

2020 TAX AND BUDGET DEADLINES FOR CITIES WITH POPULATIONS OF LESS THAN 30,000¹

S.B. 2, the also known as the Texas Property Tax Reform and Transparency Act of 2019, passed during the 2019 legislative session and makes significant changes to the property tax rate setting process. Most of the changes made by S.B. 2 became effective on January 1, 2020, and are incorporated into this memo.

A city that is considered to have a “low tax levy” under Tax Code Section 26.052 (a city that levies under \$500,000 in total property taxes and levies a tax rate under \$.50 per \$100) may choose to provide notice of its tax rate under that section of the Tax Code instead of Sections 26.04(e) and 26.06 of the Tax Code. A “low tax levy” city that chooses to provide notice under Section 26.052 of the Tax Code need not hold a public hearing on the tax rate, and is required to provide mailed or published notice of the tax rate no later than seven days before the date the city adopts the tax rate. If the city chooses to publish notice of the tax rate in the newspaper, the city must also provide public notice of its proposed tax rate by posting notice of the proposed tax rate, along with the information in Tax Code Sec. 26.052(e), prominently on the home page of the city’s website. The budget deadlines listed below still apply to “low tax levy” cities.

These are absolute deadlines, and assume the city waits until the last minute for each step. In most cases the city would be wise to act well in advance when possible.

<u>Adopted Rate Exceeds Voter-Approval Tax Rate</u>	<u>Adopted Rate Doesn’t Exceed Voter-Approval Tax Rate</u>
<p>July 17 – last day for budget officer to file proposed budget with municipal clerk if the city plans to wait until August 17 to adopt the tax rate. TEX. LOC. GOV’T CODE § 102.005 (<i>before 30th day before tax rate adopted</i> – thus, if a city plans to adopt tax rate before August 17, the proposed budget must be filed sooner). The proposed budget must contain a special cover page if the budget will raise more total property taxes than the previous year. The city secretary must post the proposed budget on the city’s website if the city maintains one. Additionally, the proposed budget must include a line item comparing expenditures in the proposed budget and actual expenditures in the preceding year for: (1) notices required to be published in the newspaper; and (2) directly or indirectly influencing or attempting to influence the outcome of legislation or administrative action, as those terms are defined in Government Code Sec. 305.002. TEX. LOC. GOV’T CODE § 140.0045.</p> <p>July 25 – Chief appraiser must deliver certified appraisal roll or certified estimate of taxable value to assessor. TEX. TAX CODE § 26.01(a). Pursuant to S.B. 2, a chief appraiser may submit a certified estimate of taxable value in lieu of a certified appraisal roll if the</p>	<p>July 25 – Chief appraiser must deliver certified appraisal roll or certified estimate of taxable value to assessor. TEX. TAX CODE § 26.01(a). Pursuant to S.B. 2, a chief appraiser may submit a certified estimate of taxable value in lieu of a certified appraisal roll if the appraisal review board for the appraisal district does not approve the appraisal records for the district by July 20. TEX. TAX CODE § 26.01(a-1). If the assessor receives a certified estimate of taxable values, the officer or employee designated by the city council must calculate the no-new-revenue tax rate and voter-approval tax rate using the estimate. TEX. TAX CODE § 26.04(c-2).</p> <p>August 7 – The designated officer or employee must submit the no-new-revenue and voter-approval tax rates to the city council by this date, or as soon thereafter as practicable. TEX. TAX CODE § 26.04(e). (Note: nothing in the Tax Code requires the designated officer or employee to calculate the de minimis rate for a city under 30,000 in population. Cities are encouraged to communicate with their designated officer or employee in advance of this date to confirm the calculation of the de minimis rate.) Additionally, the designated officer or employee must post the calculated no-new-revenue tax</p>

appraisal review board for the appraisal district does not approve the appraisal records for the district by July 20. TEX. TAX CODE § 26.01(a-1). If the assessor receives a certified estimate of taxable values, the officer or employee designated by the city council must calculate the no-new-revenue tax rate and voter-approval tax rate using the estimate. TEX. TAX CODE § 26.04(c-2).

August 7 – The designated officer or employee must submit the no-new-revenue and voter-approval tax rates to the city council by this date, or as soon thereafter as practicable. TEX. TAX CODE § 26.04(e). (Note: nothing in the Tax Code requires the designated officer or employee to calculate the de minimis rate for a city under 30,000 in population. Cities are encouraged to communicate with their designated officer or employee in advance of this date to confirm the calculation of the de minimis rate.) Additionally, the designated officer or employee must post the calculated no-new-revenue tax rate and voter-approval tax rates, along with certain debt information, on the home page of the city’s website in the form prescribed by the comptroller. *Id.* As soon as practicable after the designated officer or employee calculates the no-new-revenue tax rate and the voter-approval tax rate of the city, the designated officer or employee shall submit the tax rate calculation forms used in calculating the rates to the county assessor-collector for each county in which all or part of the city is located. TEX. TAX CODE § 26.04(d-3).

August 6 – last day to publish **notice of budget hearing**. TEX. LOC. GOV’T CODE § 102.0065 (not later than 10th day before the budget hearing). Note that the notice may not be published earlier than the 30th day before the hearing. The budget hearing notice must contain specific information about property tax increases. TEX. LOC. GOV’T CODE §102.0065(d).

August 10 – Continuous **Internet and T.V. notice of tax rate public hearing** begins, if applicable. TEX. TAX CODE § 26.065. The notice must be posted continuously for at least seven days immediately before the public hearing on the proposed tax rate increase and at least seven days immediately before the date of the vote proposing the increase in the tax rate. *Id.* For content of published notice and Internet and T.V. notice, see Tax Code Sections 26.06(b-1), (b-2), and (b-3). (Note: although there is no statutorily-defined procedure for the city council to follow in determining the proposed tax rate, this date effectively serves the deadline, as the required notice would include the proposed tax rate.)

August 12 – Last day to **publish notice of tax rate hearing**. TEX. TAX CODE § 26.06(a) (the public hearing may not be held before the fifth day after the date the

rate and voter-approval tax rates, along with certain debt information, on the home page of the city’s website in the form prescribed by the comptroller. *Id.* As soon as practicable after the designated officer or employee calculates the no-new-revenue tax rate and the voter-approval tax rate of the city, the designated officer or employee shall submit the tax rate calculation forms used in calculating the rates to the county assessor-collector for each county in which all or part of the city is located. TEX. TAX CODE § 26.04(d-3).

August 29 – last day for budget officer to **file proposed budget** with municipal clerk if the city plans to wait until September 29 to adopt the tax rate. TEX. LOC. GOV’T CODE § 102.005 (*before 30th day before tax rate adopted* – thus, if a city plans to adopt tax rate before September 29, the proposed budget must be filed sooner). The proposed budget must contain a special cover page if the budget will raise more total property taxes than the previous year. The city secretary must post the proposed budget on the city’s website if the city maintains one. Additionally, the proposed budget must include a line item comparing expenditures in the proposed budget and actual expenditures in the preceding year for: (1) notices required to be published in the newspaper; and (2) directly or indirectly influencing or attempting to influence the outcome of legislation or administrative action, as those terms are defined in Government Code Sec. 305.002. TEX. LOC. GOV’T CODE § 140.0045.

September 18 – last day to publish **notice of budget hearing**. TEX. LOC. GOV’T CODE § 102.0065 (not later than 10th day before the budget hearing). Note that the notice may not be published earlier than the 30th day before the hearing. The budget hearing notice must contain specific information about property tax increases. TEX. LOC. GOV’T CODE §102.0065(d).

September 22 – Continuous **Internet and T.V. notice of tax rate public hearing** begins, if applicable, and if the proposed tax rate will exceed the no-new-revenue rate. TEX. TAX CODE § 26.065. The notice must be posted continuously for at least seven days immediately before the public hearing on the proposed tax rate increase and at least seven days immediately before the date of the vote proposing the increase in the tax rate. *Id.* For content of published notice and Internet and T.V. notice, see Tax Code Sections 26.06(b-1), (b-2), and (b-3). (Note: although there is no statutorily-defined procedure for the city council to follow in determining the proposed tax rate, this date effectively serves the deadline, as the required notice would include the proposed tax rate.)

notice of the public hearing is given). The notice may be delivered by mail to each property owner, or may be published in a newspaper. TEX. TAX CODE § 26.06(c). If the notice is published in the newspaper, the city must also post the notice prominently on the home page of the city's website from the date the notice is first published until the public hearing is concluded. *Id.* The notice must include the table described in Tax Code Section 26.062. A city adopting a rate triggering an automatic election or the ability to petition for an election must modify the notice in accordance with Tax Code Section 26.063.

August 16 – last day for **hearing on budget**. TEX. LOC. GOV'T CODE § 102.006(b) (hearing shall be before the date of the tax levy). Note that the hearing must be after the 15th day after the proposed budget is filed with the clerk. Also, the city must take some sort of **action on the budget** at conclusion of hearing. TEX. LOC. GOV'T CODE § 102.007. This action could be the adoption of the budget, or else a vote to postpone the final budget vote. It is generally accepted that the city need not adopt the budget at the end of the hearing.

August 17 – city should **adopt the budget** no later than this date. TEX. LOC. GOV'T CODE § 102.009 (city may only levy taxes in accordance with budget, and because levy cannot take place later than August 17 (see below), this is the effective deadline for property taxing cities). The city council must take a separate ratification vote to adopt any budget that will raise total property tax revenue. TEX. LOC. GOV'T CODE § 102.007(c). The budget must contain a special cover page that includes: (a) a specific statement on the whether the budget raises more, less, or the same amount of property tax revenue compared to the previous year's budget; (b) the record vote of each member of the city council by name voting on the adoption of the budget; (c) the city property tax rates for the preceding and current fiscal years, including the adopted rate, no-new-revenue tax rate, no-new-revenue maintenance and operations tax rate, voter-approval tax rate, and debt rate; and (d) the total amount of city debt obligations secured by property taxes. TEX. LOC. GOV'T CODE § 102.007(d). The adopted budget, including the cover page, must be posted on the city's website if the city has one.

August 17 – Must **hold tax rate hearing and adopt a tax rate exceeding the greater of the taxing unit's voter-approval tax rate or de minimis tax rate** no later than this date. TEX. TAX CODE § 26.05(a) (city council must adopt a tax rate that exceeds the voter-approval tax rate not later than the 71st day before the November uniform election date; however, the city council must order the automatic election by no later than the 78th day before the November election date under Election Code Section 3.005(c), effectively

September 24 – Last day to **publish notice of tax rate hearing**, if the proposed tax rate will exceed the no-new-revenue rate, **or the meeting to adopt the tax rate**, if the tax rate does not exceed the no-new-revenue rate. TEX. TAX CODE § 26.06(a) (the public hearing may not be held before the fifth day after the date the notice of the public hearing is given). The notice may be delivered by mail to each property owner, or may be published in a newspaper. TEX. TAX CODE § 26.06(c). If the notice is published in the newspaper, the city must also post the notice prominently on the home page of the city's website from the date the notice is first published until the public hearing is concluded. *Id.* The notice must include the table described in Tax Code Section 26.062. A city adopting a rate triggering an automatic election or the ability to petition for an election must modify the notice in accordance with Tax Code Section 26.063.

September 28 – last day for **hearing on budget**. TEX. LOC. GOV'T CODE § 102.006(b) (hearing shall be before the date of the tax levy). Note that the hearing must be after the 15th day after the proposed budget is filed with the clerk. Also, the city must take some sort of **action on the budget** at conclusion of hearing. TEX. LOC. GOV'T CODE § 102.007. This action could be the adoption of the budget, or else a vote to postpone the final budget vote. It is generally accepted that the city need not adopt the budget at the end of the hearing.

September 29 – city should **adopt the budget** no later than this date. TEX. LOC. GOV'T CODE § 102.009 (city may only levy taxes in accordance with budget, and because levy cannot take place later than September 29 (see below), this is the effective deadline for property taxing cities). The city council must take a separate ratification vote to adopt any budget that will raise total property tax revenue. TEX. LOC. GOV'T CODE § 102.007(c). The budget must contain a special cover page that includes: (a) a specific statement on the whether the budget raises more, less, or the same amount of property tax revenue compared to the previous year's budget; (b) the record vote of each member of the city council by name voting on the adoption of the budget; (c) the city property tax rates for the preceding and current fiscal years, including the adopted rate, no-new-revenue tax rate, no-new-revenue maintenance and operations tax rate, voter-approval tax rate, and debt rate; and (d) the total amount of city debt obligations secured by property taxes. TEX. LOC. GOV'T CODE § 102.007(d). The adopted budget, including the cover page, must be posted on the city's website if the city has one.

September 29 – Must **hold tax rate hearing** (if applicable) and **adopt tax rate** no later than this date. TEX. TAX CODE § 26.05 (or 60th day after receipt of

making the deadline to adopt the tax rate the 78th day before the November uniform election date). The hearing must be held on a weekday that is not a public holiday. TEX. TAX CODE § 26.06(a). The city council may vote on the proposed tax rate at the public hearing. If the city council does not vote on the proposed tax rate at the public hearing, the city council shall announce at the public hearing the date, time, and place of the meeting at which it will vote on the proposed tax rate, and that meeting may not be held later than the seventh day after the date of the public hearing. TEX. TAX CODE § 26.06(e). The city council must separately approve the maintenance and operations component and the debt service component of the tax rate. TEX. TAX CODE § 26.05(a). The motion to adopt a tax rate that exceeds the no-new-revenue rate must be made precisely as follows: "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 no-new-revenue tax rate) percent increase in the tax rate." If the tax rate will exceed the no-new-revenue tax rate, the vote on the ordinance setting the tax rate must be a record vote and must be approved by at least 60 percent of the members of the city council. TEX. TAX CODE § 26.05(b). Tax Code Section 26.05 contains several other precise requirements regarding notice in the tax rate ordinance itself that must be complied with if the city adopts a rate exceeding the no-new-revenue tax rate. The city council may not hold its public hearing or public meeting to adopt a tax rate until the fifth day after the date the chief appraiser of each appraisal district in which the city participates has delivered its tax estimate notice under Tax Code Sec. 26.04(e-2) and made various types of tax rate information and the tax rate calculation forms available on to the public via the property tax database under Tax Code Sec. 26.17(f). TEX. TAX CODE. § 26.05(d-1).

August 17 – If the city adopts a rate exceeding the greater of the taxing unit's voter-approval tax rate or de minimis tax rate, the city must **order the automatic election** to approve the tax rate no later than the 78th day before the November uniform election date. TEX. ELEC. CODE § 3.005(c). 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 city) for the current year, a rate that is \$_____ higher per \$100 valuation than the voter-approval tax rate of (name of city), for the purpose of (description of purpose of increase). Last year, the ad valorem tax rate in (name of city) was \$_____ per \$100 valuation." The ballot proposition must include the adopted tax rate, the difference between the adopted tax rate and the voter-approval tax rate, and the city's tax rate for the preceding tax year in the appropriate places.

appraisal roll, whichever is later. If the city uses the 60 day rule, almost every date in this memo would need to be recalculated). The hearing must be held on a weekday that is not a public holiday. TEX. TAX CODE § 26.06(a). The city council may vote on the proposed tax rate at the public hearing. If the city council does not vote on the proposed tax rate at the public hearing, the city council shall announce at the public hearing the date, time, and place of the meeting at which it will vote on the proposed tax rate, and that meeting may not be held later than the seventh day after the date of the public hearing. TEX. TAX CODE § 26.06(e). The city council must separately approve the maintenance and operations component and the debt service component of the tax rate. TEX. TAX CODE § 26.05(a). The motion to adopt a tax rate that exceeds the no-new-revenue rate must be made precisely as follows: "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 no-new-revenue tax rate) percent increase in the tax rate." S.B. 1760 (2015) provides that if the tax rate will exceed the no-new-revenue tax rate, the vote on the ordinance setting the tax rate must be a record vote and must be approved by at least 60 percent of the members of the city council. TEX. TAX CODE § 26.05(b). Tax Code Section 26.05 contains several other precise requirements regarding notice in the tax rate ordinance itself that must be complied with if the city adopts a rate exceeding the no-new-revenue tax rate. The city council may not hold its public hearing or public meeting to adopt a tax rate until the fifth day after the date the chief appraiser of each appraisal district in which the city participates has delivered its tax estimate notice under Tax Code Sec. 26.04(e-2) and made various types of tax rate information and the tax rate calculation forms available on to the public via the property tax database under Tax Code Sec. 26.17(f). TEX. TAX CODE. § 26.05(d-1).

TEX. TAX CODE § 26.07(c).

August 24 – A city adopting a tax rate that exceeds the voter-approval tax rate, but is less than the de minimis tax rate, must **adopt its tax rate** no later than this day. TEX. TAX CODE § 26.05(a) (city council must adopt a tax rate that exceeds the voter-approval tax rate not later than the 71st day before the November uniform election date). The city council must separately approve the maintenance and operations component and the debt service component of the tax rate. TEX. TAX CODE § 26.05(a). The motion to adopt a tax rate that exceeds the no-new-revenue rate must be made precisely as follows: “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 no-new-revenue tax rate) percent increase in the tax rate.” If the tax rate will exceed the no-new-revenue tax rate, the vote on the ordinance setting the tax rate must be a record vote and must be approved by at least 60 percent of the members of the city council. TEX. TAX CODE § 26.05(b). Tax Code Section 26.05 contains several other precise requirements regarding notice in the tax rate ordinance itself that must be complied with if the city adopts a rate exceeding the no-new-revenue tax rate.

¹ This memo does not apply to a city with a population of less than 30,000 if that city’s de minimis rate does not exceed the city’s voter-approval rate. The very few cities in the state that fit that category should refer to TML’s memo on tax and budget deadlines for cities with populations of 30,000 or more.