



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER

PAGE 1 OF

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DATE: 01/27/2015

SUBJECT: **RECEIVE AND FILE THE LETTER FROM THE AUDITOR'S OFFICE TO TARRANT APPRAISAL DISTRICT RELATED TO THE CALCULATION OF THE TAX INCREMENT FINANCING PAYMENTS FOR TAX YEAR 2013**

***** CONSENT AGENDA *****

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the letter from the Auditor's Office to the Tarrant Appraisal District related to the calculation of the Tax Increment Financing Payments for Tax Year 2013.

BACKGROUND:

The Tarrant County Auditor's Office is responsible for the calculations of the annual Tax Increment Finance (TIF) payments to various municipalities. Every March, the Auditor's Office begins the arduous process of calculating the annual TIF payments using the assessed property values provided by the Tarrant Appraisal District (TAD) and payments collected by the Tarrant County Tax Office. This process takes about eight (8) weeks to complete and requires about two hundred sixty (260) separate calculations. For Tax Year 2013, payments totaling over \$6.6 million were made to the municipalities.

During the process of the TIF payment calculations, the Auditor's Office encountered some issues that made it difficult to comply with the contractual provisions of the TIF agreements. Specifically, the Auditor's Office observed numerous instances where data supplied by TAD did not agree with data previously provided to the Tax Office and recorded in Tax Client, the Tax Office system.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor's Office

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY

TARRANT COUNTY ADMINISTRATION BUILDING - ROOM 506
100 E. WEATHERFORD
FORT WORTH, TEXAS 76196-0103
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January 14, 2015

Mr. Jeffery D. Law, Chief Appraiser
Tarrant Appraisal District
2500 Handley Ederville Road
Richland Hills, TX 76118

Re: Calculation of Tax Increment Financing Payments, Tax Year 2013

Dear Mr. Law,

The Tarrant County Auditor's Office is responsible for the calculations of the annual Tax Increment Finance (TIF) payments to various municipalities. Every March, the Auditor's Office begins the arduous process of calculating the annual TIF payments using the assessed property values provided by the Tarrant Appraisal District (TAD) and payments collected by the Tarrant County Tax Office. This process takes about eight weeks to complete and requires about 260 separate calculations. For Tax Year (TY) 2013, payments totaling over \$6.6 million were made to the municipalities. Property Tax Code, Section 311.013(c) requires that these payments be made no later than the 90th day after the later of:

- (1) *The delinquency date for the unit's property taxes; or*
- (2) *The date the municipality or county that created the zone submits to the taxing unit an invoice specifying the tax increment produced by the taxing unit and the amount the taxing unit is required to pay into the tax increment fund for the zone.*


During the process of the TIF payment calculations, we encountered some issues that made it difficult to comply with the contractual provisions of the TIF agreements. We observed numerous instances where data supplied by TAD did not agree with data previously provided to the Tax Office and recorded in *Tax Client*, the Tax Office system. If a discrepancy existed, we used the data recorded in *Tax Client* to calculate the payment to the municipality. Since we must rely on information provided by TAD, we hope that some of these issues can be resolved *prior* to TY2014 calculations. Specifically, we observed the following:

- One account showed two TIF indicators for multiple tax years indicating the account is in two different TIF's. However, the TIF codes indicated that the account was in one TIF. The payment was made to *one* TIF.

- Six accounts showed current taxable values that did not agree with values previously provided to the Tax Office.
- A plat containing 180 property accounts was omitted from a TIF in TY2012. As of October 2014, *Tax Client* account records have not been updated for TY2012. Furthermore, seven of these accounts did not contain a valid TIF code. A manual process was required to include these accounts in the TY2013 payment calculations.
- Four duplicate records for two TIF's were included in the TAD data. This resulted in an overpayment in the amount of \$694 for TY2013 which will be offset next year.
- 2,238 accounts belonging in various TIF's did not have a TIF indicator in the data supplied by TAD. No payment was made to the municipalities.
- Both TAD and *Tax Client* show one property that is no longer in the TIF for TY2013, but was previously included in tax years 2008-2012. We could not locate any documentation supporting the removal of this account from the TIF. No payment was made to the municipality.
- Three accounts were included in the TAD data but the respective property values had not been provided to the Tax Office. Furthermore, these accounts did not contain a valid TIF code. No payment was made to the municipalities.
- One account continues to be included in the TAD data even though it was removed from the TIF per City of Fort Worth Ordinance #16243 dated December 2004. After verifying with TAD staff, we manually removed the account and no payment was made.

If you would like to see a detailed list of these accounts, please contact Kim Trussell at 817-884-1010. Again, we would appreciate your assistance in resolving these issues.

Sincerely,



S. Renée Tidwell, CPA
County Auditor

Distribution:

Ron Wright, Tarrant County Tax Assessor-Collector
G.K. Maenius, County Administrator
Lisa McMillan, Economic Development Coordinator