

2011 TAX AND BUDGET DEADLINES FOR SMALL TAXING CITIES

These deadlines apply to smaller taxing cities: cities which levy under \$500,000 in total property taxes, and levy a tax rate under \$.50. Tax Code § 26.052. 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 (except where there are front-end deadlines, which are noted).

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. LGC § 102.005 (*before 30th day before tax rate adopted* - thus, if a city plans to adopt tax rate before September 29, the budget must be filed sooner). The 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 budget on the city's website if the city maintains one.

September 18 – last day to publish **notice of budget hearing**. LGC § 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 Note that the notice may not be published earlier than the 30th day before the hearing.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. LGC §102.0065(d).

September 22 – Last day to provide public notice of tax rate by one of two methods: mailing a notice of the proposed tax rate to each owner of taxable property in city, or publishing notice of proposed tax rate in the legal notices section of a newspaper having general circulation in the city. Tax Code § 26.052(c). Note that the city council could not vote on a tax rate *higher* than this noticed rate unless the city complied with the tax rate increase notices applicable to larger taxing cities. Tax Code § 26.052(d).

September 28 – last day for **hearing on budget**. LGC § 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. LGC § 102.007. This action could be the adoption of the budget, or else a vote to postpone the final budget vote. It is generally agreed that the city need not adopt the budget at the end of the hearing.

September 29 – city should **adopt budget** no later than this date. LGC § 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. LGC § 102.007(c).

September 29 – Must **adopt tax rate** no later than this date. Tax Code § 26.05 (or 60th day after receipt of 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 motion to adopt a tax rate that exceeds the effective 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 effective tax rate) percent increase in the tax rate." Further, if the tax rate will exceed the effective tax rate, Tax Code § 26.05 contains several precise requirements regarding notice in the tax rate itself.