

School District Budget, Tax Rate, and Election Timeline & Procedures

The 86th Texas Legislature passed House Bill 3 in 2019, which implemented comprehensive changes to the school finance system and introduced new requirements. Some of these changes significantly altered the procedures for a district to seek voter approval to increase their tax rate. This communication is intended to outline the timing and steps required for a district to conduct a Voter-Approval Tax Rate (VATR) Election.

A district's Voter-Approval Tax Rate is calculated by taking the district's Maximum Compressed Rate for Tier 1 for the current year (as determined by the Texas Education Agency) and adding the greater of either the enrichment tax rate from the previous school year or five cents (if board approves via a unanimous vote in 2020), and then adding the district's current Interest & Sinking (I&S) rate necessary to repay debt that was previously approved by voters.

If the district sees a need to increase the enrichment rate above the district's Tier 2 rate from the previous year or the five cents allowed under the Voter-Approval Tax Rate, then the district is required to conduct a VATR Election, in accordance with the following procedures.

The VATR Election must be conducted on a uniform election date, and a district may call for such an election only if the tax rate it seeks to adopt exceeds the amount allowed under the VATR. Districts will not receive their Maximum Compressed Rate from TEA until August, so practically speaking the May uniform election date will never be an election date that may be used for this purpose. All VATR Elections must occur in November. The following timeline has been established with that in mind.

Before a district may hold a VATR Election, the board must conduct an efficiency audit, according to specific guidelines and timing requirements. However, if the school district is located in an area declared a disaster area by the governor, the district may hold an election to seek voter approval to adopt an M&O tax rate during the two-year period following the date of the declaration without conducting an efficiency audit that would otherwise be required¹. On March 13, 2020, Governor Greg Abbott declared a state of disaster for all counties in Texas². Therefore, the requirements related to efficiency audits do not apply for elections conducted in November 2020 or November 2021.

Given that no efficiency audit is required in 2020-2021, the following timeline and procedures apply in those years, and is divided into two separate tables detailing dates for districts with a fiscal year that begins in July vs. September.

For Districts with a Fiscal Year Beginning July 1

¹ Texas Education Code § 11.184 (b-1)

² Office of the Governor, Greg Abbott. (2020) *A proclamation certifying that COVID-19 poses an imminent threat of disaster in the state and declaring a state of disaster for all counties in Texas.*

https://gov.texas.gov/uploads/files/press/DISASTER_covid19_disaster_proclamation_IMAGE_03-13-2020.pdf



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Date	Action	Explanation
By June 19, 2020	Propose a budget.	For districts with a July 1 fiscal year, the district’s administration must prepare a proposed budget by June 19.
By June 20, 2020	Post for a public meeting on proposed budget and tax rate	A district must conduct a public meeting, and publish notice of such a meeting at least 10 (but not more than 30) days before the meeting, to receive public input on the proposed budget and tax rate. At least 72 hours prior to the meeting, the district must post a summary of the proposed budget. The district’s Maximum Compressed Rate will not be known at this time. In order to adopt a higher tax rate than what is published or a tax rate that exceeds VATR (even if that rate isn’t higher than what was originally published), a revised (second) notice and meeting will be required (see August 7 below).
By June 30, 2020	Adopt a budget.	Districts with a July 1 fiscal year must adopt a budget by June 30.
Post-adoption	File budget with TEA and post on website	Once the budget is adopted, it must be filed with TEA through PEIMS. Additionally, the final adopted budget must be posted on the district’s website (and maintained there for at least three years)
July 15-August 15, 2020	Submit intent to reduce local revenue in excess of entitlement	Chapter 49 school districts must submit indicate intent for how to reduce local revenue in excess of entitlement. TEA certification of this method must be received BEFORE adoption of tax rate.
July 18-August 1, 2020	Submit tax rate calculation data to TEA.	School districts are to submit all required data to TEA regarding property values, local exemptions, etc. necessary for the agency to calculate the district’s Maximum Compressed Rate.
By July 25, 2020	Chief Appraiser certifies appraisal roll.	By July 25, the chief appraiser must prepare and certify the appraisal role of the district’s taxable property (or if not available, a certified estimate).
By August 1, 2020	District tax assessor submits appraisal roll.	Upon receipt from Chief Appraiser, district tax assessor makes some determinations and submits appraisal roll to board of trustees no later than August 1 (or as soon as practical) so that the board’s designee



Date	Action	Explanation
		can calculate the no-new-revenue tax rate and the VATR for the district.
By August 5, 2020	TEA calculates Tier 1 tax rates.	TEA will calculate and make available preliminary Maximum Compressed Tier 1 Tax Rates on or before August 5.
By August 7, 2020	Re-publish notice for tax rate (only necessary if rate exceeds VATR)	Only after receipt of the tax rate from TEA, if the district needs to propose a rate that exceeds the Voter-Approval Tax Rate limit, then a revised (second) notice indicating that intent must be published at least 10 days before the meeting is held to take action and call for an election.
By August 17, 2020	Adopt tax rate and call for VATR Election (if election required)	If the district intends to adopt an M&O tax rate that exceeds the Voter-Approval Tax Rate, an election must be ordered not later than the 78th day before election day. A November 3, 2020 VATR Election must be ordered no later than August 17. The tax rate adoption and call for an election must occur in a public meeting.
By August 31, 2020		If TEA receives an appeal of a preliminary maximum compressed tax rate (MCR), TEA will issue a final determination to the school district no later than August 31. If TEA does not receive notice of appeal, the preliminary MCR becomes final in 10 calendar days.
By September 30, 2020 or 60 days after receipt of certified appraisal roll	Adopt tax rate if no election is required	If the district plans to adopt a tax rate for which no election is required, action must be taken in a public meeting to adopt the tax rate by September 30 (or 60 days after the receipt of the certified appraisal roll).

For Districts with a Fiscal Year Beginning September 1

Date	Action	Explanation
July 15-August 15, 2020	Submit intent to reduce local revenue in excess of entitlement	Chapter 49 school districts must submit indicate intent for how to reduce local revenue in excess of entitlement. TEA certification of this method must be received BEFORE adoption of tax rate.



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Date	Action	Explanation
July 18-August 1, 2020	Submit tax rate calculation data to TEA.	School districts are to submit all required data to TEA regarding property values, local exemptions, etc. necessary for the agency to calculate the district's Maximum Compressed Rate.
By July 25, 2020	Chief Appraiser certifies appraisal roll.	By July 25, the chief appraiser must prepare and certify the appraisal roll of the district's taxable property (or if not available, a certified estimate).
By August 1, 2020	District tax assessor submits appraisal roll.	Upon receipt from Chief Appraiser, district tax assessor makes some determinations and submits appraisal roll to board of trustees no later than August 1 (or as soon as practical) so that the board's designee can calculate the no-new-revenue tax rate and the VATR for the district.
By August 5, 2020	TEA calculates Tier 1 tax rates.	TEA will calculate and make available preliminary Maximum Compressed Tier 1 Tax Rates on or before August 5
August 7, 2020	Post for a public meeting on proposed budget and tax rate (if district intends to propose tax rate that exceeds VATR)	If the district needs to propose a rate that exceeds the Voter-Approval Tax Rate limit, then notice of the public meeting to receive input on the proposed budget and tax rate must be published no later than August 7 (but may only be published after receipt of the tax rate from TEA, which could occur as late as August 5). In 2021, this step will need to be completed by August 6. If the district does not intend to propose a tax rate that will require an election, then the district has until August 21 to complete this step.
August 17, 2020	Adopt tax rate and call for VATR Election (if election required)	If the district intends to adopt an M&O tax rate that exceeds VATR, an election must be ordered not later than the 78th day before election day. A November 3, 2020 VATR Election must be ordered no later than August 17. In 2021, this date will be August 16. The tax rate adoption & call for an election must occur in a public meeting.
By August 20, 2020	Propose a budget.	If no election is required, then districts with a September 1 fiscal year have until August 20 for the district's administration to prepare a proposed budget.



Date	Action	Explanation
By August 21, 2020	Post for a public meeting on proposed budget and tax rate	If no VATR Election is required, a district must conduct a public meeting, and publish notice of such a meeting at least 10 (but not more than 30) days before the meeting, to receive public input on the proposed budget and tax rate. At least 72 hours prior to the meeting, the district must post a summary of the proposed budget.
By August 31, 2020	Adopt a budget.	Districts with a September 1 fiscal year must adopt a budget by August 31. The budget must be adopted prior to the adoption of the tax rate.
Post-adoption	File budget with TEA and post on website	Once the budget is adopted, it must be filed with TEA through PEIMS. Additionally, the final adopted budget must be posted on the district's website (and maintained there for at least three years)
By August 31, 2020		If TEA receives an appeal of a preliminary maximum compressed tax rate (MCR), TEA will issue a final determination to the school district no later than August 31. If TEA does not receive notice of appeal, the preliminary MCR becomes final in 10 calendar days.
By September 30, 2020 or 60 days after receipt of certified appraisal roll	Adopt tax rate if no election is required	If the district plans to adopt a tax rate for which no election is required, action must be taken in a public meeting to adopt the tax rate by September 30 (or 60 days after the receipt of certified appraisal roll).

In years that follow 2021 in which no further disaster declarations apply, the following steps and deadlines are applicable:

Before July 1: Select an Auditor: The Board of Trustees must select an auditor to conduct the efficiency audit. This can be done as a separate audit or as part of the district's annual audit.

Before October 1: Complete the Audit: The selected auditor must complete the audit no later than three months after the auditor was selected.

By October 1: Post Audit Results on District Website: No later than 30 days before the election, the results of the efficiency audit must be posted on the district's website.

Before Election: Conduct Meeting to Review Audit Results: Prior to the election, the board of trustees must conduct a public meeting to discuss the results of the efficiency audit.