*\*\*"Taxable value" is defined by Section 1.04(10), Tax Code.

### Bonded Indebtedness

Total amount of outstanding and unpaid bonded indebtedness\* \$58,805,000

\*Outstanding principal.

### Comparison of Proposed Rates with Last Year's Rates

	<u>Maintenance &amp; Operations</u>	<u>Interest &amp; Sinking Fund*</u>	<u>Total</u>	<u>Local Revenue Per Student</u>	<u>State Revenue Per Student</u>
<b>Last Year's Rate</b>	\$1.0684	\$0.4300*	\$1.4984	\$3,397	\$8,600
<b>Rate to Maintain Same Level of Maintenance &amp; Operations Revenue &amp; Pay Debt Service</b>	\$1.0443	\$0.5348*	\$1.5791	\$2,764	\$9,325
<b>Proposed Rate</b>	\$0.9751	\$0.4300*	\$1.4051	\$3,458	\$8,432

\*The Interest & Sinking Fund tax revenue is used to pay for bonded indebtedness on construction, equipment, or both. The bonds, and the tax rate necessary to pay those bonds, were approved by the voters of this district.

### Comparison of Proposed Levy with Last Year's Levy on Average Residence

	<u>Last Year</u>	<u>This Year</u>
Average Market Value of Residences	\$163,742	\$179,472
Average Taxable Value of Residences	\$138,742	\$154,472
Last Year's Rate Versus Proposed Rate per \$100 Value	\$1.4984	\$1.4051
Taxes Due on Average Residence	\$2,078.91	\$2,170.49
Increase (Decrease) in Taxes		\$91.58

**Under state law, the dollar amount of school taxes imposed on the residence homestead of a person 65 years of age or older or of the surviving spouse of such a person, if the surviving spouse was 55 years of age or older when the person died, may not be increased above the amount paid in the first year after the person turned 65, regardless of changes in tax rate or property value.**

**Notice of Voter-Approval Rate: The highest tax rate the district can adopt before requiring voter approval at an election is \$1.7376. This election will be automatically held if the district adopts a rate in excess of the voter-approval rate of \$1.7376.**

### Fund Balances

The following estimated balances will remain at the end of the current fiscal year and are not encumbered with or by a corresponding debt obligation, less estimated funds necessary for operating the district before receipt of the first state aid payment.

Maintenance and Operations Fund Balance(s)	\$24,970,783
Interest & Sinking Fund Balance(s)	\$795,678

A school district may not increase the district's maintenance and operations tax rate to create a surplus in maintenance and operations tax revenue for the purpose of paying the district's debt service.



## School District Budget and Tax Rate Adoption in 2020

*Published online in [TASB School Law eSource](#)*

Each year Texas school districts adopt their budgets and tax rates under Texas Education Code sections 44.001 through 44.006 and Texas Tax Code chapter 26. This memo outlines the *traditional method* a school district uses in this process.<sup>1</sup> Under this method, a district adopts its budget and then its tax rate based on the certified appraisal roll. New laws passed by the 86th Legislature, including House Bill 3 (HB 3) (comprehensive school finance legislation) and Senate Bill 2 (SB 2) (comprehensive property tax legislation), change this process in 2020.

Budget adoption is addressed in TASB Policy CE(LEGAL), and tax rate adoption is addressed in TASB Policy CCG(LEGAL).

For a comprehensive timeline of important dates and deadlines, see TASB Legal Services' [Timeline for Budget/Tax Rate Adoption and Voter-Approval Tax Rate Elections](#). Some of the deadlines and information below may be different if a board intends to adopt a tax rate that exceeds its voter-approval tax rate. For information on voter-approval tax rate elections, see TASB Legal Service's [School District Voter-Approval Tax Rate Elections in 2020](#).

### **State Resources**

The Texas Comptroller's [Truth-in-Taxation \(TNT\) Website](#) provides information and assistance, including calculation worksheets, sample notices, and helpful videos.

The comptroller's [Legal Resources Website](#) includes a Summary of SB 2 Deadlines and *Texas Property Tax Law Changes 2019*.

The Texas Education Agency (TEA) issued correspondence on [June 18, 2020](#), regarding tax rate compression for the 2020-2021 school year, and on [January 9, 2020](#), regarding 2020 Tax Rates. TEA's Tax Rate and MCR Template is available on its [State Funding webpage](#). TEA also released a [video](#) on Tax Compression Part 2 in January 2020. In addition, the commissioner of education adopted rules regarding TEA's data collection and calculation of each district's maximum compressed tax rate. 19 Tex. Admin. Code § 61.1000. [TEA's House Bill 3 Website](#) provides HB 3 resources.

---

<sup>1</sup> While the *early tax rate adoption process* under Texas Tax Code section 26.05(g) and Texas Education Code section 44.004(j), which allows a district to adopt its tax rate based on the certified *estimate* of property values before adopting its budget, remains in the law, changes to the tax rate calculation process and the requirement to conduct a VATRE on a uniform election date make it an impractical, if not impossible, option.

Region 13 ESC publishes a [template to estimate state aid](#) that may assist districts in calculating their tax rates. [TASBO's Center for School Finance](#) provides resources for its members.

Questions concerning tax rate calculations and truth-in-taxation requirements may be directed to TEA's State Funding Division at 512.463.9238 or [sfinance@tea.texas.gov](mailto:sfinance@tea.texas.gov), or to the comptroller's Property Tax Assistance Division at 512.305.9999 or 800.252.9121 (press 2) or [ptad.cpa@cpa.texas.gov](mailto:ptad.cpa@cpa.texas.gov). Legal questions concerning truth-in-taxation should be directed to a district's attorney.

### **New Terminology**

Both HB 3 and SB 2 introduced new terminology to the tax rate adoption process:

- The *effective maintenance and operations rate* is now the *no-new-revenue maintenance and operations rate*;
- The *effective tax rate* is now the *no-new-revenue tax rate*;
- The *rollback tax rate* is now the *voter-approval tax rate (VATR)*;<sup>2</sup>
- A *tax ratification election* will now be referred to as a *voter-approval tax rate election (VATRE)*;<sup>3</sup> and
- Each district will have its own *maximum compressed tax rate (MCR)* determined by TEA. A district's MCR (or tier one tax rate) is the rate for the current tax year per \$100 of taxable property value at which the district must levy a maintenance and operations (M&O) tax to receive its full tier one allotment under the Foundation School Program.<sup>4</sup>

### **Adoption Process**

**1. Propose a budget:** Texas Education Code section 44.002 requires the superintendent to prepare or cause to be prepared a proposed budget by a date set by the State Board of Education:

- Districts with a July 1 fiscal year: June 19.
- Districts with a September 1 fiscal year: August 20.<sup>5</sup>

---

<sup>2</sup> Tex. Tax Code § 1.045

<sup>3</sup> Tex. Tax. Code § 26.08. See *Voter-Approval Tax Rate Election Ballot for School Districts* on the comptroller's TNT Website at *Elections to Approve Tax Rate under School Districts*.

<sup>4</sup> Tex. Educ. Code § 48.2551.

<sup>5</sup> Tex. Educ. Code § 44.002; 19 Tex. Admin. Code 109.1, .41; Tex. Educ. Agency, [Financial Accountability System Resource Guide](#) (FASRG), *Module 1, Financial Accounting and Reporting*, section 1.1.3, p. 14, and *Module 4, Auditing*, section 4.6.4, Exhibit 1, p. 54 (2019).

**2. Propose a tax rate:** By July 25, the chief appraiser must prepare and certify to the district's tax assessor the appraisal roll of the district's taxable property value. If the appraisal review board has not approved the appraisal records by July 20, the chief appraiser must prepare and certify to the tax assessor an *estimate* of the district's taxable property value by July 25. On receipt, the assessor determines the total appraised value, total assessed value, and total taxable value of property in the district, and submits the appraisal roll to the board by August 1 or as soon thereafter as practicable.<sup>6</sup> After the assessor submits the appraisal roll to the board, an officer or employee designated by the board calculates the district's no-new-revenue tax rate and VATR. If the assessor receives a certified estimate, the designated district officer or employee calculates the required rates using the certified estimate.<sup>7</sup> The designated officer or employee must also electronically incorporate specific information regarding district tax rates and the public hearing on the tax rate into the property tax database maintained by the chief appraiser.<sup>8</sup>

A district's tax rate comprises two components that must be approved separately:<sup>9</sup>

- the interest and sinking fund (I&S) tax rate (also referred to as the debt service tax rate), which generates funds required to service the district's debt; except in very limited circumstances, a district's maximum I&S rate is \$0.50.<sup>10</sup>
- the M&O tax rate, which generates the district's local share of funds for maintenance and operations expenditures<sup>11</sup>; a district's M&O rate may not exceed the sum of the district's MCR (tier 1 tax rate) and \$0.17 (tier 2 pennies).<sup>12</sup>

By August 5, TEA will provide each district's MCR based on data collected from the district regarding taxable property values and local exemption amounts for the preceding and current tax years.<sup>13</sup>

A district with a July 1 fiscal year may publish its Notice of Public Meeting to Discuss Budget and Proposed Tax Rate (Texas Comptroller's Form 50-280), discussed below, based on the certified estimate of property values if the district does not receive the certified appraisal roll on or before June 7. Because such a district will not have its MCR from TEA at the time

---

<sup>6</sup> Tex. Tax Code § 26.01(a), (a-1), .04(a)-(b).

<sup>7</sup> Tex. Tax Code § 26.04(c), (c-2).

<sup>8</sup> Tex. Tax Code § 26.17(e). School districts located wholly or primarily in an appraisal district established in a county with a population of 200,000 or more must comply with this beginning with the 2020 tax year; school districts located wholly or primarily in an appraisal district established in a county with a population of less than 200,000 must comply with this beginning with the 2021 tax year.

<sup>9</sup> Tex. Tax Code § 26.05(a).

<sup>10</sup> Tex. Educ. Code §§ 44.004(c)(5)(A)(ii)(a), 45.0031

<sup>11</sup> Tex. Educ. Code §§ 44.004(c)(5)(A)(ii)(b), 45.003(d).

<sup>12</sup> Tex. Educ. Code § 45.003(d).

<sup>13</sup> 19 Tex. Admin. Code § 61.1000. TEA's Tax Rate and MCR Template is available on its [State Funding webpage](#).

of publication, the district can use the statewide compression rate (\$0.9164 for 2020<sup>14</sup>) to calculate a maximum tier one tax rate and add the desired number of tier two pennies for purposes of the required notice.<sup>15</sup>

The comptroller's TNT Website provides information and worksheets at *Tax Rate Calculations and Worksheets*.

- 3. Plan public meeting:** A district using the traditional method of budget and tax rate adoption must hold at least one public meeting to discuss the proposed budget and tax rate and to receive public input. When the budget is prepared, the president calls the meeting.<sup>16</sup>
- 4. Publish Notice of Public Meeting to Discuss Budget and Proposed Tax Rate:** The president provides for publication of the notice. At least 10 but not more than 30 days before the date of the hearing, the district must publish the Notice of Public Meeting to Discuss Budget and Proposed Tax Rate (Texas Comptroller's Form 50-280) in strict compliance with the requirements of Texas Education Code section 44.004. The language and format of the notice are prescribed by the comptroller as set out in Texas Education Code section 44.004(c), (c-1), and (c-2). Form 50-280 is available on the comptroller's TNT Website regarding *Notice Requirements under School Districts*.
  - The notice must be published in a daily, weekly, or biweekly newspaper published in the district. If no such newspaper is published in the district, the notice must be published in at least one newspaper of general circulation in the county in which the district's central administrative office is located.
  - The notice must be at least one-quarter page of a standard-size or tabloid-size newspaper, and the headline must be in 18-point or larger type.
  - In addition to other required information and calculations, the notice must state that a district may not increase its M&O tax rate to create a surplus in M&O tax revenue for the purpose of paying the district's debt service.<sup>17</sup>
  - All districts must publish the notice and hold the public meeting, regardless of whether the tax rate is increasing, decreasing, or remaining the same.

---

<sup>14</sup> Tex. Educ. Agency, *To the Administrator Addressed Letter Re: House Bill 3 (HB 3) Implementation: 2020 Tax Rate Changes* (Jan. 9, 2020).

<sup>15</sup> Tex. Educ. Code § 44.004(h)-(i); 45 Tex. Reg. 2410, 2412 (2020) (preamble to adoption of 19 Tex. Admin. Code § 61.1000) (Tex. Educ. Agency).

<sup>16</sup> Tex. Educ. Code § 44.004.

<sup>17</sup> Tex. Educ. Code § 44.004(c-2). Texas Education Code section 45.0021(a) expressly prohibits a district from increasing its M&O tax rate to create a surplus in M&O tax revenue for the purpose of paying the district's debt service. If a district violates this prohibition, a district taxpayer is entitled to an injunction restraining the collection of taxes by the district. Tex. Educ. Code § 45.0021(b).

- If a district does not comply with the notice requirements and the failure to comply was not in good faith, a district taxpayer is entitled to an injunction restraining the collection of taxes by the district.<sup>18</sup>

**5. Post notice as required by the Texas Open Meetings Act (OMA):** At least 72 hours before the public meeting, a district must post notice of the meeting in accordance with the OMA.

If a board plans to adopt the budget and tax rate at the same meeting, the meeting notice must list separate agenda items for the budget and tax rate, in that order. The board may also conduct any other business properly posted under the OMA at the meeting.

**6. Post a summary of the proposed budget:** At the time the Notice of Public Meeting to Discuss Budget and Proposed Tax Rate is published, the district must post a summary of the proposed budget on the district’s website or at the central administrative office if the district has no website.<sup>19</sup> [See below regarding other website posting requirements.]

- The budget summary must include information relating to per student and aggregate spending on instruction, instructional support, central administration, district operations, debt service, and any other category designated by the commissioner of education. The summary must also compare the previous year’s actual spending with the proposed budget.<sup>20</sup>
- A district’s proposed budget must include a line item indicating expenditures for the following:
  - publication of legally-required newspaper notices [see TASB Legal Services’ [Required Newspaper Publication of Notices by School Districts](#)]; and
  - directly or indirectly influencing or attempting to influence the outcome of legislation or administrative action.

The line items must allow as clear a comparison as practicable between those expenditures in the proposed budget and actual expenditures for the same purpose in the preceding year.<sup>21</sup>

- A district that is required to provide accelerated instruction under Texas Education Code section 29.081(b-1) must separately budget sufficient funds, including funds under the compensatory education allotment, for that purpose.<sup>22</sup>
- Districts are not required to post the summary in a specific format; however, Region 12 ESC offers a [template](#).

---

<sup>18</sup> Tex. Educ. Code § 44.004(e).

<sup>19</sup> Tex. Educ. Code § 44.0041.

<sup>20</sup> Tex. Educ. Code § 44.0041.

<sup>21</sup> Tex. Loc. Gov’t Code § 140.0045

<sup>22</sup> Tex. Educ. Code § 29.081(b-2)

7. **Conduct the public meeting:** After giving notice of the public meeting (see steps 4 & 5), the board holds the meeting to discuss the budget and proposed tax rate. Any taxpayer in the district may be present and participate in the meeting.<sup>23</sup> The board may hear public comments, discuss, and then vote to adopt the budget and tax rate in the same public meeting if properly posted under the OMA.
8. **Adopt the budget:** The board must adopt the budget *before* the tax rate,<sup>24</sup> thus, if the two are being adopted at the same meeting, the board must vote to adopt the budget and then, in a separate vote, adopt the tax rate.

The budget must be adopted no later than June 30 in districts with a fiscal year beginning July 1, and no later than August 31 in districts with a fiscal year beginning September 1. Public funds of the district may not be spent in any manner other than as provided in the adopted budget.<sup>25</sup>

9. **File the budget with TEA:** After adoption, the budget must be filed with TEA through PEIMS.<sup>26</sup>
10. **Post the adopted budget:** The final adopted budget must be posted on the district's website. The website must prominently display the electronic link to the adopted budget. The district must maintain the adopted budget on the website for three years after adoption.<sup>27</sup> The statute does not address posting requirements for amendments to the budget.

Districts are not required to post the final budget in a specific format; however, Region 12 ESC offers a [template](#).

11. **Adopt the tax rate:** The board adopts a tax rate by ordinance or resolution. The vote must be separate from the vote adopting the budget.<sup>28</sup> As stated previously, the board may adopt the budget and tax rate, in that order, at the same meeting; if the board does so, the notices described above will suffice. If the board waits to adopt the tax rate at a later meeting, the board must provide proper OMA notice to adopt the final tax rate. Additional newspaper notice is not required in most cases. If the calculated I&S rate decreases after publication of the notice, a district need not republish notice nor conduct another meeting to discuss and adopt the budget and the proposed lower tax rate.<sup>29</sup>

---

<sup>23</sup> Tex. Educ. Code § 44.004(f).

<sup>24</sup> Tex. Educ. Code § 44.004(g).

<sup>25</sup> Tex. Educ. Agency, [Financial Accountability System Resource Guide](#), *Module 4, Auditing*, section 4.6.4, Exhibit 1, p. 54 (2019); Tex. Educ. Code §§ 44.004(f), .006.

<sup>26</sup> Tex. Educ. Code § 44.005; Tex. Educ. Agency, [Financial Accountability System Resource Guide](#), *Module 1, Financial Accounting and Reporting*, section 1.1.3, p. 14 (2019).

<sup>27</sup> Tex. Educ. Code § 44.0051.

<sup>28</sup> Tex. Tax Code § 26.05(b).

<sup>29</sup> Tex. Educ. Code § 44.004(g-1).

A district with a July 1 fiscal year that uses the certified estimate to publish its required notice (Texas Comptroller's Form 50-280) may not adopt a tax rate before receiving the certified appraisal roll. After receiving the certified roll, the district must publish a revised notice and hold another meeting before adopting a tax rate that exceeds either the rate proposed in the notice using the estimate **or** the district's VATR based on the certified appraisal roll.<sup>30</sup>

- **Voter-Approval Tax Rate:** A district's VATR is the sum of the following:
  - the district's MCR for the current year;
  - the greater of
    - the district's enrichment tax rate (tier 2 pennies) for the preceding year; or
    - \$0.05; and
  - the district's current debt rate.

For the 2020 tax year, a district must substitute \$0.04 for \$0.05 in the formula above if the board does not adopt its M&O tax rate **by unanimous vote**.<sup>31</sup> TASB Legal Services interprets the unanimous vote requirement to apply to the board members present at the meeting to adopt the tax rate.

- **Deadline to Adopt Tax Rate and Order VATRE, if required:** Unless a district will conduct a VATRE, the board must adopt a tax rate before the later of September 30 or 60 days after receiving the certified appraisal roll. A VATRE must be held on a uniform election date, and the deadline to order an election on a uniform election date is not later than the 78th day before election day.<sup>32</sup> Because this deadline will fall in mid-August for an election on the November uniform election date, a district that anticipates holding a VATRE must begin planning well in advance to ensure it complies with all notice and meeting requirements to adopt its budget and tax rate before ordering a VATRE.
  - A district notified by the commissioner of education that its local revenue level exceeds its entitlement may not adopt its tax rate until the commissioner certifies that the district has reduced its local revenue level to the level established under Texas Education Code 48.257.<sup>33</sup>
  - If the board does not adopt a tax rate before the deadline, the district's tax rate for that tax year is the lower of the no-new-revenue tax rate calculated for that tax year or the district's tax rate for the preceding tax year. A tax rate established in this way is

---

<sup>30</sup> Tex. Educ. Code § 44.004(i).

<sup>31</sup> Tex. Tax Code § 26.08(n), (n-1).

<sup>32</sup> Tex. Tax Code § 26.08(b); Tex. Elec. Code § 3.005(c). Although Texas Tax Code section 26.05(a) states that a board must adopt a rate that exceeds the VATR not later than the 71st day before the next November uniform election date, Texas Election Code section 3.005 specifically supersedes a law outside the Election Code to the extent of any conflict. Therefore, TASB Legal Services advises that a district follow the deadlines in the Texas Election Code to ensure a valid election.

<sup>33</sup> Tex. Educ. Code § 49.004(c).

treated as an adopted tax rate. Before the fifth day after the establishment of a tax rate, the board must ratify the applicable tax rate in the manner required by Texas Tax Code section 26.05(b) (regarding the ordinance or resolution, motion, and vote).<sup>34</sup>

- **Motion:** The following motion is *required* to adopt a tax rate that exceeds a district’s no-new-revenue tax rate:

“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 rate exceeds the no-new-revenue tax rate) percent increase in the tax rate.”<sup>35</sup>

- **Vote:** The vote to set a tax rate that exceeds the sum of the no-new-revenue M&O tax rate and the current debt rate must be a record vote with at least 60% of the members of the board (5 members of a 7-member board) voting in favor of the ordinance or resolution.<sup>36</sup>
- **Additional Notice and Website Requirements:** If a board adopts a tax rate that, if applied to total taxable value, will impose an amount of M&O taxes that exceeds the amount of M&O taxes imposed in the prior year or that exceeds the no-new-revenue M&O tax rate, the ordinance or resolution and the district’s website must contain special notice provisions indicating an increase. See Texas Tax Code section 26.05(b), TASB Policy CCG(LEGAL), and the comptroller’s TNT Website regarding *Hearing Requirements at Ordinance, Resolution, or Order*, for more information and specific wording.

**12. Conduct VATRE, if required:** With limited exceptions, if the board adopts a tax rate above the district’s VATR, it must hold an election for voters to approve that rate. If a majority of the votes cast in the election favor the proposition, the tax rate for the current year is the rate adopted by the board. If the proposition is not approved, the board may not adopt a tax rate for the current year that exceeds the VATR. For more information on VATREs, please refer to TASB Legal Services’ [School District Voter-Approval Tax Rate Elections in 2020](#). The comptroller’s TNT Website offers additional information about VATRE procedures, including a sample election ballot, at *Elections to Approve Tax Rate under School Districts*.

**13. Approve final tax roll:** On receipt of notice of the tax rate for the current year, the assessor will calculate the tax imposed on each property on the appraisal roll, enter the amount of tax in the appraisal roll, and submit it to the board for approval. This appraisal roll approved by the board constitutes the district’s tax roll.<sup>37</sup>

**14. Submit tax information to County Assessor-Collector:** A district must provide to each county in which it is located the district’s adopted tax rate, M&O rate, debt rate, no-new-revenue tax rate, no-new-revenue M&O rate, and VATR. The county assessor-collector must post the

---

<sup>34</sup> Tex. Tax Code § 26.05(c).

<sup>35</sup> Tex. Tax Code § 26.05(b).

<sup>36</sup> Tex. Tax Code § 26.05(b).

<sup>37</sup> Tex. Tax Code § 26.09(e).

information on the county's website in a *Truth in Taxation Summary* table, which will include definitions for the various taxes and other info.<sup>38</sup>

**15. Post Tax Rate and Budget Information on the District Website:** Each district must maintain a website or have access to a generally accessible website on which the district must post the following information in the format prescribed by the comptroller:

- the name of each board member;
- the mailing address, email address, and telephone number of the district;
- the official contact information for each board member, if that information is different from the information described above;
- the district's budget for the preceding two years;
- the district's proposed or adopted budget for the current year;
- the change in the amount of the district's budget from the preceding year to the current year, by dollar amount and percentage;
- the M&O tax rate adopted by the district for the preceding two years;
- the I&S tax rate adopted by the district for the preceding two years;
- the M&O tax rate proposed by the district for the current year;
- the I&S tax rate proposed by the district for the current year; and
- the most recent financial audit of the district.<sup>39</sup>

Much of this information also must be posted under other laws. A district should consider whether duplicate postings of particular information are necessary to comply with all applicable statutes.

For additional questions concerning adopting a budget or tax rate, please contact TEA, the Texas Comptroller, your district's attorney, or TASB Legal Services at 800.580.5345.

This document is continually updated, and references to online resources are hyperlinked, at [tasb.org/services/legal-services/tasb-school-law-esource/business/documents/school-district-budget-and-tax-rate-adoption.pdf](https://tasb.org/services/legal-services/tasb-school-law-esource/business/documents/school-district-budget-and-tax-rate-adoption.pdf). For more information on this and other school law topics, visit TASB School Law eSource at [schoolawesource.tasb.org](https://schoolawesource.tasb.org).

<sup>38</sup> Tex. Tax Code § 26.16.

<sup>39</sup> Tex. Tax Code § 26.18. School districts located wholly or primarily in an appraisal district established in a county with a population of 200,000 or more must comply with this beginning with the 2020 tax year; school districts located wholly or primarily in an appraisal district established in a county with a population of less than 200,000 must comply with this beginning with the 2021 tax year.

*This document is provided for educational purposes only and contains information to facilitate a general understanding of the law. It is not an exhaustive treatment of the law on this subject nor is it intended to substitute for the advice of an attorney. Consult with your own attorneys to apply these legal principles to specific fact situations.*

*Updated June 19, 2020*

## Section 26.05(b) of Property Tax Code Worksheet for Determination of Steps Required for Adoption of Tax Rate Splendor Independent School District

<b>M&amp;O Tax Increase in Current Year</b>		
1.	Last year's taxable value, adjusted for court-ordered reductions. Enter Line 8 of the No-New-Revenue Tax Rate Worksheet.	800,051,268
2.	Last year's M&O tax rate.	\$1.068400
3.	M&O taxes refunded for years preceding tax year 2019.	51,777
4.	Last year's M&O tax levy. Multiply line 1 times line 2 and divide by 100. To the result, add line 3.	8,599,525
5.	This year's total taxable value. Enter line 18 of the No-New-Revenue Tax Rate Worksheet	927,285,954
6.	This years proposed M&O tax rate Enter the proposed M&O tax rate approved by the Governing Body	\$.975100
7.	This year's M&O tax levy. Multiply line 5 times line 6 and divide by 100.	9,041,965
8.	M&O Tax Increase (Decrease). Subtract line 4 from line 7.	442,440
<b>Comparison of Total Tax Rates</b>		
9.	<b>No-New-Revenue Total Tax Rate.</b>	<b>\$1.327400</b>
10.	This year's proposed total tax rate.	\$1.405100
11.	This year's rate minus no-new-revenue rate. Subtract line 9 from line 10.	\$.077700
12.	<b>Percentage change in total tax rate.</b> Divide Line 11 by line 9.	<b>5.85</b>
<b>Comparison of M&amp;O Tax Rates</b>		
13.	No-New-Revenue M&O Tax Rate.	\$.946700
14.	This year's proposed M&O tax rate.	\$.975100
15.	This year's rate minus no-new-revenue rate. Subtract line 13 from line 14.	\$.028400
16.	<b>Percentage increase/decrease.</b> Divide line 15 by line 13.	<b>3.00</b>
<b>Raised M&amp;O Taxes on a \$100,000 home.</b>		
17.	This year's taxable value on a \$100,000	100,000
18.	Last year's M&O tax rate.	\$1.068400
19.	This year's proposed M&O tax rate.	\$.975100
20.	This year's raised M&O taxes. Subtract line 18 from line 19 and multiply result by line 17.	-\$93.30
21.	<b>Percentage increase/decrease.</b> Divide Line 20 by Line 18. Divide by 100.	<b>-8.73</b>