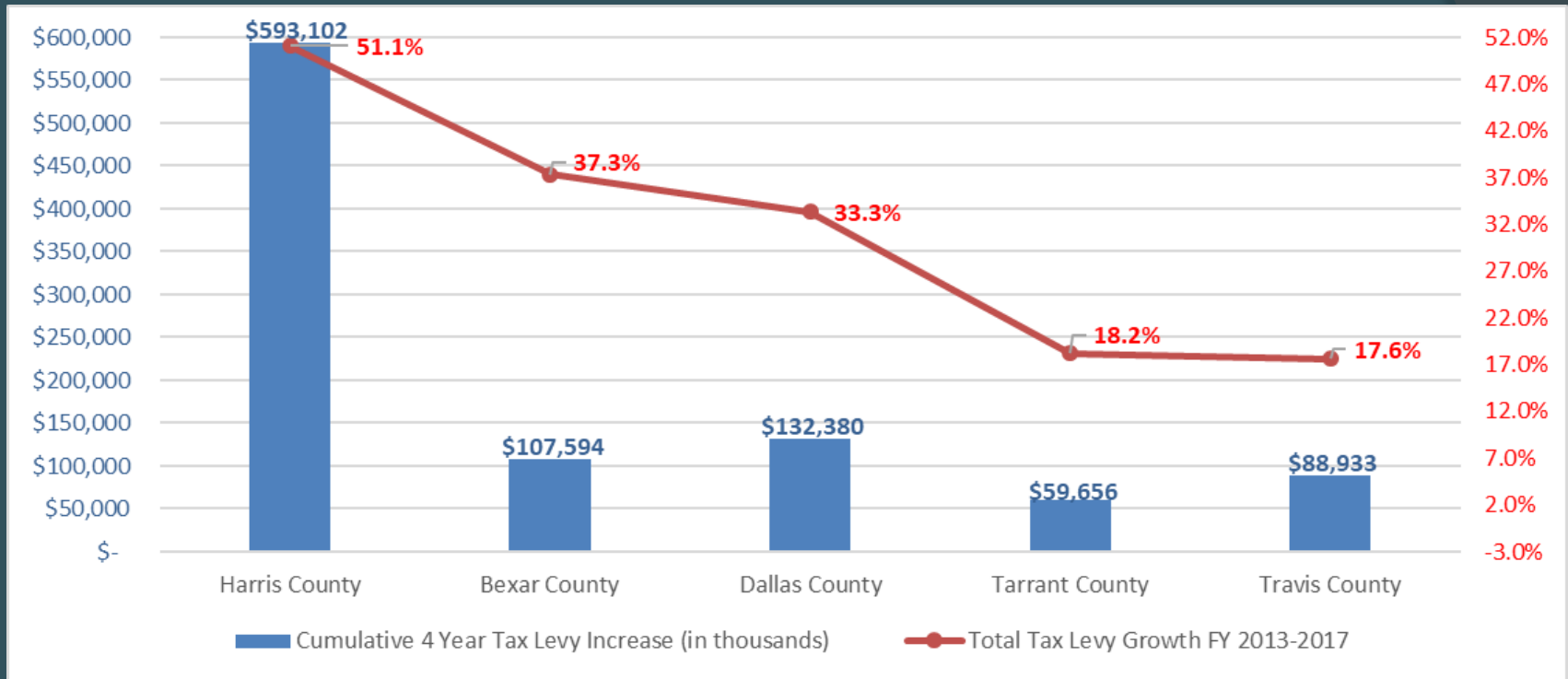


Senate Select Committee on Property Tax Reform

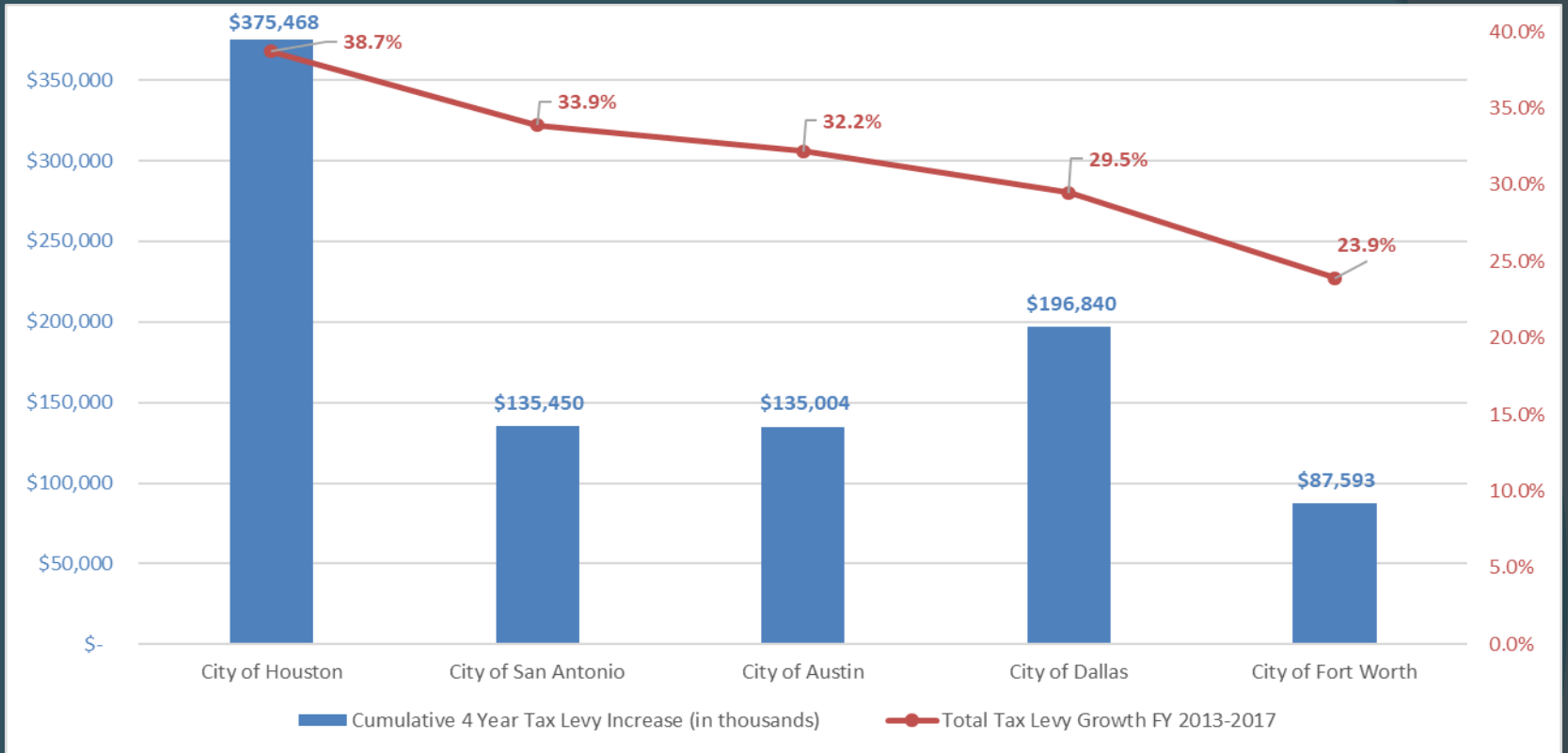


5 Largest Texas Counties 4 Year Tax Levy Growth Comparison



	Cumulative 4 Year Tax Levy Increase (in thousands)	Total Tax Levy Growth FY 2013-2017
Harris County	\$ 593,102	51.1%
Bexar County	\$ 107,594	37.3%
Dallas County	\$ 132,380	33.3%
Tarrant County	\$ 59,656	18.2%
Travis County	\$ 88,933	17.6%

5 Largest Texas Cities 4 Year Tax Levy Growth Comparison

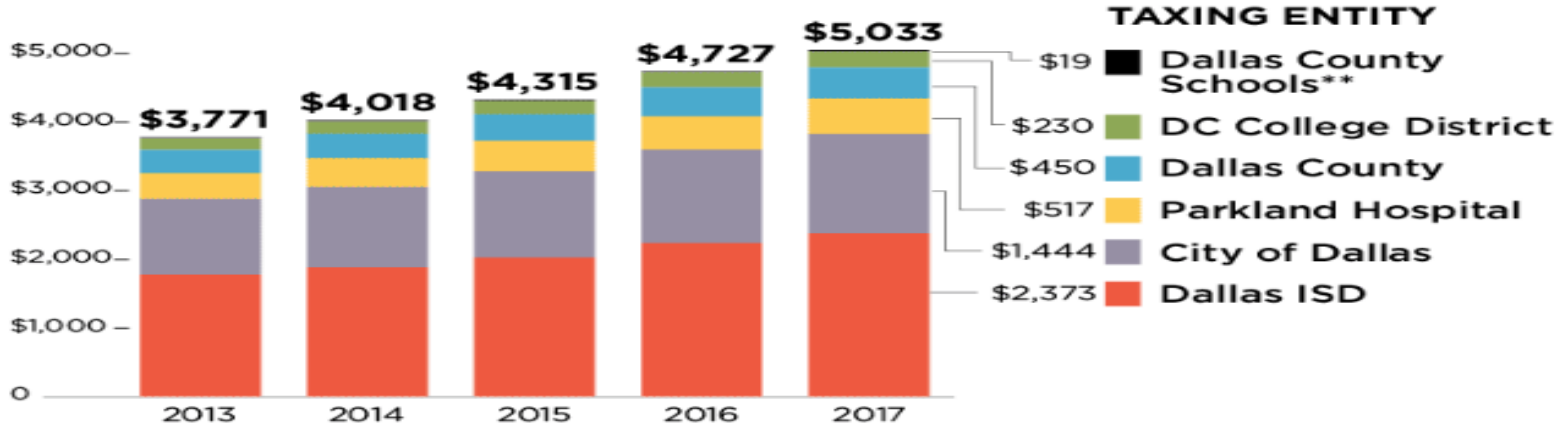


	Cumulative 4 Year Tax Levy Increase (in thousands)	Total Tax Levy Growth FY 2013-2017
City of Houston	\$ 375,468	38.7%
City of San Antonio	\$ 135,450	33.9%
City of Austin	\$ 135,004	32.2%
City of Dallas	\$ 196,840	29.5%
City of Fort Worth	\$ 87,593	23.9%

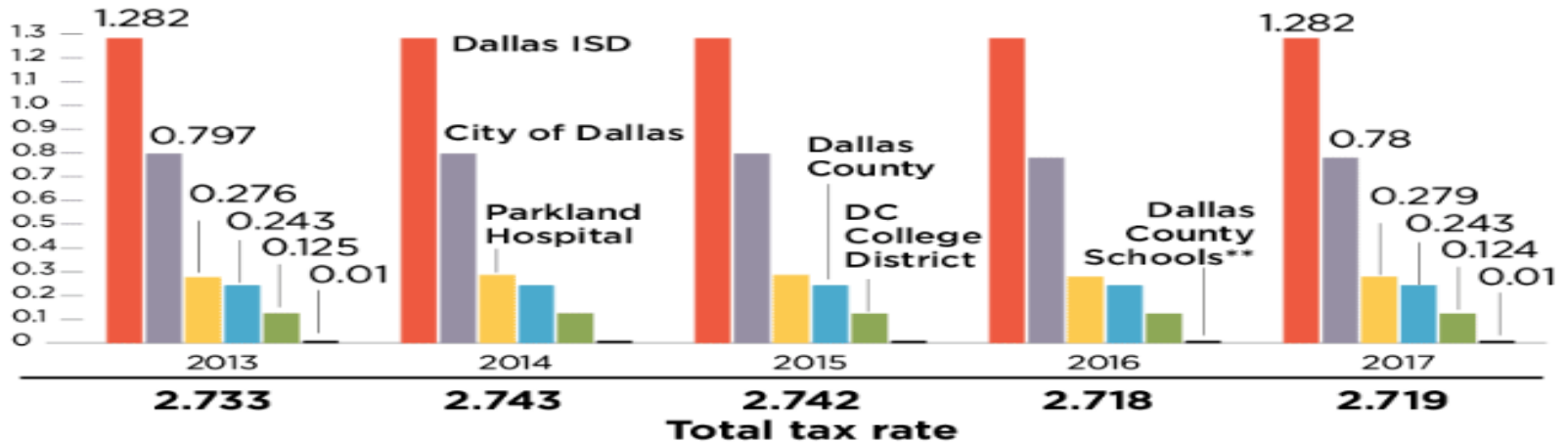
Dallas property tax bills have climbed steadily

Property tax bills in Dallas include bills from six taxing entities, each with its own rate. The bills have climbed despite mostly flat tax rates because homes have increased in value.

Annual taxes on the average Dallas home*



Tax rates have held steady



*The average taxable value among single-family residences in Dallas increased from \$137,993 in 2013 to \$185,074 in 2017. The average taxable value takes into account the overall impact of homestead and other exemptions.

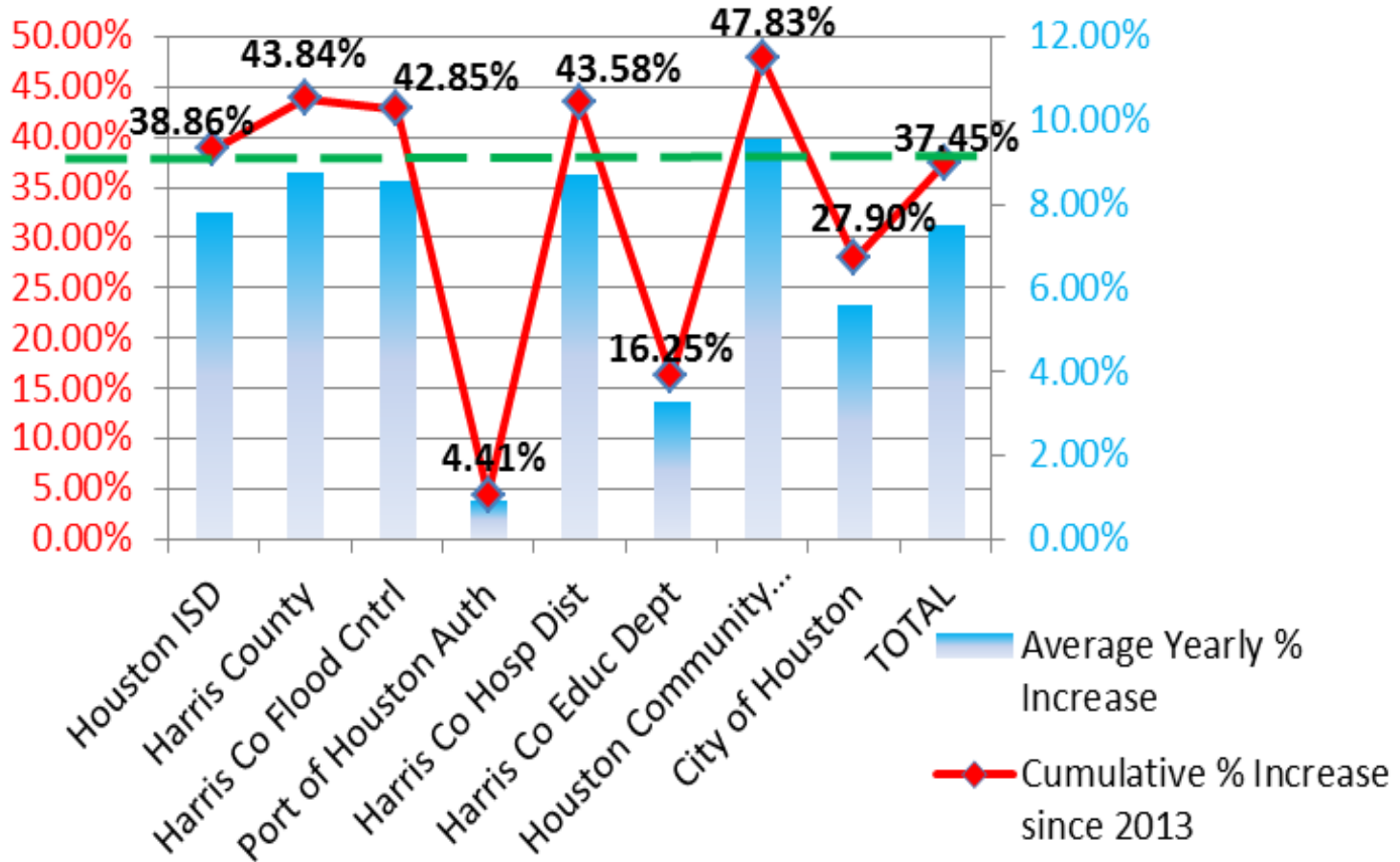
**Dallas County Schools has been dissolved, and so in the future its taxing authority will be assumed by local school districts.

Staff Graphic

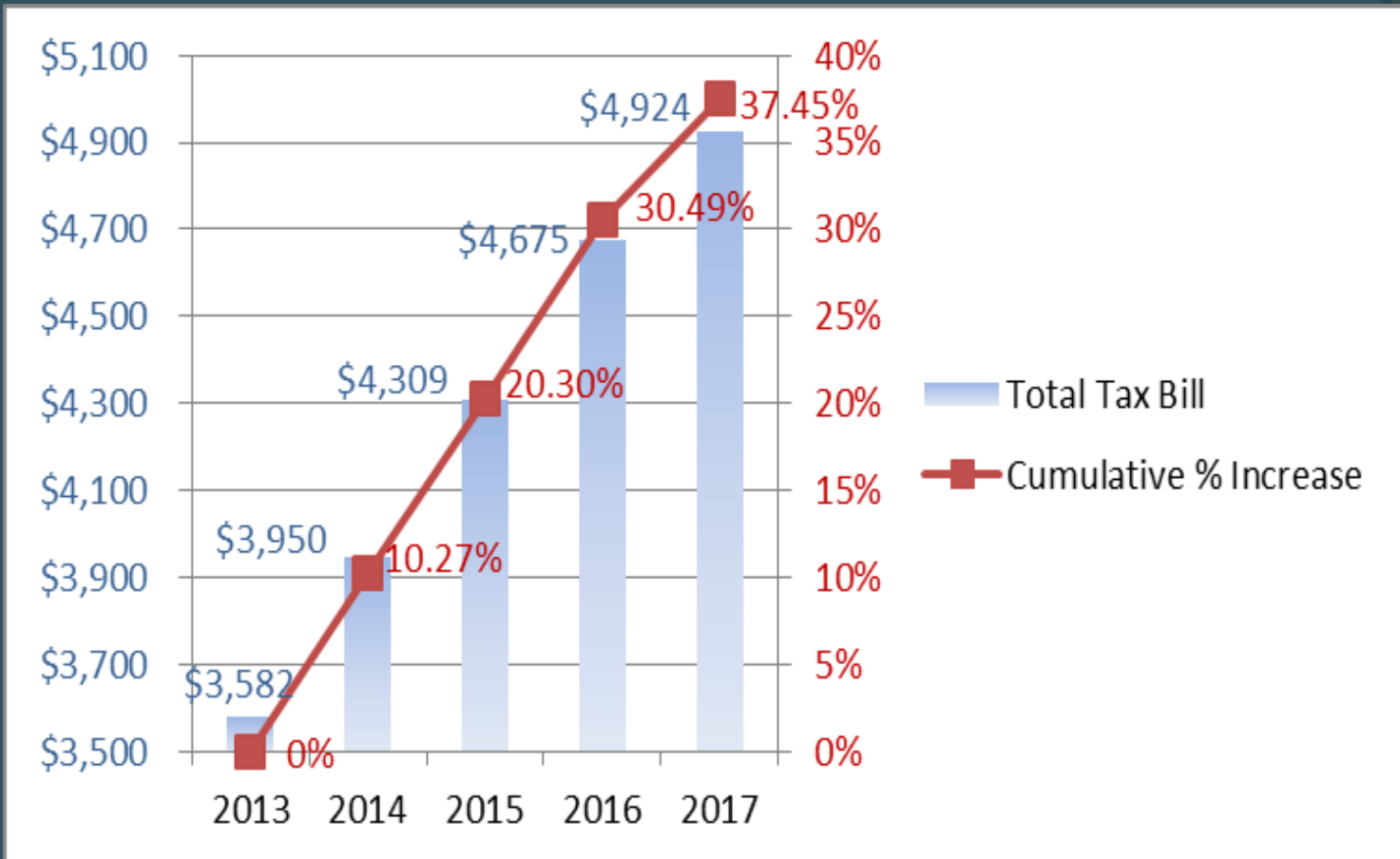
Typical Houston Homeowner's Property Tax Bill for 2017 and the Cumulative Change Since 2013

Jurisdiction	2017			Year over Year (YOY) \$ Increase	YOY Percentage Increase	Cumulative \$ Increase since 2013	Cumulative Percentage Increase
	Avg. Taxable Value	Tax Rate	Tax Bill				
Houston ISD	\$ 215,544	\$ 1.206700	\$ 2,601	\$ 135	5.48%	\$ 728	38.86%
Harris County	\$ 165,822	\$ 0.418010	\$ 693	\$ 36	5.43%	\$ 211	43.84%
Harris Co Flood Cntrl	\$ 165,822	\$ 0.028310	\$ 47	\$ 2	5.13%	\$ 14	42.85%
Port of Houston Auth	\$ 165,822	\$ 0.012560	\$ 21	\$ (0.23)	-1.08%	\$ 0.88	4.41%
Harris Co Hosp Dist	\$ 165,822	\$ 0.171100	\$ 284	\$ 13	4.64%	\$ 86	43.58%
Harris Co Educ Dept	\$ 165,445	\$ 0.005195	\$ 9	\$ 0.45	5.54%	\$ 1.20	16.25%
Hou Community College	\$ 219,067	\$ 0.100263	\$ 220	\$ 11	5.40%	\$ 71	47.83%
City of Houston	\$ 179,701	\$ 0.584210	\$ 1,050	\$ 52	5.20%	\$ 229	27.90%
TOTAL TAX BILL			\$ 4,924	\$ 249	5.33%	\$ 1,341	37.45%

Tax Growth by Taxing Jurisdiction 2013-2017



Average City of Houston Homeowner's 4 Year Property Tax Bill Increase



How Your Property Tax Bill is Determined

Property Tax Amount is equal to

Rate

(set by each individual taxing entity)

TIMES

Taxable Value of your Property
(Market Value less exemptions)

Divided by \$100

As Values Rise, Rates Should Decrease
If Values Decrease, Rates Can Rise

Hypothetical Taxing Entity with Four Properties

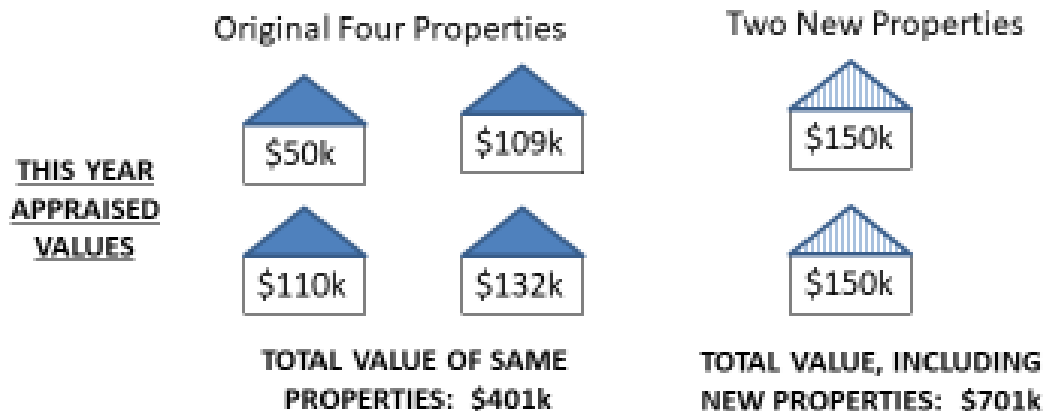
LAST YEAR APPRAISED VALUES



TOTAL VALUE: \$385k

Total Value	\$385,000
Tax Rate	x 0.50
Total Levy	\$ 1,925

Effective Tax Rate: For properties on the tax roll both last year and this year, the tax rate that is equivalent to last year's tax rate, taking into account changes in value.



Effective Tax Rate Calculation:

Last Year's Levy	\$ 1,925
<u>This Year's Value</u>	<u>÷ 401,000</u>
Effective Tax Rate	0.48

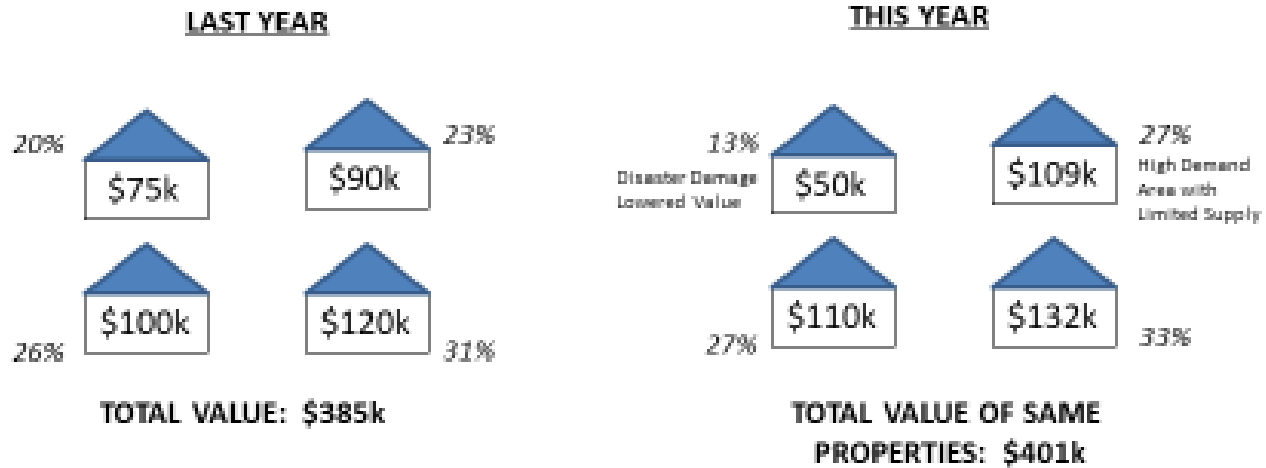
If the taxing entity adopts the Effective Tax Rate:

Original Four Properties Pay the Same Total Levy as the Previous Year:	Total Value \$401,000 <u>Tax Rate</u> x 0.48 Total Levy \$ 1,925	Total Value \$701,000 <u>Tax Rate</u> x 0.48 Total Levy \$ 3,365	Taxing Entity Receives Levy on New Properties to Pay for Growth
--	---	---	--

If the taxing entity adopts the same tax rate as last year:

Total Value \$401,000 <u>Tax Rate</u> x 0.50 Total Levy \$ 2,005	Total Value \$701,000 <u>Tax Rate</u> x 0.50 Total Levy \$ 3,505
---	---

Changes in appraised value change the distribution of the property tax burden



At the Effective Tax Rate, the tax on any one property could increase or decrease, but the Taxing Entity receives the same amount of Total Levy year to year.

LAST YEAR



TOTAL VALUE: \$385k

THIS YEAR



TOTAL VALUE OF SAME PROPERTIES: \$401k

Last Year's Levy	\$	1,925
This Year's Value	÷	401,000
Effective Tax Rate		0.48

Total Value	\$385,000
Tax Rate	x 0.50
Total Levy	\$ 1,925

Total Value	\$401,000
Tax Rate	x 0.48
Total Levy	\$ 1,925

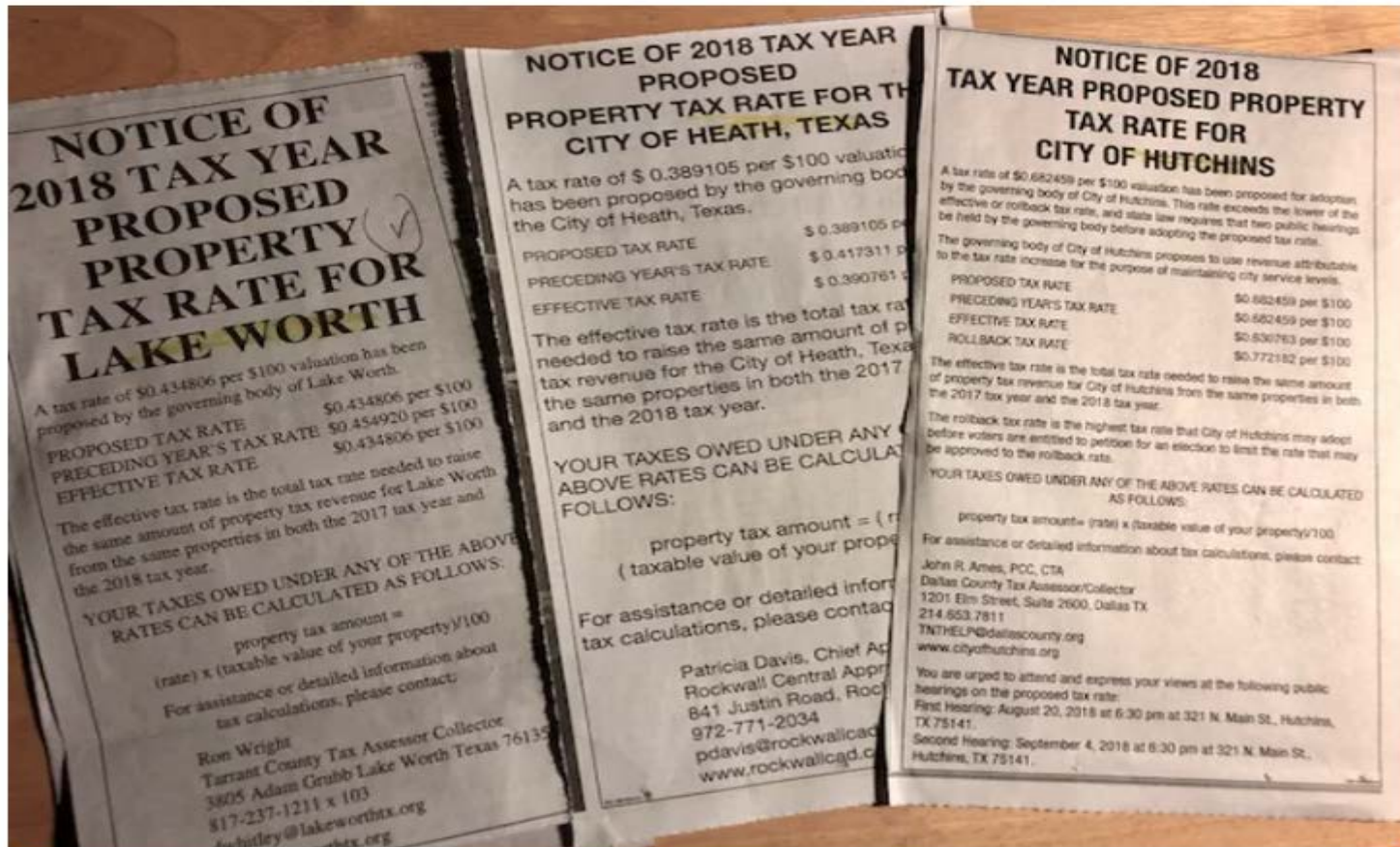
CHARGE ONE

Study and recommend ways to enhance voter engagement in local government decisions around budgets and property tax rates through digital media and social media.

Determine how budget and tax rate information should be formatted for effective communication through digital and social media. Identify the ways in which digital and social media present new opportunities for voters to give feedback to local governments.

Identify best practices among local governments in Texas and in other states.

Texas Tax Code - TAX § 26.04(e) Notice of Proposed Property Tax Rate



August is the month when Texas newspapers print property tax rate notices from governments. The Watchdog says these notices are needlessly confusing.

Source: "This is how the state of Texas confuses you about the cost of your property taxes", Dave Lieber, The Watchdog columnist, Dallas Morning News, August 25, 2018

Texas Tax Code - TAX § 26.04(e)

Notice of Proposed Property Tax Rate

NOTICE OF 2017 TAX YEAR PROPOSED PROPERTY TAX RATE FOR DALLAS COUNTY

A tax rate of \$0.243100 per \$100 valuation has been proposed for adoption by the governing body of Dallas County. This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate.

The governing body of Dallas County proposes to use revenue attributable to the tax rate increase for the purpose of upgrading and maintaining Dallas County buildings and jails and to increase the compensation of the Dallas County's law enforcement and civilian workforce.

PROPOSED TAX RATE	\$0.243100 per \$100
PRECEDING YEAR'S TAX RATE	\$0.243100 per \$100
EFFECTIVE TAX RATE	\$0.231671 per \$100
ROLLBACK TAX RATE	\$0.247157 per \$100

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for Dallas County from the same properties in both the 2016 tax year and the 2017 tax year.

The rollback tax rate is the highest tax rate that Dallas County may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the rollback rate.

Look for any increases here...

...and here

YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN
BE CALCULATED AS FOLLOWS:

$$\text{property tax amount} = (\text{rate}) \times (\text{taxable value of your property}) / 100$$

The property tax bill you will pay

For assistance or detailed information about tax calculations, please contact:

John R. Ames, PCC, CTA
1201 Elm Street, Suite 2600, Dallas TX
214.653.7811
TNTHELP@dallascounty.org

You are urged to attend and express your views at the following public hearings on the proposed tax rate:

First Hearing: August 15, 2017 at 9:00 am at 411 Elm St,
Allen Clemson Courtroom Dallas TX.

Your first chance to speak up

Second Hearing: September 5, 2017 at 9:00 am at 411 Elm St,
Allen Clemson Courtroom Dallas TX.

Your last chance to speak up

DN-182842-01

The Watchdog shows how to read a property tax rate notice using, as an example, this 2017 notice from Dallas County. (Graphic by Marina Trahan Martinez)

Election Turnout Numbers by County

Election Date	County	Entity	Turnout
3/6/2018	Travis	Democrat Primary	15.61%
3/6/2018	Travis	Republican Primary	5.56%
5/22/2018	Travis	Democrat Runoff	7.15%
5/22/2018	Travis	Republican Runoff	1.39%
5/5/2018	Travis	Lake Travis ISD	12.15%
5/5/2018	Travis	City of Cedar Park	10.75%
5/5/2018	Travis	Pflugerville ISD	2.12%
		AVERAGE	7.82%

Election Date	County	Entity	Turnout
3/6/2018	Bexar	Democrat Primary	8.10%
3/6/2018	Bexar	Republican Primary	6.50%
5/22/2018	Bexar	Democrat Runoff	3.20%
5/22/2018	Bexar	Republican Runoff	2.53%
8/14/2018	Bexar	S. SA ISD	8.32%
7/31/2018	Bexar	State Senate	4.22%
6/16/2018	Bexar	Alamo Comm College	1.25%
		AVERAGE	4.87%

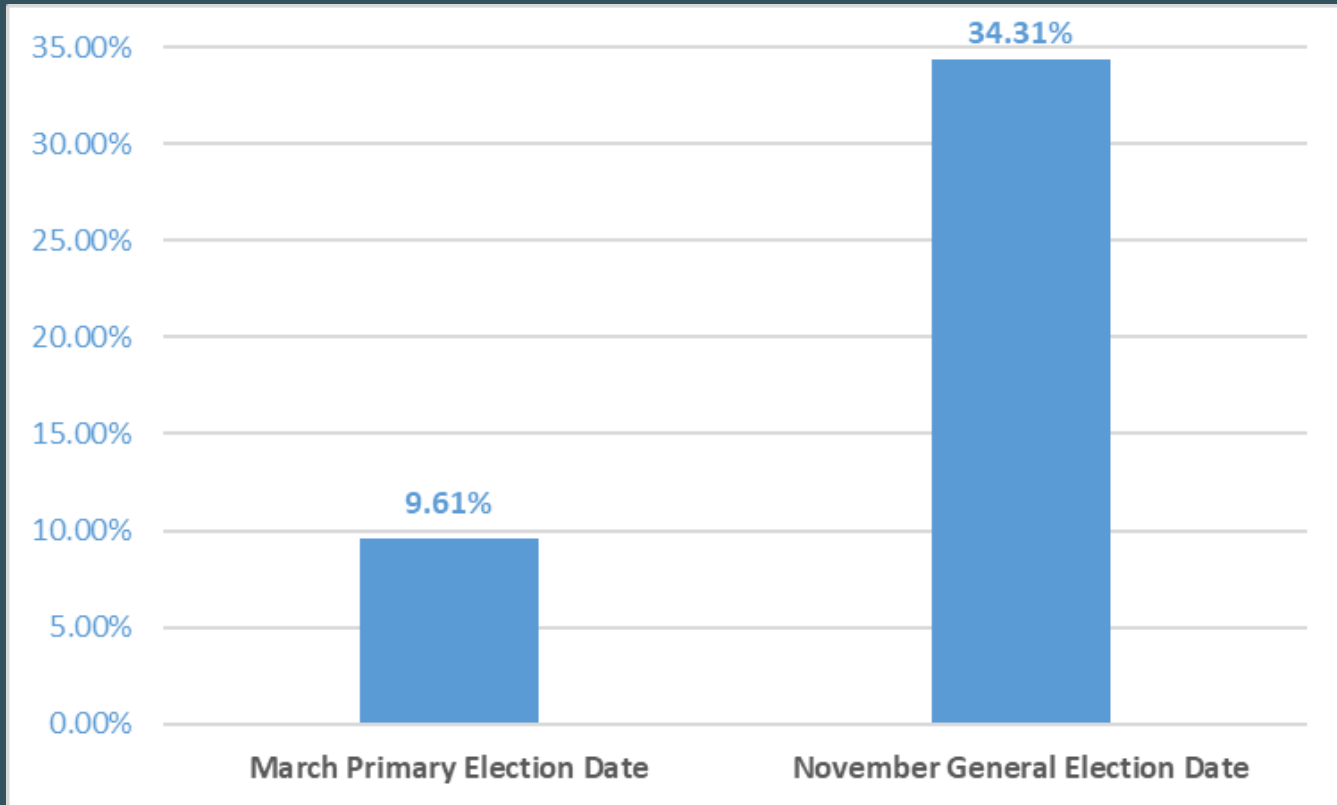
Election Date	County	Entity	Turnout
3/6/2018	Dallas	Democrat Primary	10.37%
3/6/2018	Dallas	Republican Primary	6.44%
5/22/2018	Dallas	Democrat Runoff	4.40%
5/22/2018	Dallas	Republican Runoff	1.60%
9/8/2018	Dallas	Cedar Hill ISD	8.26%
9/8/2018	Dallas	Duncanville ISD	4.67%
9/10/2016	Dallas	Irving ISD Special	2.95%
5/7/2016	Dallas	Joint	5.63%
		AVERAGE	5.54%

Election Date	County	Entity	Turnout
3/6/2018	Tarrant	Democrat Primary	6.89%
3/6/2018	Tarrant	Republican Primary	10%
5/22/2018	Tarrant	Democrat Runoff	2.17%
5/22/2018	Tarrant	Republican Runoff	3.06%
9/8/2018	Tarrant	Keller ISD	6.34%
9/8/2018	Tarrant	Azul ISD	5.77%
9/9/2017	Tarrant	City of Southlake	9.38%
6/18/2016	Tarrant	City of Keller	5.68%
		AVERAGE	6.16%

Election Turnout Numbers by County

Election Date	County	Entity	Turnout
3/6/2018	Harris	Democrat Primary	7.47%
3/6/2018	Harris	Republican Primary	6.95%
5/22/2018	Harris	Democrat Runoff	2.56%
5/22/2018	Harris	Republican Runoff	2.27%
6/16/2018	Harris	Klein ISD	6.13%
8/25/2018	Harris	Flood Control District	6.69%
5/9/2015	Harris	City Of Humble	3.57%
5/9/2015	Harris	Humble ISD	3.57%
5/9/2015	Harris	Klein ISD	4.63%
5/11/2013	Harris	Joint	1.87%
		AVERAGE	4.57%

Statewide Election Average Turnout Percentages 2012 – 2016



Sources: Raw data from Texas Secretary of State Website, Election Results , Percentages were calculated

2018 Tax Ratification Election Results

School District	Date of Election	Voter Turnout	Result
Klien ISD	16-Jun	5.10%	Fail
Oakwood ISD	14-Jul	8.50%	Pass
North Zulch ISD	16-Jul	7.08%	Pass
Moody ISD	11-Aug	<10%	Pass
Levelland ISD	14-Aug	5.6%	Pass
Magnolia ISD	14-Aug	8.30%	Fail
South San ISD	14-Aug	8.30%	Fail
Cuyuga ISD	18-Aug	11.40%	Pass
Sanford-Fritch ISD	18-Aug	6.0%	Pass
Avery ISD	25-Aug	26%	Pass
Breckenridge ISD	25-Aug	<10%	Pass
Burnet CISD	25-Aug	4.90%	Pass
Floresville ISD	25-Aug	<10%	Fail
Gonzales ISD	25-Aug	4.80%	Pass
Lancaster ISD	25-Aug	2.50%	Pass
Pampa ISD	25-Aug	9.50%	Pass
Pleasanton ISD	25-Aug	5.20%	Pass
Simms ISD	25-Aug	8.90%	Pass
Union Hill ISD	25-Aug	10.20%	Pass
West Hardin CISD	25-Aug	9.30%	Pass
Whitehouse ISD	25-Aug	2.10%	Pass
Azle ISD	8-Sep	5.77%	Pass
Cedar Hill ISD	8-Sep	8.26%	Fail
Duncanville ISD	8-Sep	4.67%	Pass
Holiday ISD	8-Sep	4.21%	Pass
Keller ISD	8-Sep	6.34%	Pass
McAllen ISD	8-Sep	3.76%	Pass

5 out of these 27 (18.5%) TRE's failed to be ratified by taxpayers

CHARGE TWO

Evaluate whether existing libraries of property tax data and collection methods are adequate for studying local property tax outcomes and identifying drivers of growing property tax levies.

Determine the scope of existing data, where it is stored, and how it is made available to the public.

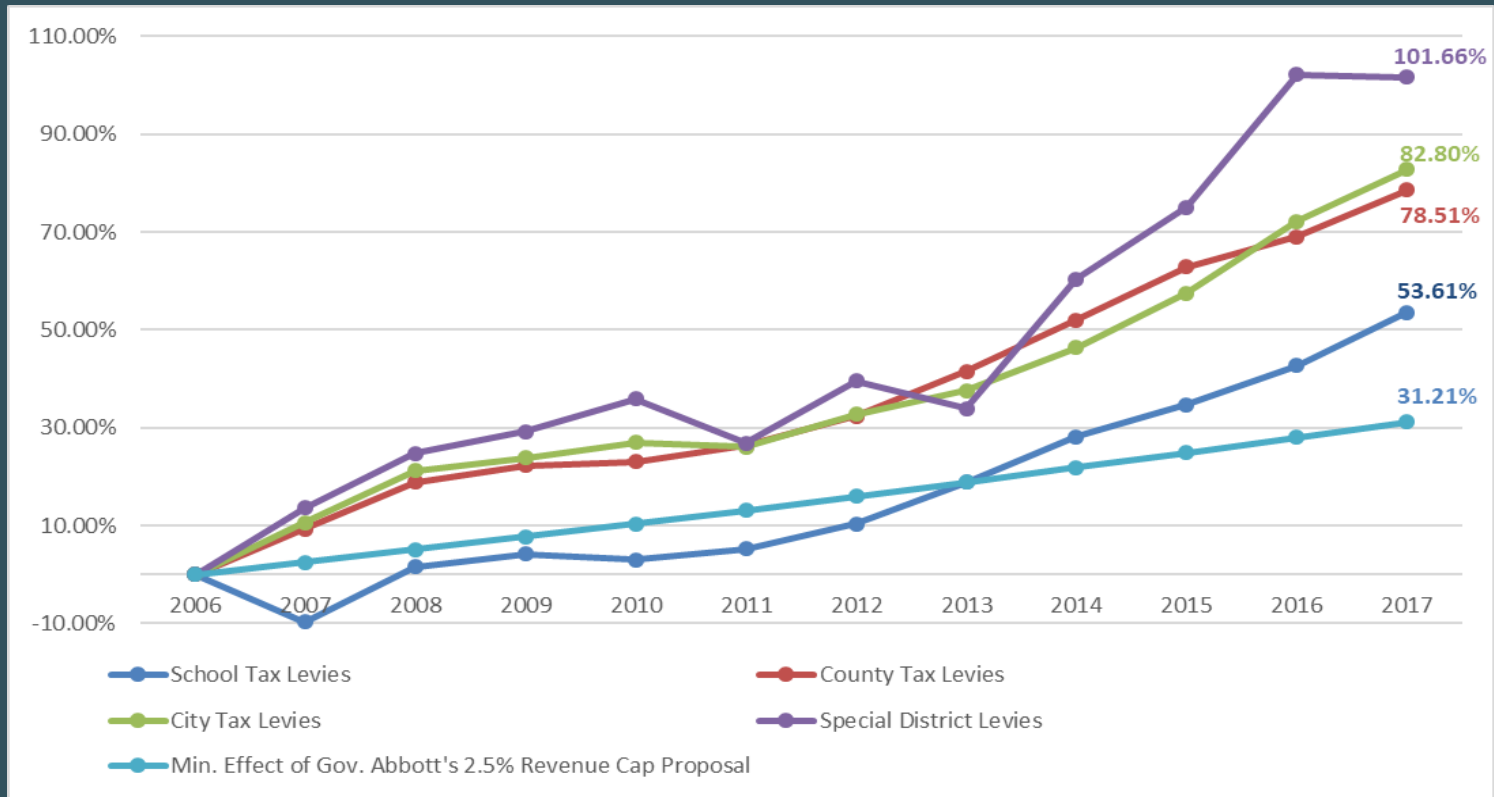
Determine whether existing, available data is adequate for the needs of the legislature and the public.

Review existing procedures for the collection and verification of data.

Receive recommendations from the comptroller regarding the collection, verification, and publication of property tax data.

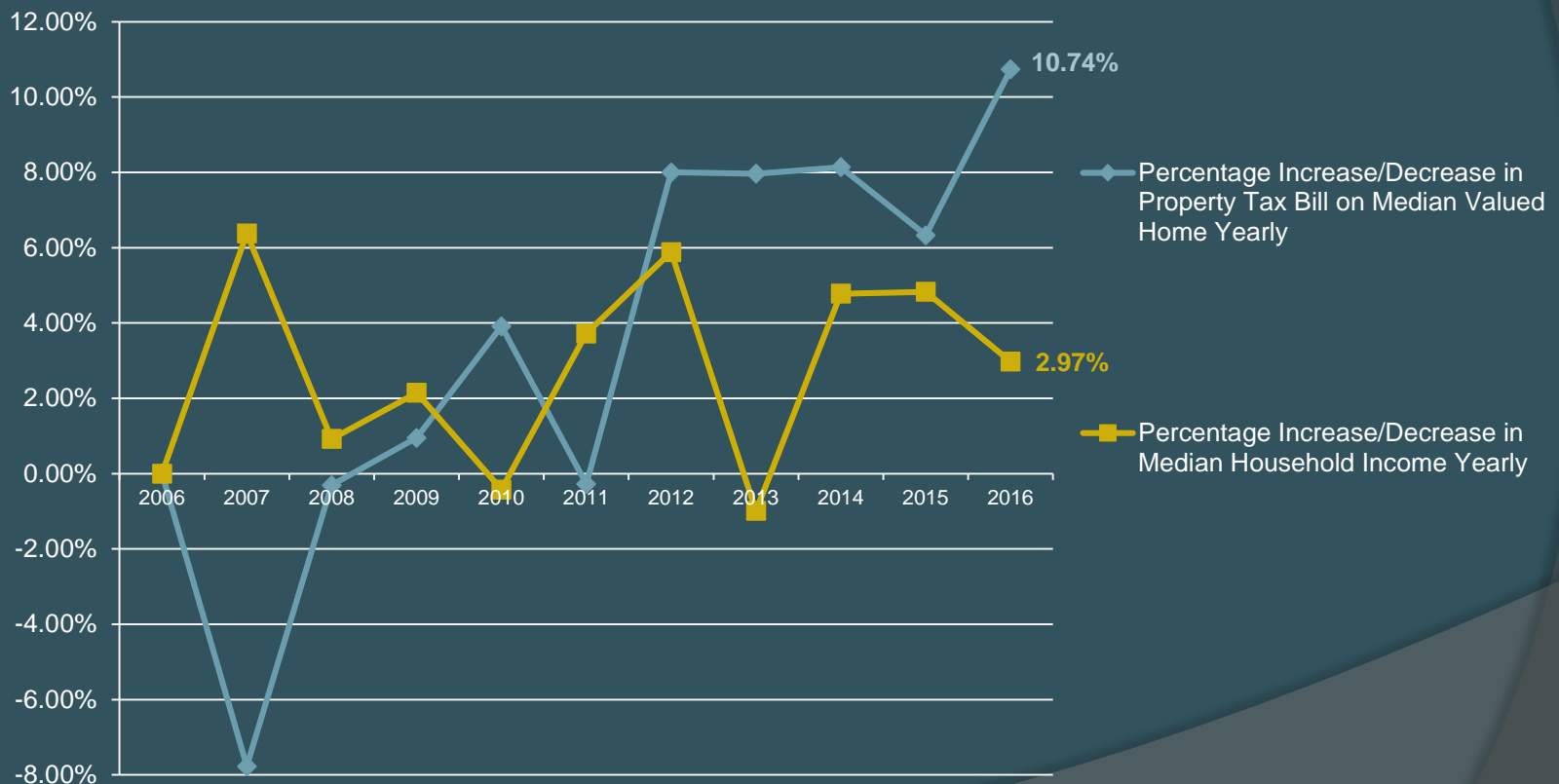
2006-2017 Property Tax Levy Growth

Since 2006, Property Tax Levies by class of taxing jurisdictions have grown by almost 54%, 79%, 83% and even over 100%.



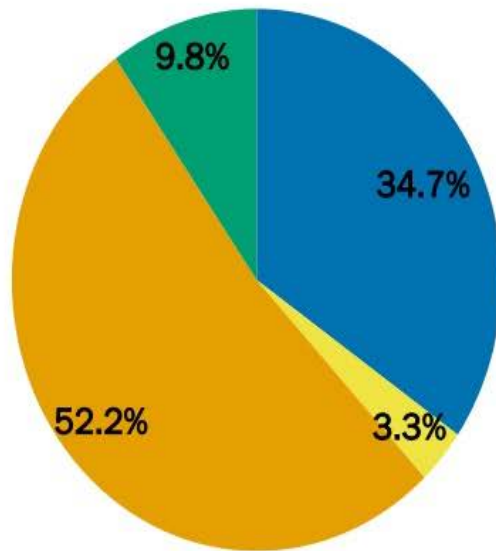
Property Taxes on a Median Valued Home vs. Median Household Income

In 2016, Property Taxes on a Median Valued Home Grew 2.94 Time Faster than Median Household Income.



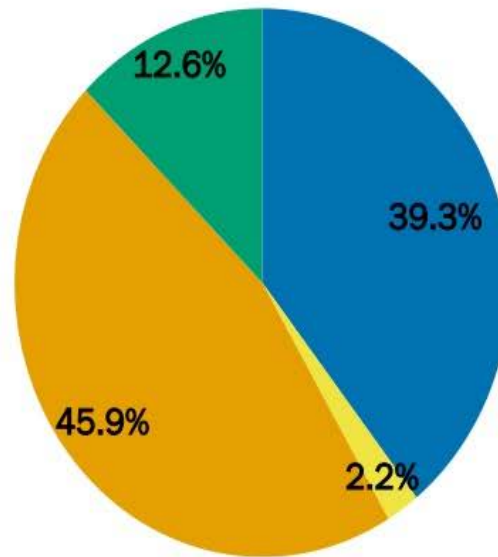
Comparison of the percentage breakdown of funding sources between FY2007 and FY2017

FY2007



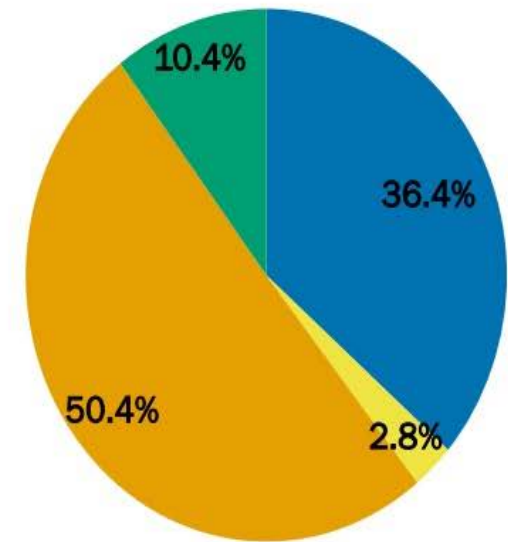
■ State ■ Recapture ■ Local ■ Federal

FY2012



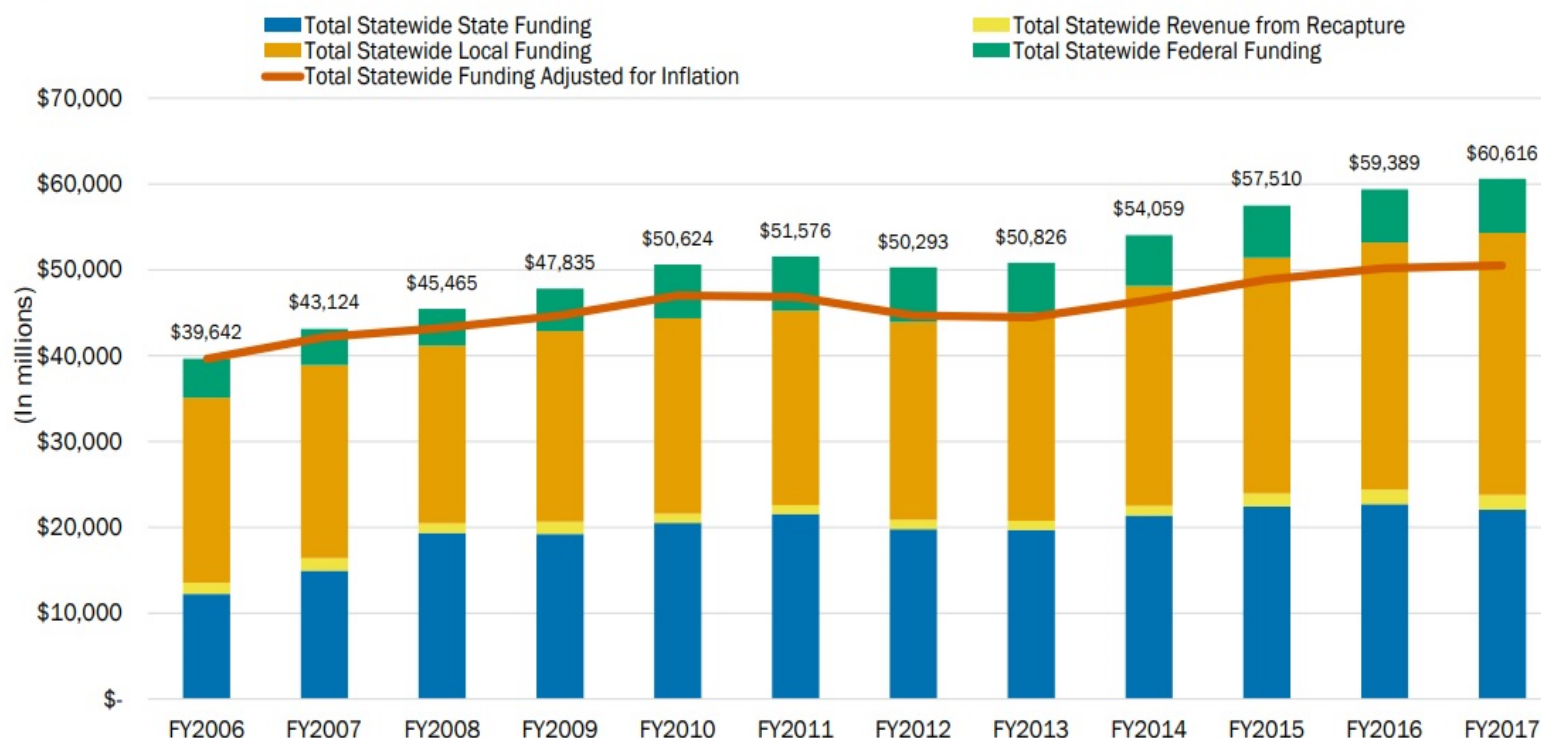
■ State ■ Recapture ■ Local ■ Federal

FY2017



■ State ■ Recapture ■ Local ■ Federal

Total annual funding has increased 53% (from \$39.6 billion in FY2006 to \$60.6 billion in FY2017)



Data sources: TEA PEIMS Financial Data, TEA Payment Report, and the General Appropriations Act

CHARGE THREE

Evaluate the operations of appraisal review boards (ARBs), specifically the training and expertise of members concerning appraisal standards and law, ethics, and meeting procedures.

Determine whether ARB operations are sufficiently independent of central appraisal districts and taxing units and whether ARBs and/or chief appraisers should be

Appraisal Review Board Sizes

County	2016	2018
Harris	190	173
Dallas	95	95
Tarrant	85	84
Travis	26	26
Bexar	50	50
Montgomery	24	24
Ft. Bend	35	59
Collin	29	33
Williamson	13	16
Cameron	10	6
Bee	4	4
Maverick	5	5
El Paso	30	35
Lubbock	14	13
Schleicher	3	4
Brazos	7	8
Smith	7	7
Tyler	6	7

Senate Select Committee on Property Tax Reform

Senator Paul Bettencourt, Chair

Senator Brandon Creighton

Senator Kelly Hancock

Senator Eddie Lucio, Jr.

Senator Charles Perry

Senator Van Taylor

