

Truth-in-taxation requires most taxing units to calculate two, and in some cases, three tax rates after receiving a certified appraisal roll from the chief appraiser. The rates are the no-new-revenue tax rate, the voter approval tax rate and the de minimis tax rate. The type of taxing unit determines which truth-in-taxation steps apply.

### **No-New-Revenue Tax Rate**

The no-new-revenue tax rate is a calculated rate that would provide the taxing unit with about the same amount of revenue it received in the year before on properties taxed in both years. If property values rise, the no-new-revenue tax rate goes down and vice versa.

Although the actual calculation can become more complicated, a taxing unit's no-new-revenue tax rate is a calculated rate generally equal to the last year's taxes divided by the current taxable value of properties that were also on the tax roll last year. The resulting tax rate, used for comparison only, shows the relation between the last year's revenue and the current year's values.

### **Voter Approval Tax Rate**

The voter approval tax rate is a calculated maximum rate allowed by law without voter approval. A taxing unit's voter approval tax rate is a calculated rate that divides the overall property taxes into two categories - M&O and debt service, also called interest and sinking.

With the exception of school districts, the voter approval tax rate provides the taxing unit with about the same amount of tax revenue it spent the previous year for day-to-day operations, plus an extra three and a half percent increase for those operations, and sufficient funds to pay debts in the coming year.

School districts calculations were revised as a result of the 86<sup>th</sup> Legislature passage of HB 3. The voter approval rate is set at two and a half percent. It is essential that school districts consult the Texas State Comptroller and the Texas Education Agency or their Regional Education Service Center for guidance in calculating their tax rates.

For all taxing units, the debt service portion of the voter approval tax rate is the current year's debt payments divided by the current year's property values. The debt service rate may rise as high as necessary to cover debt expenses.

### **De minimis Tax Rate**

New for the 2020 tax year is a third calculation for taxing units with a population of 30,000 or less and is not a school district, water district or special taxing unit. This is a tax rate that is equal to the total of the no-new-revenue M&O rate, plus a rate when applied to the taxing unit's current total value, will create a levy of \$500,000, plus the current debt rate. This tax rate is not utilized by all taxing units.

There are several scenarios that govern the maximum rate a taxing unit may adopt. Generally, if a taxing unit adopts a tax rate that exceeds the voter approval rate but is less than the De minimis rate, the voters in the taxing unit may circulate a petition calling for an election to limit the size of the tax increase. If a taxing unit adopts a tax rate that exceeds the voter approval rate and the De minimis rate, an automatic election must be held.

Please click on the link below for more information.

<http://www.window.state.tx.us/taxinfo/proptax/tnt/>

To find more information about a specific taxing unit's tax rate calculations, please visit [www.dentoncountytaxes.org](http://www.dentoncountytaxes.org)

You can also contact our office for information by emailing us at [Property.Tax@dentoncounty.com](mailto:Property.Tax@dentoncounty.com) or calling us at 940-349-3500.

Physical Address: 1505 E. McKinney Street Denton, TX 76209