

“Texas Taxpayers and Research Association”

December 1, 2017

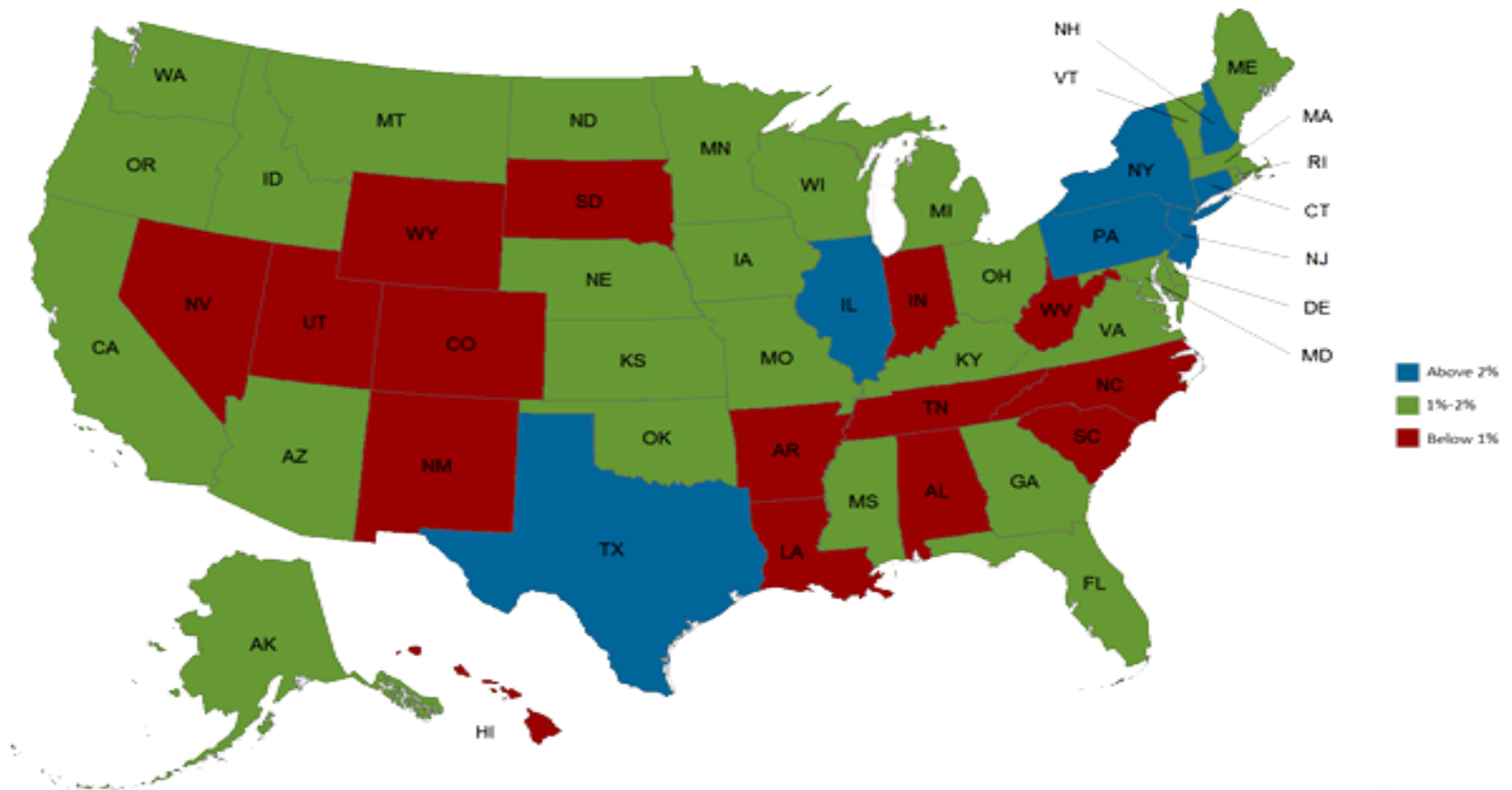
Senator Paul Bettencourt



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.

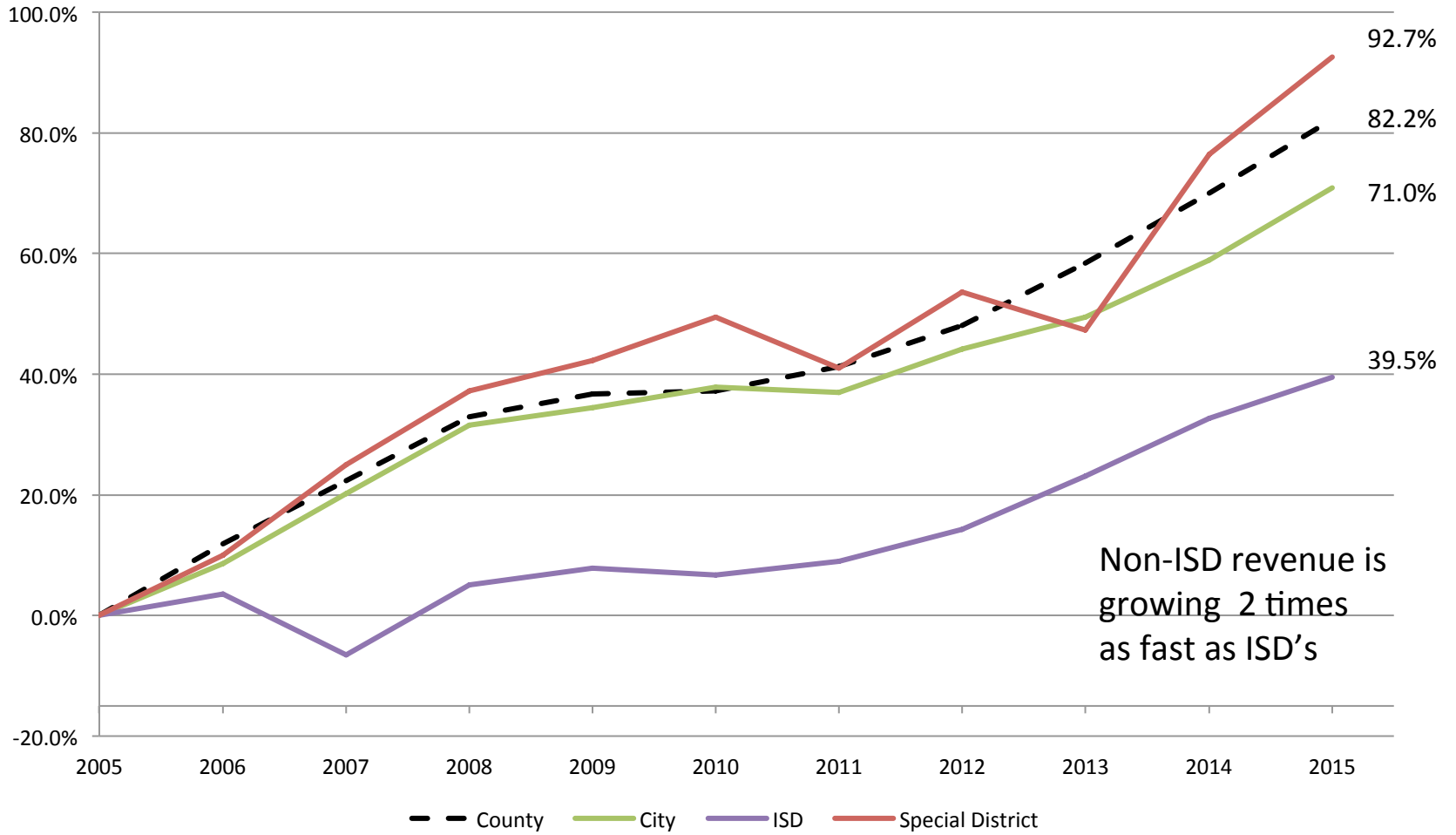
Figure 2: Media Property Tax Rates



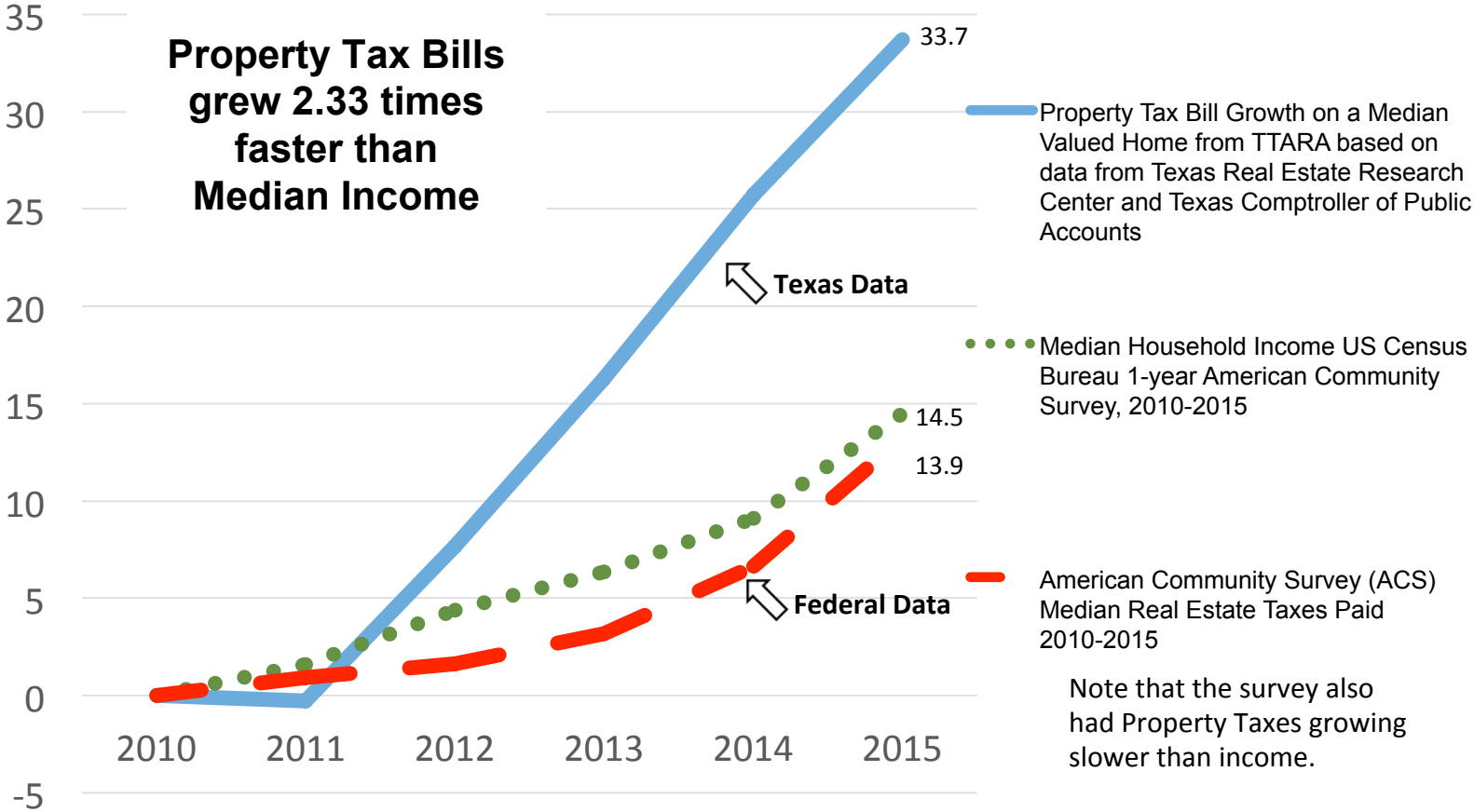
Source: CoreLogic 2016

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% 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%

- Travis County cut their property tax rate by 22%, or roughly \$0.11 from 2013-2016, however there has been a 14.1% increase on tax bills in the health area from 2013 – 2016 and Travis Health levies a separate ad valorem property tax as a special taxing jurisdiction. Travis County has large commercial growth and the City of Austin had a 9% increase in 2017.

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

Senate Bill 1

The Property Tax Reform and Relief Act of 2017

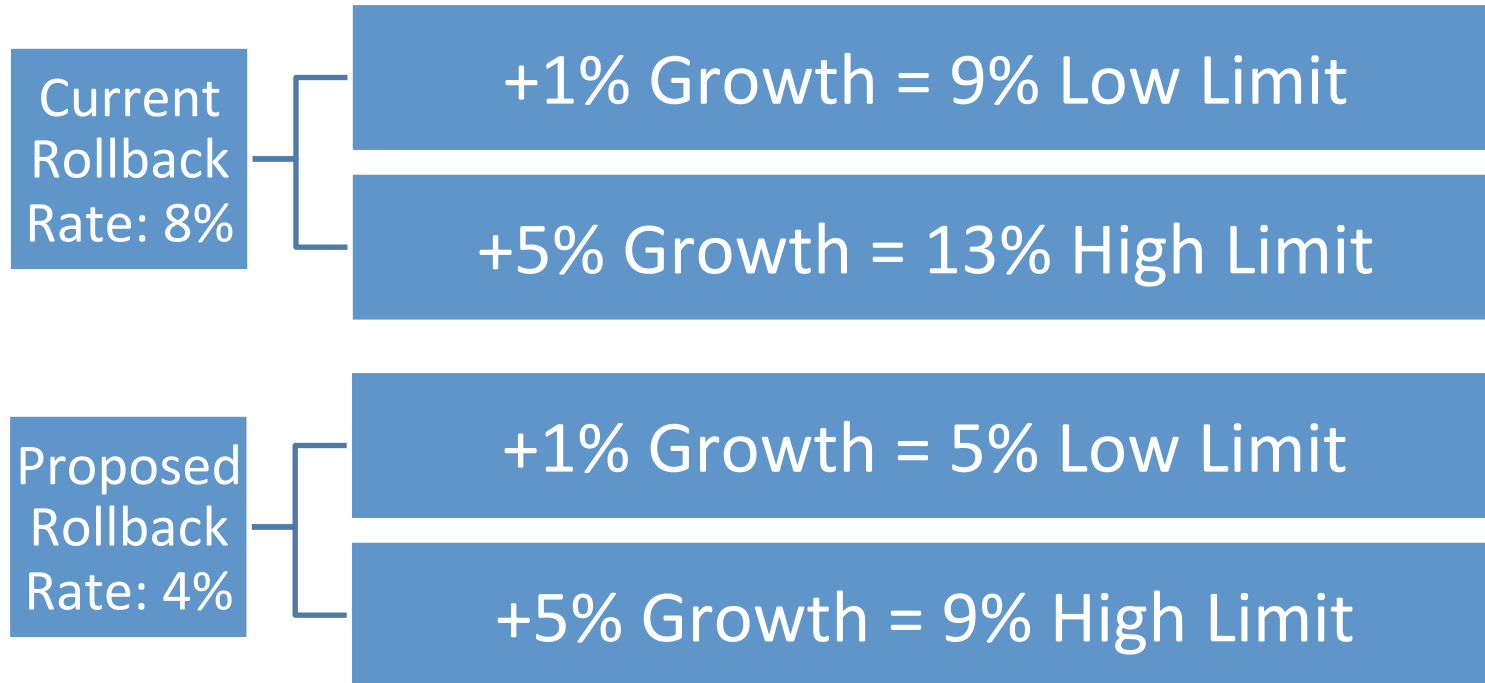


Senate Bill 1 proposes to:

- 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



What does SB 1 do for Tax Relief?



Lowers the rollback rate from 8% to 4% but leaves growth intact. SB 1 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! (Bill as passed by the Senate was 4%)

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. (SB 2228)
- All real property protests must be filed by May 15th.
- All tax calendar deadlines moved back two weeks for elections

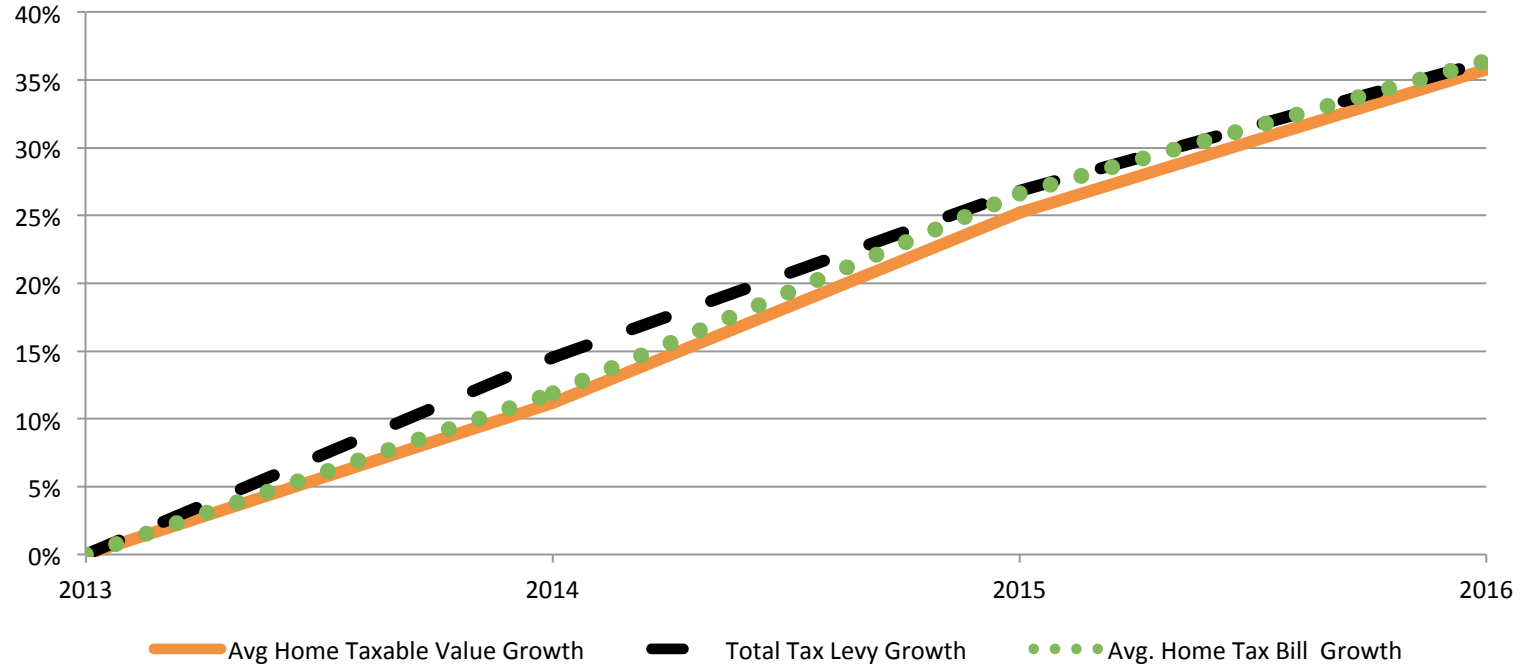
Property Tax Administration Advisory Board

- 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

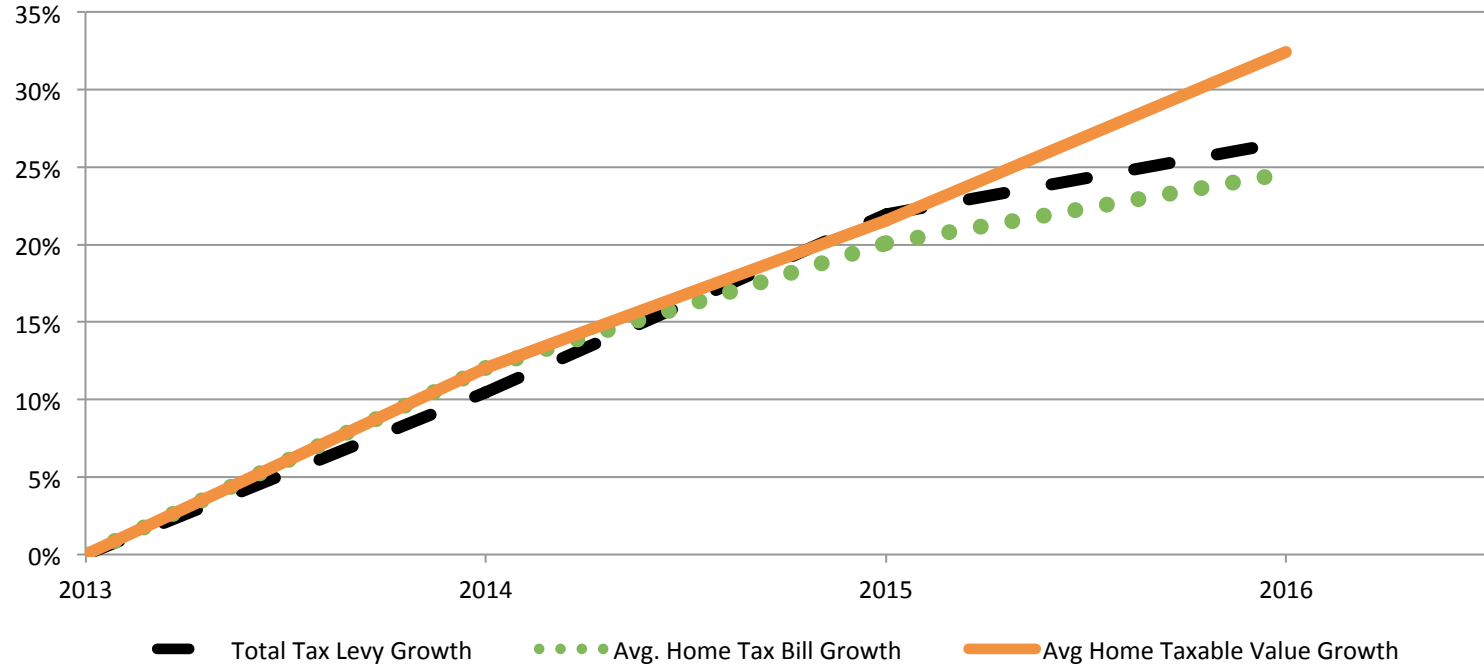
- Finally, establishes an easily understood **Equivalent Tax Rate** and standardizes taxpayer public notices showing the property tax increases on average homes per taxing unit.
- Notice of [current year] tax year proposed property tax rate for [taxing unit] will explain terms and increase/decrease

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

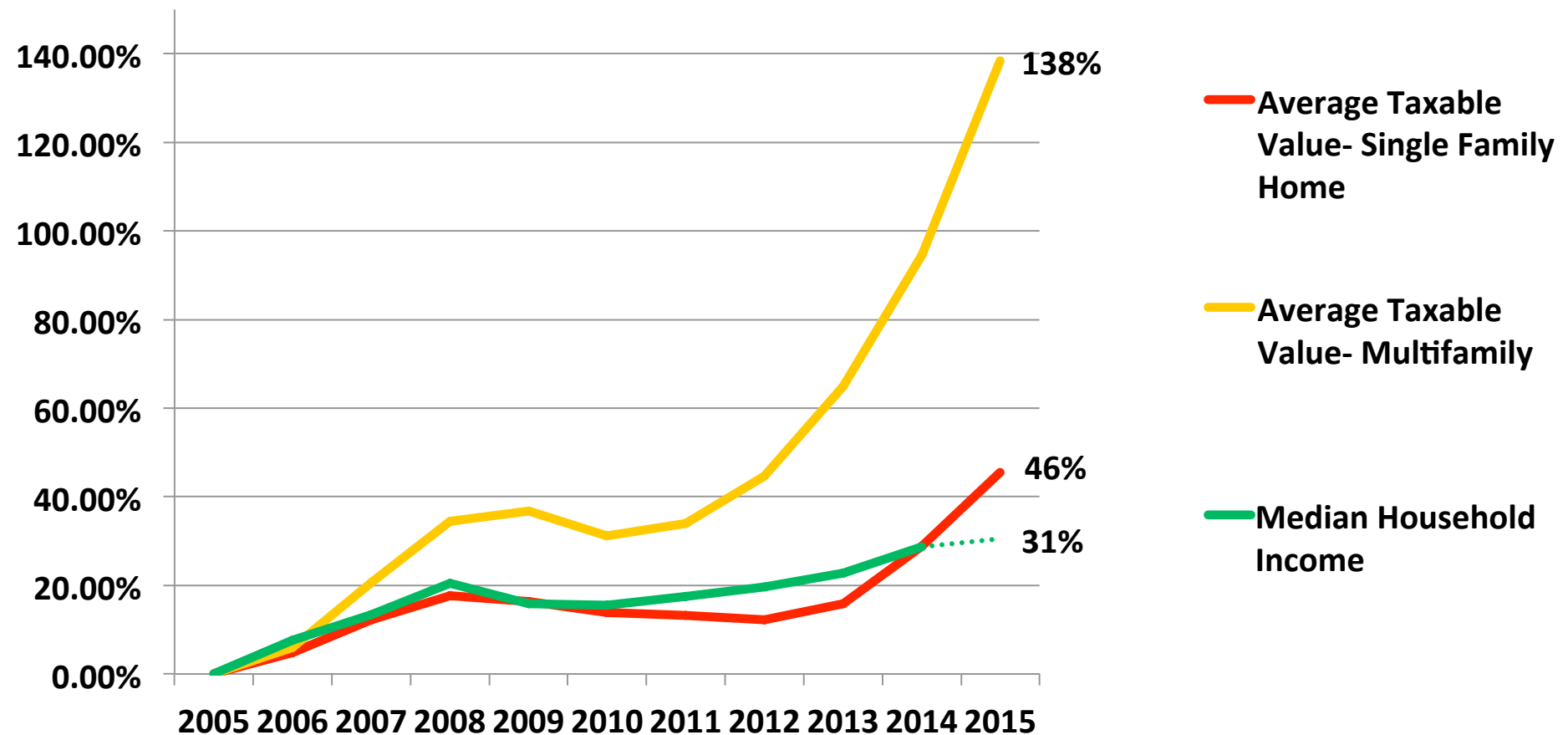


City of Houston Avg. Home	2013	2014	2015	2016	Total Growth
Taxable Value	\$128,503	\$144,004	\$156,170	\$170,171	+32.4%
Tax Rate	0.6388	0.6388	0.6311	0.6011	-0.0376/5.9%
Tax Bill	\$821	\$920	\$986	\$1,023	+24.6%
City of Houston Total Levy	\$970.2M	\$1.07B	\$1.18B	\$1.23B	▲ +26.6% \$258,406,000

TAXABLE VALUES VS HOUSEHOLD INCOMES

Harris County

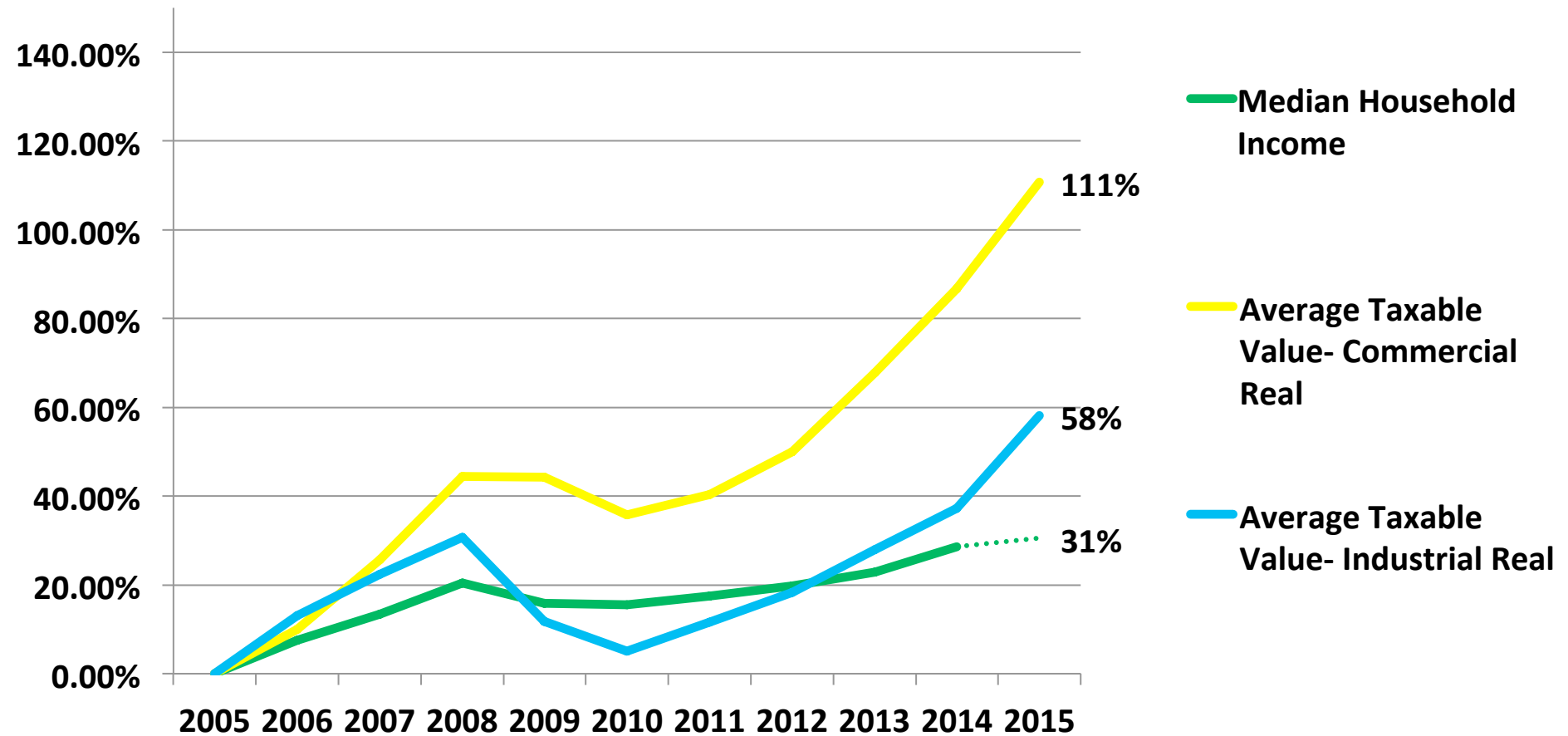
Since 2005, taxable values for both single family and multifamily housing have increased faster than household median income.



TAXABLE VALUES VS HOUSEHOLD INCOMES

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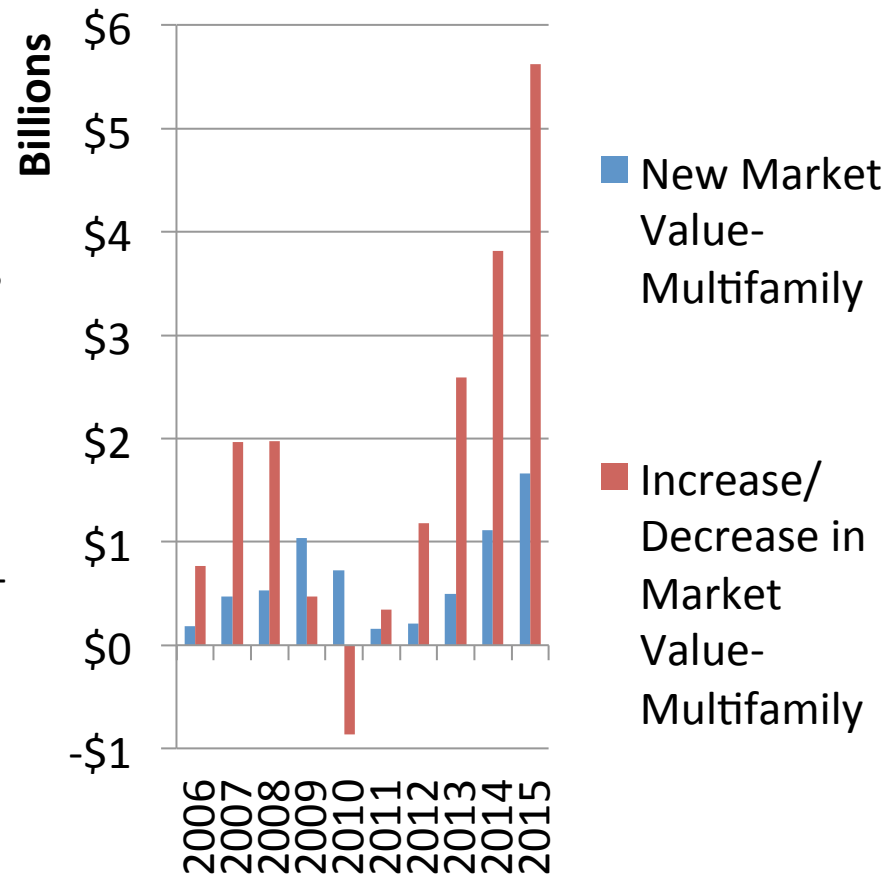
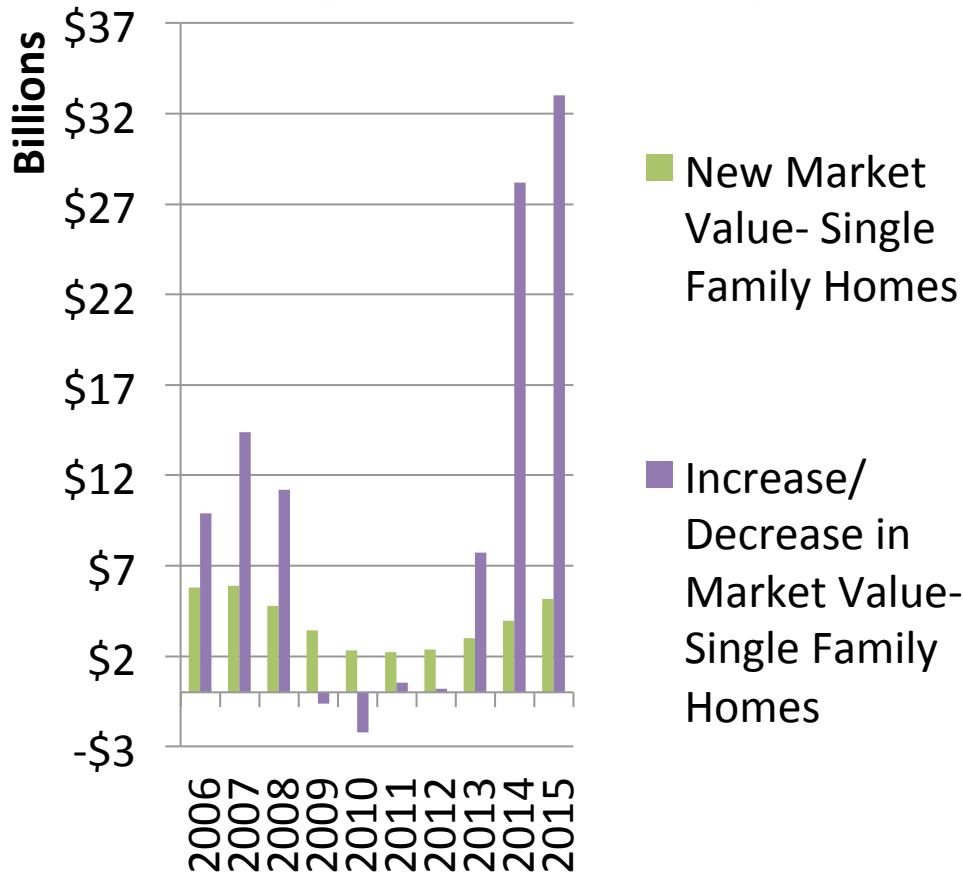
Since 2005, taxable values for both commercial and industrial properties have increased faster than household median income.



NEW VALUE AS A PART OF INCREASING VALUES

Harris County

In the last 3 years, the vast majority of the increase in the market value for both single family homes and multifamily housing has been due to increasing appraisals on existing properties.



*Sources: Harris County Appraisal District

Disaster Reappraisal

Texas Tax Code - TAX § 23.02. Reappraisal of Property Damaged in Disaster Area

- A) The governing body of a taxing unit that is located partly or entirely inside an area declared to be a disaster area by the governor may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster.

- B) If a taxing unit authorizes a reappraisal pursuant to this section, the appraisal office shall complete the reappraisal as soon as practicable. The appraisal office shall include on the appraisal records, in addition to other information required or authorized by law:

Taxing Entities that have asked for Disaster Reappraisal:

- 1) Fort Bend County
- 2) Montgomery County
- 3) Katy ISD
- 4) Spring Branch ISD
- 5) Several smaller taxing entities – such as the City of Shoreacres

Question & Answer