RAINS COUNTY · COUNTY JUDGE BRENT D. HILLIARD

FY 2026–2027 Proposed Budget

Proposed tax rate: $0.553664 per $100 — the voter-approval rate. No election required; a record vote of the Commissioners Court is.

$18.62 M	$8.65 M	$0.553664	+10.88%
All M&O funds	Ad valorem revenue	Proposed rate	Over FY26 taxes

Proposed budget — not adopted, and subject to change by the Commissioners Court. Compiled in good faith from official records; accuracy is not warranted.

What is being asked of the Court

$0.553664
Proposed tax rate
Voter-approval rate; $0.5243 in FY26

$8,649,370
Budgeted ad valorem
At 97% anticipated collection

+$848,611
More than FY26
A 10.88% increase in property tax revenue

$305,745
From new property
Value added to the roll this year, not a rate effect

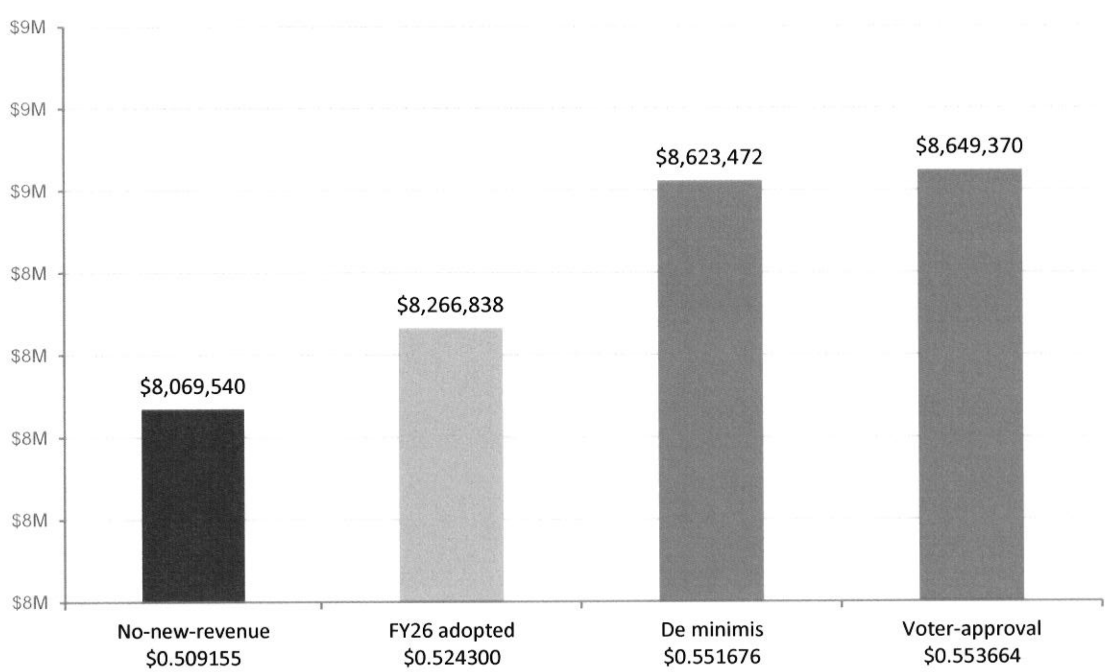
$0.000000
Debt (I&S) rate
The county levies no debt service tax

Three things this rate does

- Funds a $894,222 increase in personnel cost — a 4% salary adjustment across the county, a $600 cell allowance, higher health insurance, and new Fire Marshal and Environmental positions.
- Holds public safety at $4.50 M — Sheriff, jail, constable, emergency management and fire marshal — which is 47% of General Fund operating spending.
- Preserves $2.45 M of reserves and moves $3.03 M to Road & Bridge, the Library and Capital Improvements without drawing on new debt.
- The rate is still lower than every rate the county adopted from FY2013-14 through FY2021-22.

Sources: FY27 proposed budget worksheet; Rains County Analysis of Tax Rates; 2026 Tax Rate Calculation Worksheet (Form 50-856).

What each available rate would raise



Rate	Per $100	Levy	Budgeted @97%	vs proposed
No-new-revenue	0.509155	$8,319,114	$8,069,540	–$579,830
FY26 adopted rate	0.524300	$8,522,514	$8,266,838	–$382,532
De minimis	0.551676	$8,890,177	$8,623,472	–$25,898
Voter-approval (proposed)	**0.553664**	**$8,916,877**	**$8,649,370**	**—**

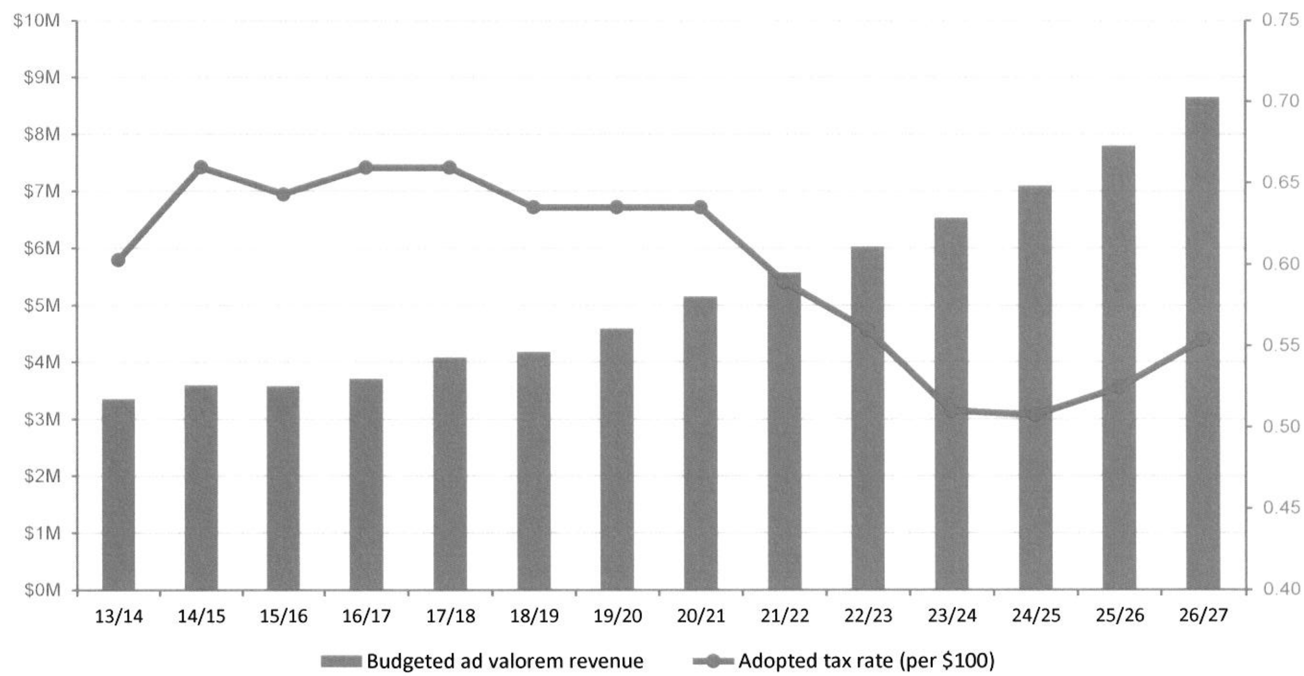
Why the voter-approval rate

- It is the ceiling the Legislature set for adoption without an election — not a rate the county invented.
- The $579,830 above no-new-revenue covers roughly two-thirds of the $894,222 personnel increase.
- Because it exceeds the de minimis rate, no petition-and-election right is triggered.
- Unused capacity does not carry forward in full — the unused increment rate is limited to three years.

Levy = freeze-adjusted taxable value $1,343,015,549 × rate + $1,481,083 of frozen ceilings. Budgeted revenue applies the 97% anticipated collection rate. Vertical axis begins at $7.6 M.

FOURTEEN YEARS OF CONTEXT

A rising levy on a falling rate



$0.6595

Peak adopted rate

FY2016-17 and FY2017-18

$0.553664

Proposed FY27 rate

16% below that peak

+157%

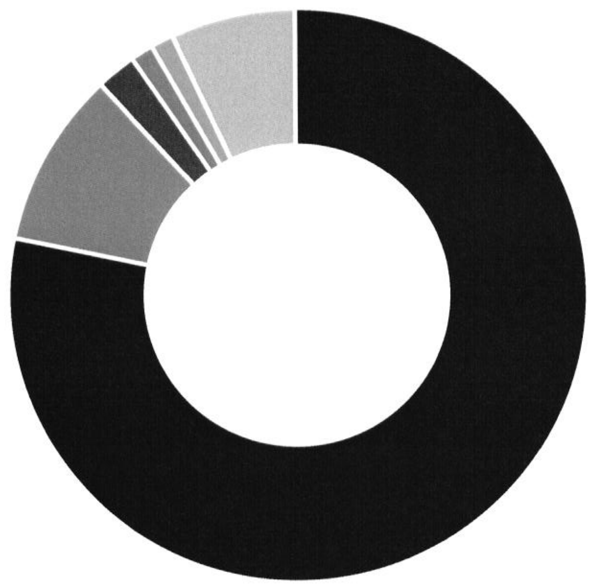
Revenue growth since FY14

From $3.36 M to $8.65 M as values rose

Source: Rains County rate analysis, FY2013-14 through FY2026-27. Revenue is budgeted ad valorem at each year's anticipated collection rate.

GENERAL FUND REVENUE

Where the money comes from



- Property tax — current 78.3%
- Sales tax 10.0%
- Delinquent tax 2.3%
- Penalty & interest 1.3%
- Interest earnings 1.3%
- Departmental & other 6.8%

$11,051,520

Total General Fund revenue
Up from $9,945,013 budgeted in FY26

78.3%

Comes from current property tax
Nearly four of every five General Fund dollars

$1,100,000

Sales tax — the only real diversification
Budgeted up from $950,000; actual FY25 was $1,084,911

With no debt tax and limited fee income, the property tax rate is effectively the county's only revenue lever.

Source: FY27 proposed budget worksheet, Fund 002 revenue accounts.

The budget in one table

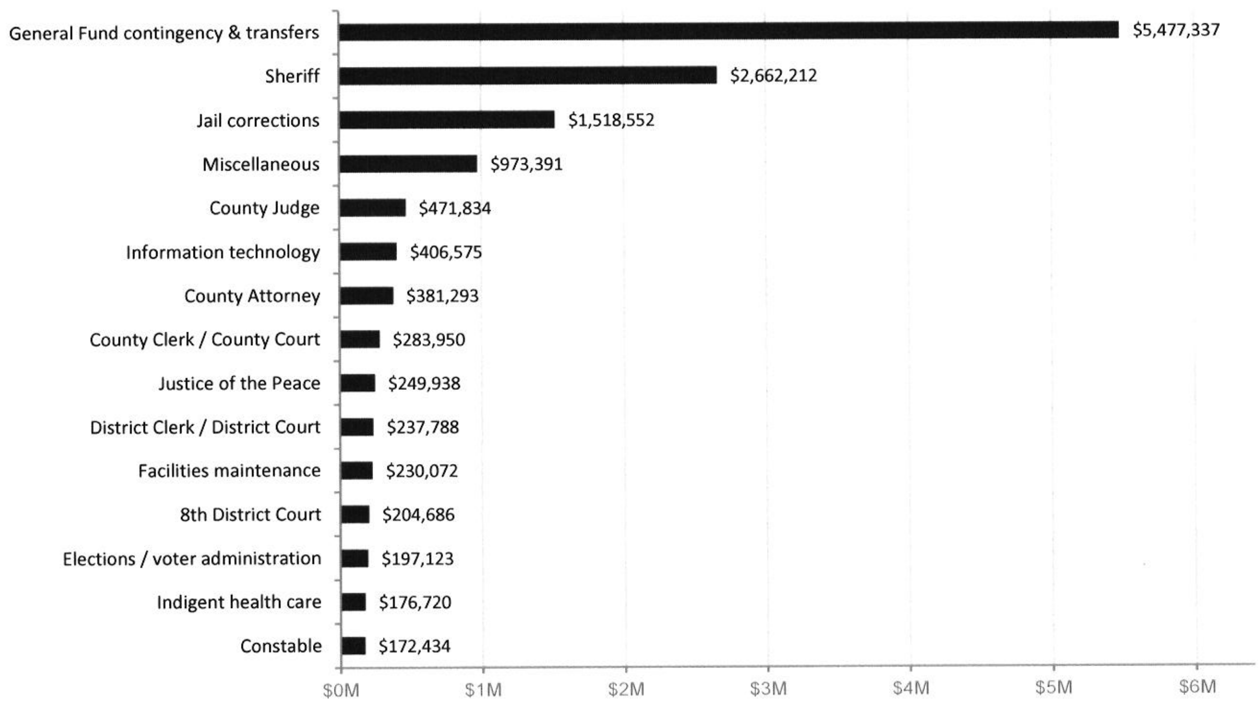
	General Fund	Road & Bridge	Library	Capital Improve.	All M&O funds
Estimated beginning fund balance	$4,000,000	$0	$4,270	$0	$4,004,270
M&O revenue	$11,051,520	$534,500	$5,200	$0	$11,591,220
Transfers between funds	—	$2,234,551	$194,903	$597,883	$3,027,337
Total M&O expenses	**$15,051,520**	**$2,769,051**	**$200,103**	**$597,883**	**$18,618,557**
Net change	**−$4,000,000**	**$0**	**$0**	**$0**	**−$4,000,000**
Ending fund balance	**$0**	**$0**	**$4,270**	**$0**	**$4,270**

Reading the General Fund's $15.05 M correctly

- $9,574,183 is actual department operating budget across 33 departments.
- $3,027,337 is transfers out — $2,234,551 to Road & Bridge, $597,883 to Capital Improvements, $194,903 to the Library.
- $2,450,000 is held as reserves: $1,000,000 emergency, $700,000 indigent health, $500,000 maintenance/operations, $100,000 professional services, $100,000 grant matching, $50,000 personnel.

The $4,000,000 net change is a planned draw on General Fund balance; the three components above total the $5,477,337 contingency line.

The fifteen largest budgets



$4,180,764

Sheriff + jail corrections

44% of all General Fund operating spending sits in two departments. Add constable, emergency management, fire marshal and DPS and public safety reaches $4,496,032, or 47%.

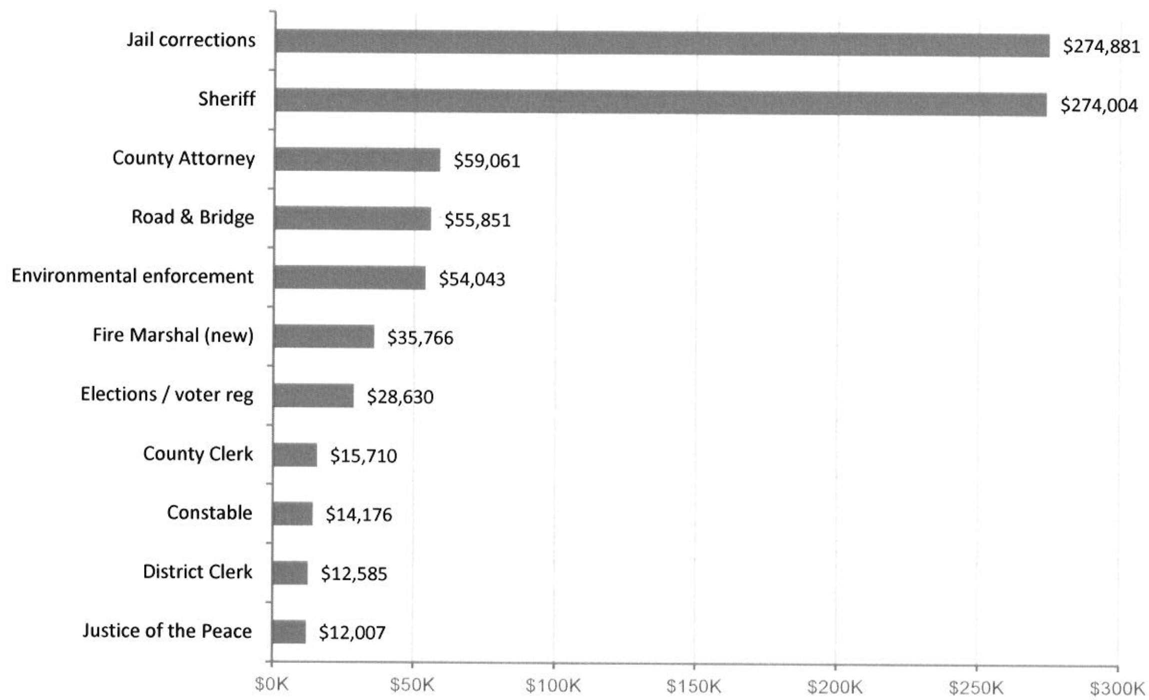
$5,477,337

Contingency line

Not department spending. It is $3,027,337 of transfers to other funds plus $2,450,000 held in reserve.

Nineteen smaller departments total $1,407,615 and are not charted. Source: FY27 proposed M&O budget summary.

The main driver of the increase



Not charted: the County Judge's office falls $15,599 because an hourly position moved to Environmental Enforcement. The county-wide total still rises.

Sixteen departments with smaller changes are not charted. Source: FY27 personnel worksheet (4% with updated changes).

$8,275,008

Total FY27 personnel cost

Salaries plus all benefits, every fund

+$894,222

Increase over FY26

What the rate increase is chiefly funding

4%

Salary adjustment

Applied across the county; up to 5% for elected officials

$13,895

Health insurance per employee

Up from $12,040 — a 15.4% increase

Notice of proposed increases, 2026–2027

Office	FY27 salary	Salary increase	Cell allowance	Total increase
Sheriff	$62,400	$3,000	—	$3,000
County Judge	$57,064	$2,743	—	$2,743
Justice of the Peace	$55,170	$2,652	$120	$2,772
District Clerk	$55,170	$2,652	$120	$2,772
County Clerk	$54,120	$2,602	—	$2,602
Constable	$53,775	$2,585	—	$2,585
County Treasurer	$52,416	$2,520	$120	$2,640
Tax Assessor/Collector	$52,416	$2,520	—	$2,520
Commissioner, Precinct 1	$48,725	$2,343	$120	$2,463
Commissioner, Precinct 2	$48,725	$2,343	$120	$2,463
Commissioner, Precinct 3	$48,725	$2,343	$120	$2,463
Commissioner, Precinct 4	$48,725	$2,343	$120	$2,463

What the notice means

- The figures shown are a 5% calculation plus the increase in cell phone allowance — the maximum that may be paid, not a commitment.
- The proposed budget itself is built on a 4% adjustment.
- The cell allowance rises from $480 to $600 per year where it applies.

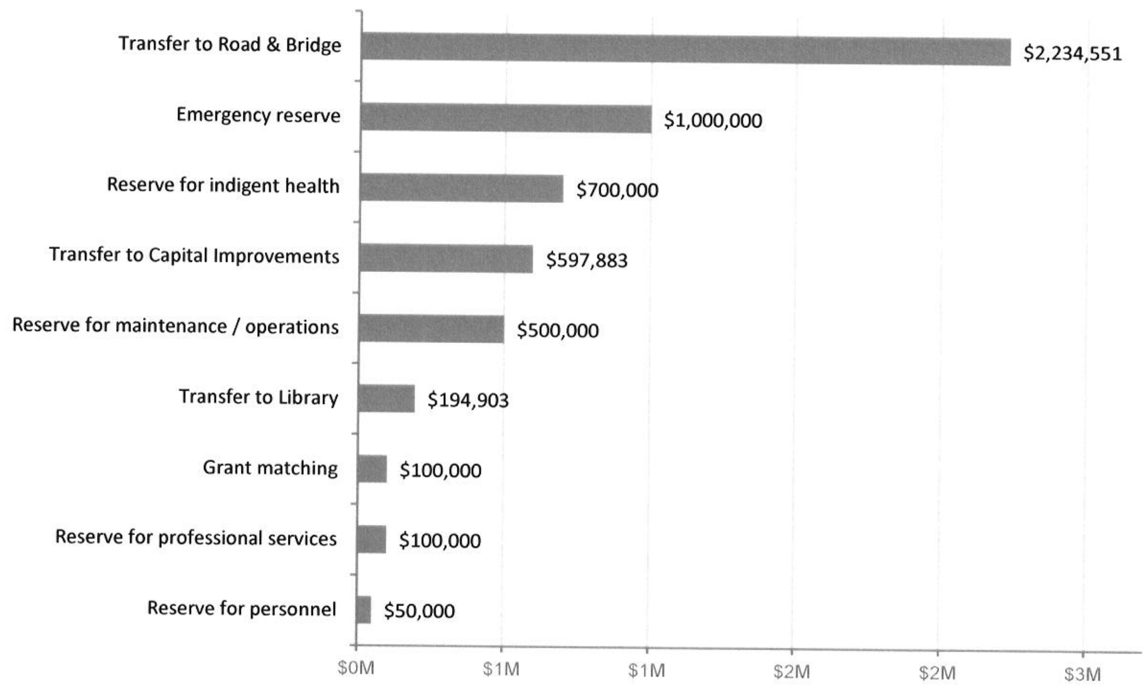
$31,486

Total of the twelve increases shown

That is 3.5% of the $894,222 county-wide personnel increase. The rest is non-elected staff, benefits and two new positions.

Source: Rains County Notice of Proposed Increases to 2026-2027 Elected Officials Salaries and Benefits.

How the $5,477,337 contingency is allocated



$3,027,337

Transferred to other funds

Road & Bridge, the Library and Capital Improvements have almost no revenue of their own. The General Fund carries them.

$2,450,000

Held in reserve

Budgeted but not planned for spending — available for emergencies, indigent health claims and unbudgeted repairs.

Source: FY27 proposed M&O budget summary, Fund Balance Allocation.

DEBT POSITION

No debt service tax, one general fund obligation

$0.000000
Interest & sinking rate
The county levies no debt service tax

$0
Total bonded indebtedness
None in any of the last five fiscal years

$213,117
Motorola principal outstanding
Radio system, paid from the General Fund

$73,524
Remaining interest
Total cost to payoff: $286,641

April 2032
Payoff date
Roughly six more years of payments

Why this matters to the rate decision

- The entire proposed rate of $0.553664 is maintenance and operations. There is no debt component, so the voter-approval rate is calculated purely on M&O growth.
- No certificates of obligation and no bond debt means no debt service to protect, but also no capacity being freed up as debt retires.
- Capital needs are funded by transfer from the General Fund — $597,883 in FY27 — rather than by borrowing. That is why fund balance and reserves carry weight in this budget.
- The I&S Fund carries a $2,186 expense budget for administrative costs only.

Source: Rains County Analysis of Interest and Sinking Fund; FY27 budget worksheet Fund 020.

TAXPAYER IMPACT

What the proposed rate costs a homeowner

Taxable value	At FY26 rate $0.524300	At no-new-revenue $0.509155	At proposed $0.553664	Change vs FY26 rate	Per month
$100,000	$524.30	$509.16	$553.66	+$29.36	+$2.45
$187,749 (median Cat A homestead)	$984.37	$955.93	$1,039.50	+$55.13	+$4.59
$200,000	$1,048.60	$1,018.31	$1,107.33	+$58.73	+$4.89
$218,670 (average Cat A homestead)	**$1,146.49**	**$1,113.37**	**$1,210.70**	**+$64.21**	**+$5.35**
$300,000	$1,572.90	$1,527.47	$1,660.99	+$88.09	+$7.34

$64.21

On the average homestead

A year — $5.35 a month

$91.31

Actual year-over-year change

Because taxable value also rose $5,168

$0

Change for 2,005 frozen accounts

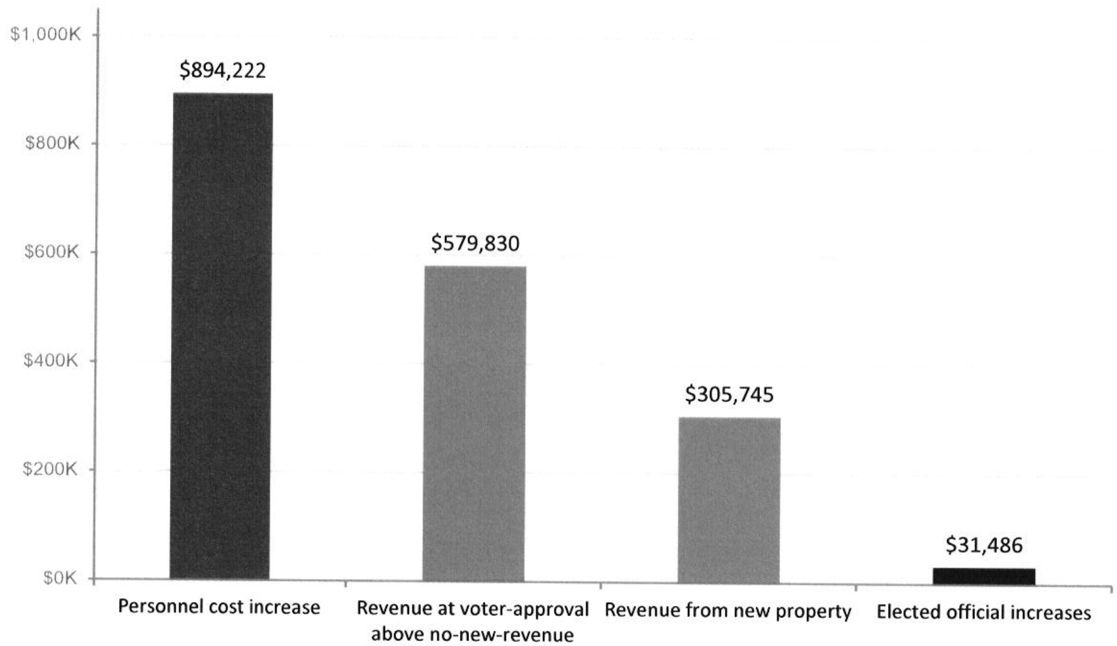
Age 65+ and disability ceilings do not move

This is the county portion only. School district, hospital district and city rates are set separately and are not affected by this decision.

Average and median homestead values are 2026 certified Category A taxable values. Year-over-year figure compares the 2025 average Cat A taxable value of $213,502 at $0.5243 with the 2026 value at the proposed rate.

THE AMOUNT AT ISSUE

$579,830 — the gap between no-new-revenue and voter-approval



65%

of the personnel increase is covered by the amount above the no-new-revenue rate

The remaining $314,392 comes from new property value, sales tax growth and fund balance.

If the Court adopted no-new-revenue instead

$579,830 would have to come out of the budget, out of reserves, or out of the transfers to Road & Bridge, the Library and Capital Improvements.

All figures budgeted at the 97% anticipated collection rate. New property revenue is the amount the truth-in-taxation calculation attributes to value added to the roll this year.

What the law requires to adopt this rate

1. **No election required**

   The proposed rate equals the voter-approval rate exactly. A rate above it would trigger an automatic November election. Because the proposed rate also exceeds the de minimis rate, no petition-and-election right arises.

2. **Record vote, 60% in favor**

   The rate exceeds the no-new-revenue rate, so Tax Code §26.05(b) requires a record vote with at least 60% of the Court voting in favor. With five members that is three votes. Local Government Code §81.006 separately requires at least four members present and three voting in favor.

3. **Separate votes**

   The vote setting the tax rate must be separate from the vote adopting the budget.

4. **Prescribed motion language**

   "I move that the property tax rate be increased by the adoption of a tax rate of $0.553664, which is effectively a 8.74 percent increase in the tax rate."

5. **Required statements**

   The order must carry, in larger type, "THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE," plus the percentage-over-NNR-M&O statement. The same language must appear on the county website home page.

6. **One public hearing, then adopt**

   Notice published, hearing held at least five days after notice, and adoption no later than September 30, 2026.

Tex. Tax Code §§26.05 and 26.06; Tex. Local Gov't Code §81.006; Texas Comptroller truth-in-taxation hearing requirements. Confirm exact notice and hearing dates with the County Attorney and the officer who prepared the tax rate worksheet before posting.

Arguments the Court should expect to hear

For adopting the voter-approval rate

- Personnel costs rise $894,222; the no-new-revenue rate does not cover them.
- Health insurance per employee rose 15.4%, a cost the county does not control.
- The rate remains below every rate adopted from FY14 through FY22.
- 2,005 frozen accounts — one parcel in seven — see no increase at all.
- The county carries Road & Bridge, the Library and capital needs with no debt and no bond capacity to fall back on.
- Unused rate capacity is limited to a three-year carry-forward, so foregone room is largely lost.

Against, and fair questions to answer

- It is a 10.88% increase in property tax revenue in a single year, and 8.74% above the no-new-revenue rate.
- Market values rose 24.5%; taxpayers are already paying more without a rate change.
- The budget draws $4,000,000 from General Fund balance while also adding $2,450,000 to reserves — the Court should be ready to explain both.
- $5,477,337 sits in a contingency line; expect questions about why it is not treated as available.
- Fifteen abatement agreements hold $217 M off the roll. The county receives about $300,000 a year in payments in lieu of taxes against roughly $1.2 M of forgone tax.

Presented so the Court can anticipate the debate. The choice is the Court's; this slide takes no position.

SUMMARY

Five things about this budget

1. **The proposal is $0.553664 — the voter-approval rate.**

   It raises $8,649,370 of budgeted ad valorem revenue, $848,611 more than FY26, a 10.88% increase. No election is required.

2. **Personnel is what the money buys.**

   A $894,222 increase: a 4% adjustment, a higher cell allowance, 15.4% more per employee for health insurance, and new Fire Marshal and Environmental positions.

3. **Public safety is nearly half the operating budget.**

   Sheriff and jail alone are $4,180,764 — 44% of General Fund operations; all public safety is $4,496,032, or 47%.

4. **There is no debt to argue about.**

   No bonds, no certificates of obligation, no I&S rate. One Motorola obligation of $213,117 principal, paid from the General Fund through April 2032.

5. **The average homestead pays $64.21 more per year.**

   About $5.35 a month at the proposed rate, and nothing at all for the 2,005 accounts with an age-65 or disability tax ceiling.

NOTICE AND DISCLAIMER

This is a proposal. It has not been adopted.

This is the County Judge's proposed budget for fiscal year 2026–2027, together with the proposed tax rate that accompanies it.

It is a proposal. Under Local Government Code §111.002 the County Judge serves as the county's budget officer and prepares the proposed budget; under §111.008 the Commissioners Court adopts it. Nothing in these materials has been adopted. Every figure is subject to change by the Court, and the budget and tax rate finally adopted may differ from what is shown here.

The figures are compiled from the 2026 certified appraisal roll, the 2026 Tax Rate Calculation Worksheet, and county budget records. Those source documents govern. These materials summarize them; they do not replace them.

I have made my best effort to present this information accurately and clearly. I do not warrant its accuracy. No one should rely on these materials in place of the official records, the certified rate calculations, or advice from the County Attorney. Any error here is mine, and I will correct it when it is brought to my attention.

Brent D. Hilliard

County Judge, Rains County

GRC — RAINS COUNTY · CERTIFIED 7/21/2026

Where Our Revenue Comes From

2026 certified taxable value by category, measured against the tax dollars each category actually produces — and every exemption, special valuation and tax ceiling that reduces the total.

14,062	$3.20 B	$1.74 B	$8.52 M
Parcels	Market value	Net taxable	Approx. levy

Tax rate used throughout: $0.5243 per $100 of taxable value

EXECUTIVE SNAPSHOT

The roll at a glance

$3.204 B	$1.464 B	$1.740 B	$396.8 M	$8.52 M
Total market value	**Value removed**	**Net taxable value**	**Value under a freeze**	**Approximate levy**
$3,203,750,891 across 14,062 parcels	Ag valuation, caps and exemptions	54.3% of market value survives	Taxed at a ceiling, not at the rate	What the roll actually produces

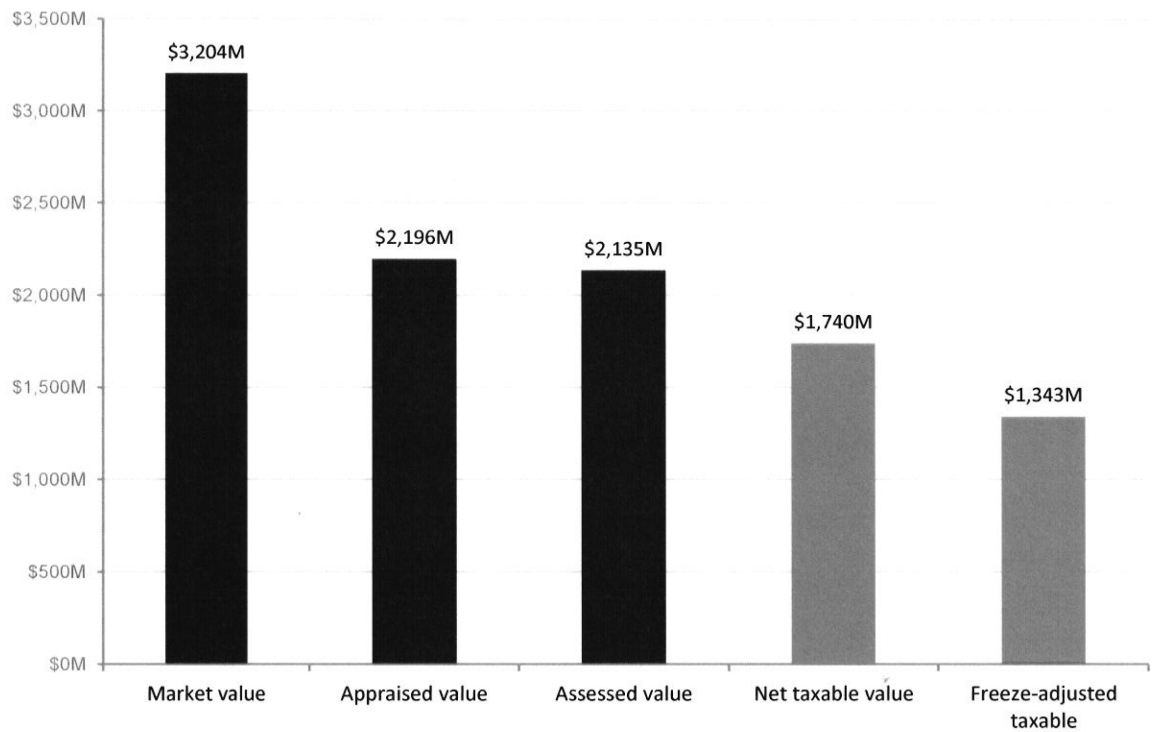
Only about half of the county's market value ever reaches a tax bill.

- If every dollar of market value were taxed at $0.5243, the roll would raise $16,797,266. It raises $8,522,514 — a 50.7% capture rate.
- Two categories — single family residences (A) and farm/ranch improvements (E) — together produce 84% of all revenue.
- Agricultural productivity valuation alone removes $5.28 M of potential revenue, more than every exemption on the roll combined.
- 2,005 accounts (14.3% of parcels) hold a frozen tax ceiling for age 65+ or disability.

Source: 2026 GRC Certified Totals, Grand Totals page. Capture rate = approximate levy ÷ (market value × rate).

HOW THE ROLL NARROWS

From $3.20 billion of market value to a $8.52 million levy



– $1,007,583,327 **$5,282,759 of revenue**

Ag & timber productivity loss

Land taxed on what it produces, not what it would sell for

– $60,744,764 **$318,485 of revenue**

Homestead & 23.231 caps

10% homestead cap plus the circuit-breaker cap on non-homesteads

– $395,578,995 **$2,074,021 of revenue**

Exemptions

Abatements, veterans, over-65, public & charitable property

– $396,776,922 **$599,487 of revenue**

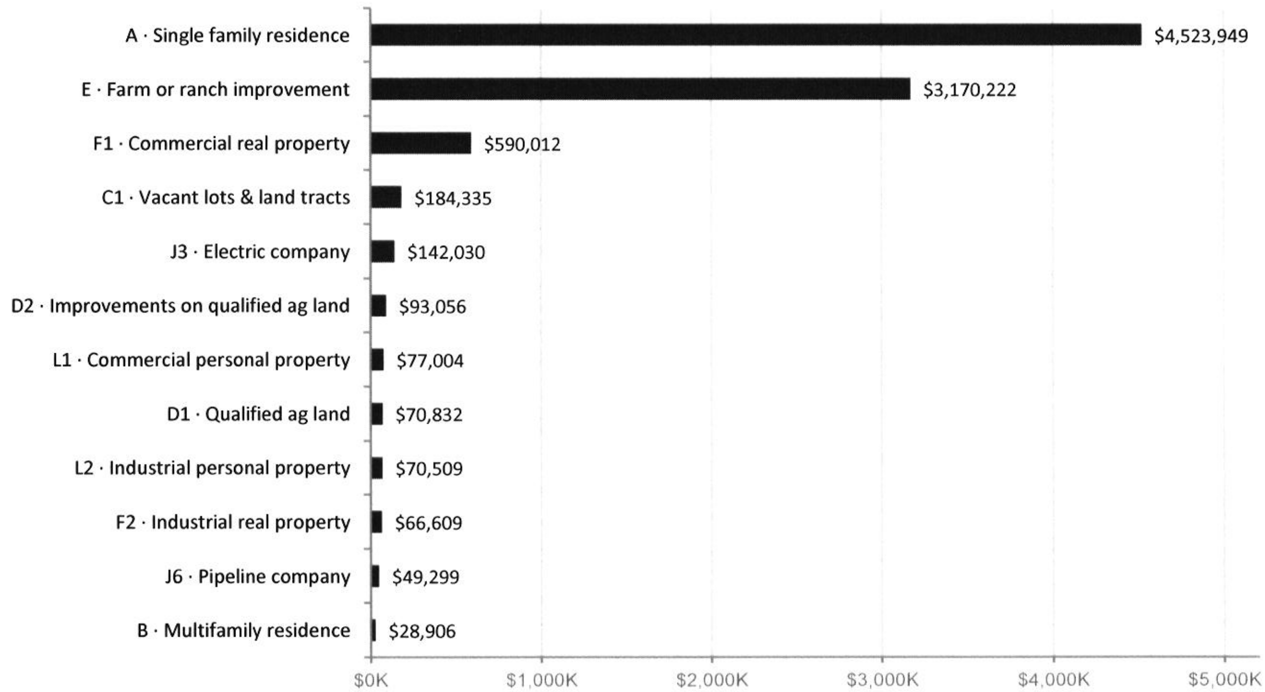
Frozen taxable value

Removed, then billed at each account's ceiling instead

Right column shows each reduction converted to revenue at $0.5243 per $100. Freeze value is removed from taxable value and replaced by billed ceilings totaling $1,481,084.

REVENUE BY CATEGORY

What each class of property actually produces



$4,523,949

Category A — homes

49.6% of all revenue, from 6,284 single family residences. The largest single source on the roll and the most exposed to homestead caps and freezes.

$3,170,222

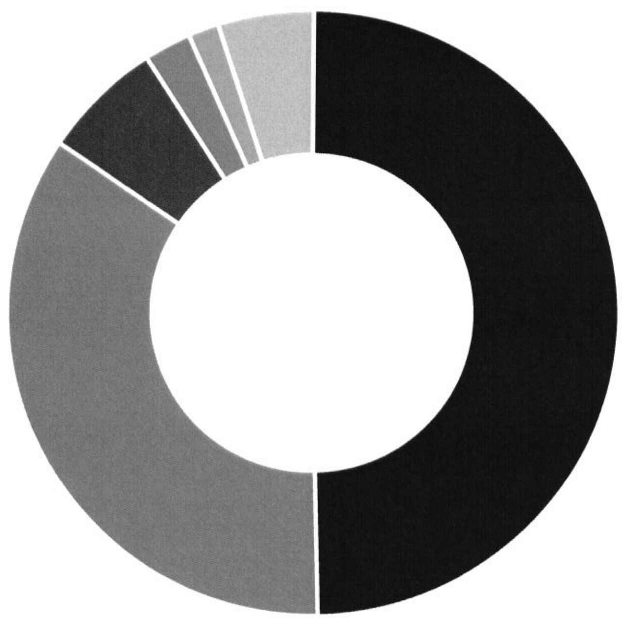
Category E — farm & ranch

34.7% of revenue from 3,257 accounts on 14,734 acres. This is improved rural land — the ag land underneath it is valued separately under D1.

Levy by category = certified net taxable value × $0.5243 ÷ $100, before the countywide freeze deduction. Ten smaller categories not charted; see the full tables that follow.

CONCENTRATION OF THE TAX BASE

Two categories carry the county



Shares computed on levy at full rate by category, 2026 certified Grand Totals.

84.3% of all revenue comes from residential and farm/ranch property

9,541 accounts in categories A and E — 68% of parcels, but they carry five out of every six tax dollars

$1.47 M from every other category combined: commercial, industrial, utilities, personal property and inventory

A narrow base means any change to homestead exemptions, appraisal caps or ag qualification moves county revenue directly.

Land and real property

Code	Category	Accts	Market value	Net taxable	Revenue	% levy	Captured
A	Single family residence	6,284	$925,423,826	$862,855,095	$4,523,949	49.59%	93.2%
E	Farm or ranch improvement	3,257	$657,557,041	$604,658,099	$3,170,222	34.75%	92.0%
F1	Commercial real property	424	$120,692,838	$112,533,239	$590,012	6.47%	93.2%
C1	Vacant lots & land tracts	1,645	$36,546,367	$35,158,339	$184,335	2.02%	96.2%
D2	Improvements on qualified ag land	1,012	$17,835,239	$17,748,691	$93,056	1.02%	99.5%
D1	Qualified ag land	3,332	$1,021,092,988	$13,509,744	$70,832	0.78%	1.3%
F2	Industrial real property	16	$220,833,834	$12,704,338	$66,609	0.73%	5.8%
B	Multifamily residence	20	$6,618,767	$5,513,252	$28,906	0.32%	83.3%
O	Residential inventory	79	$2,795,935	$2,740,257	$14,367	0.16%	98.0%
—	Uncoded / pending	4	$437,313	$335,124	$1,757	0.02%	76.6%
	Subtotal — real property	**16,073**	**$3,009,834,148**	**$1,667,756,178**	**$8,744,046**	**95.86%**	**55.4%**

"Captured" = net taxable value as a share of market value. Qualified ag land (D1) captures 1.3% because it is valued on productivity; industrial real property (F2) captures 5.8% because of abatement agreements.

Source: 2026 GRC Certified Totals — State Category Breakdown, Grand Totals.

Utilities, personal property and exempt property

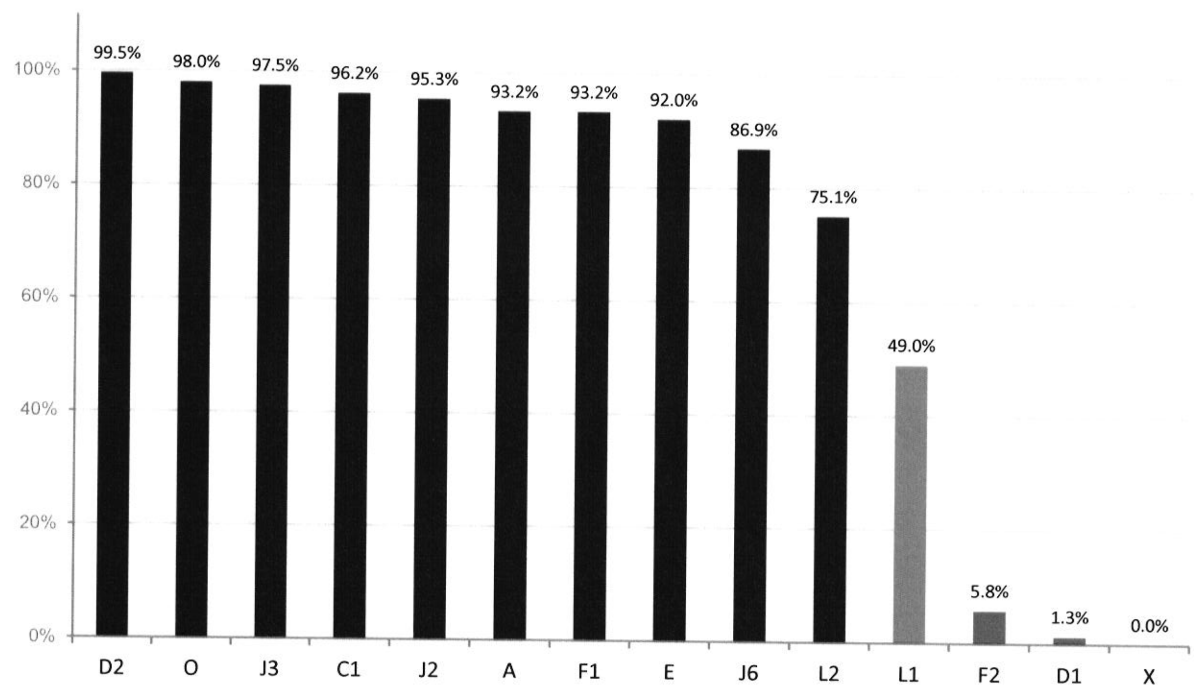
Code	Category	Accts	Market value	Net taxable	Revenue	% levy	Captured
J3	Electric company	17	$27,781,480	$27,089,480	$142,030	1.56%	97.5%
L1	Commercial personal property	587	$29,975,428	$14,687,070	$77,004	0.84%	49.0%
L2	Industrial personal property	117	$17,902,770	$13,448,178	$70,509	0.77%	75.1%
J6	Pipeline company	32	$10,819,850	$9,402,730	$49,299	0.54%	86.9%
J4	Telephone company	57	$3,917,939	$3,542,939	$18,576	0.20%	90.4%
J2	Gas distribution system	5	$2,657,210	$2,532,210	$13,276	0.15%	95.3%
J7	Cable television	9	$1,256,895	$1,114,730	$5,845	0.06%	88.7%
M1	Mobile homes, other tangible	8	$269,952	$266,952	$1,400	0.02%	98.9%
G1	Oil and gas	7	$3,740	$3,340	$18	0.00%	89.3%
J1	Water systems	2	$599,913	$0	$0	0.00%	0.0%
S	Special inventory tax	5	$87,887	$0	$0	0.00%	0.0%
X	Totally exempt property	354	$98,525,410	$0	$0	0.00%	0.0%
	Subtotal	**1,200**	**$193,798,474**	**$72,087,629**	**$377,955**	**4.14%**	**37.2%**

354 totally exempt accounts (category X) hold $98.5 M of market value and produce no revenue. Water systems (J1) and special inventory (S) also carry no taxable value this year.

Source: 2026 GRC Certified Totals — State Category Breakdown, Grand Totals.

WHERE VALUE DOES NOT BECOME REVENUE

Share of market value that reaches the tax roll



D1 — 1.3%

$1.02 B of ag land market value produces $70,832. Productivity valuation on 116,580 acres.

F2 — 5.8%

$220.8 M of industrial real property produces $66,609. Fifteen abatement agreements remove $217.0 M.

L1 — 49.0%

Commercial personal property halved by the new §11.145 business personal property exemption.

X — 0%

354 accounts, $98.5 M — schools, churches, government and cemeteries. Never taxable.

Captured = net taxable ÷ market value, by state category, 2026 certified Grand Totals. D2 ag improvements · O residential inventory · J utilities · C1 vacant lots · A homes · F1 commercial · E farm & ranch · L personal property · F2 industrial · D1 ag land · X exempt.

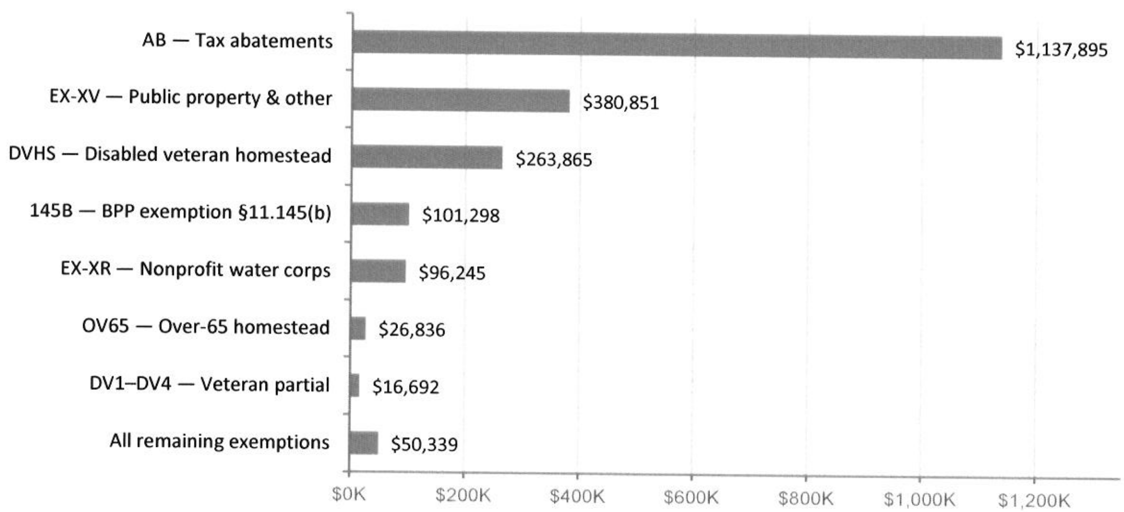
What is taken off the roll — and what it costs

$395,578,995
Total exemption value
28 exemption codes on the roll

$2,074,021
Revenue forgone per year
24% of all revenue forgone

$223,014,547
Local-option exemptions
Abatement, over-65, pollution control

$172,564,448
State-mandated exemptions
Veterans, public & charitable property



The abatement story

- Fifteen Chapter 312 abatement agreements now cover $217.0 M of value — up from $6.5 M in 2025.
- Industrial real property market value grew from $12.6 M to $220.8 M, but taxable value stayed at $12.7 M.
- Gross cost $1,137,895 a year, offset by roughly $300,000 of payments in lieu of taxes — a net of about $838,000.
- These agreements expire; that value returns to the roll and is treated as new value when it does.

Revenue forgone = exemption amount × $0.5243 ÷ $100. Over-65 and disability tax ceilings are shown separately — they are a rate freeze, not an exemption.

Complete listing by code

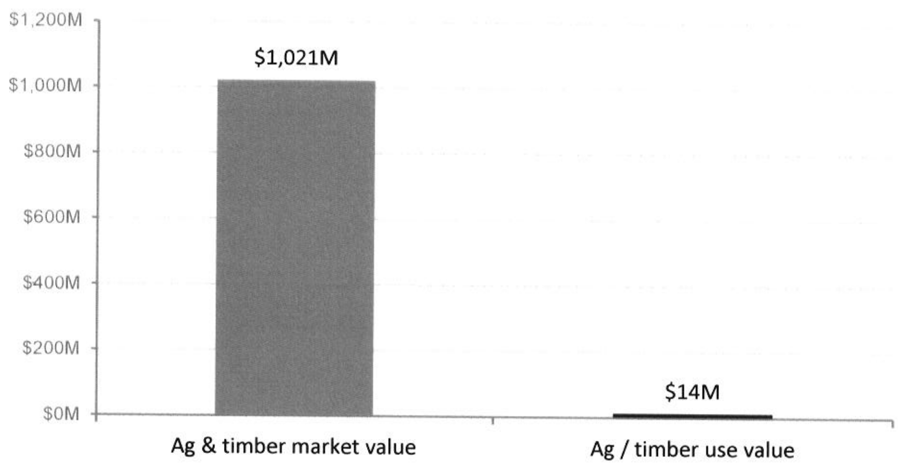
Code	Exemption	Ct	Value	Revenue
AB	Tax abatement agreements	15	$217,031,341	$1,137,895
EX-XV	Public property & other absolute	209	$72,639,971	$380,851
DVHS	Disabled veteran homestead (100%)	187	$50,327,174	$263,865
145B	§11.145(b) business personal property	720	$19,320,660	$101,298
EX-XR	Nonprofit water / wastewater corps	114	$18,356,866	$96,245
OV65	Over-65 homestead (local option)	1,923	$5,118,512	$26,836
DV4	Disabled veteran 70–100%	229	$2,069,929	$10,853
145D1	§11.145 D1 personal property	34	$1,994,620	$10,458
DVHSS	Disabled vet homestead, surv. spouse	9	$1,994,254	$10,456
EX	Charitable & religious absolute	25	$1,874,152	$9,826
EX-XI	Youth development organizations	4	$960,751	$5,037
EX-XU	Miscellaneous exempt	1	$931,666	$4,885
PC	Pollution control property	5	$772,710	$4,051
DV3	Disabled veteran 50–69%	42	$435,507	$2,283

Code	Exemption	Ct	Value	Revenue
145D	§11.145 D personal property	4	$295,530	$1,549
DV1	Disabled veteran 10–29%	32	$270,848	$1,420
EX-XT	Other absolute exemption	3	$254,633	$1,335
DV2	Disabled veteran 30–49%	25	$226,516	$1,188
EX-XL	Other absolute exemption	3	$201,866	$1,058
DV4S	Disabled vet 70–100%, surv. spouse	16	$138,411	$726
145F	§11.145 F personal property	5	$125,000	$655
EX-XG	Charitable functions §11.184	1	$103,194	$541
OV65S	Over-65, surviving spouse	38	$91,984	$482
DV3S	Disabled vet 50–69%, surv. spouse	2	$20,000	$105
DV1S	Disabled vet 10–29%, surv. spouse	3	$15,000	$79
DV2S	Disabled vet 30–49%, surv. spouse	1	$7,500	$39
EX366	HB 366 exempt (under $2,500 BPP)	4	$400	$2
DP / DPS	Disability homestead (ceiling only)	178	$0	$0

Total exemptions: $395,578,995 · $223,014,547 local-option + $172,564,448 state-mandated · $2,074,021 of revenue forgone each year

DP and DPS carry no exemption value — they grant a tax ceiling instead, quantified on the freeze slides. Source: 2026 Certified Totals, Exemption Breakdown.

The single largest reduction to county revenue



$1,007,583,327
Productivity value loss

$5,282,759
Annual revenue forgone

116,580
Acres in qualified ag (D1)

98.7%
Of ag market value removed

How it works, and where it is heading

- Qualified open-space land is appraised on what it produces, not what it would sell for — $1.02 B of market value is taxed as $13.5 M.
- Ag productivity loss grew 39% in one year, from $724.9 M in 2025 to $1.008 B in 2026, as land market values rose.
- 17 properties newly qualified for ag or timber use in 2026, moving $1,451,718 of market value to $24,654 of use value — a $1,427,064 loss counted in the no-new-revenue rate.

Includes $226,718 of exempt productivity market value. Ag use $13,231,806 + timber use $390,866 = $13,622,672.

Appraisal caps and the average homestead

$30,997,756

10% homestead cap

Value above the cap on qualified homesteads

$162,521 forgone

$29,747,008

§23.231 circuit-breaker cap

20% cap on non-homestead property under $5 M

$155,964 forgone

Average and median homestead, 2026

	Count	Avg market	Avg HS exemption	Avg taxable	Median market	Median taxable
Category A and E	3,952	$231,953	$7,844	$224,109	$192,855	$192,855
Category A only	2,689	$225,806	$7,136	$218,670	$187,749	$187,749
2025 — A and E	4,020	$226,389	$10,116	$216,273	$187,509	$187,509

The average homestead exemption fell from $10,116 to $7,844 while average market value rose $5,564 — the homestead is absorbing a larger share of the increase, which is why category A revenue grew even as the exemption shrank.

Source: 2026 and 2025 Certified Totals, Effective Rate Assumption pages.

Properties taxed at a ceiling instead of the rate

Freeze type	Accounts	Assessed value	Frozen taxable	Tax at full rate	Actually billed	Revenue forgone
OV65 — Over 65 tax ceiling	1,834	$399,922,585	$372,942,842	$1,955,339	$1,389,560	$565,779
DP — Disabled person ceiling	169	$25,734,826	$23,598,893	$123,729	$90,692	$33,037
DPS — Disabled surviving spouse	2	$260,854	$260,854	$1,368	$832	$536
Total frozen accounts	**2,005**	**$425,918,265**	**$396,802,589**	**$2,080,436**	**$1,481,084**	**$599,352**

2,005
Accounts with a ceiling
14.3% of all parcels

$739
Average annual tax billed
on a frozen account

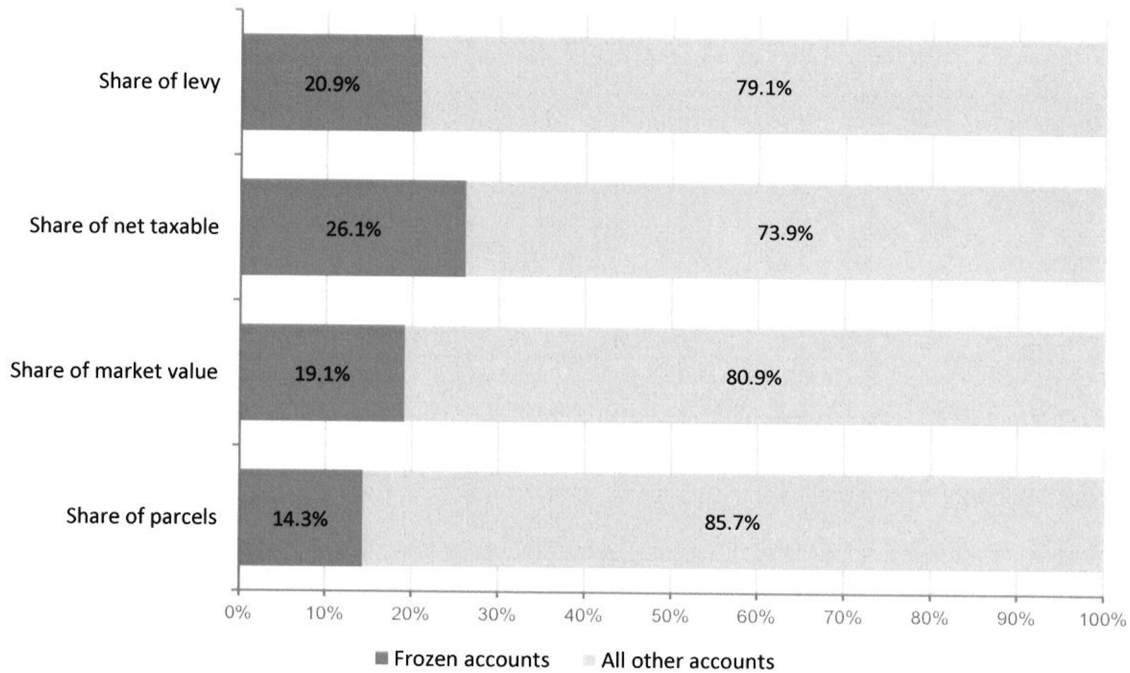
$1,038
Average tax if not frozen
a $299 per-account gap

$599,352
Revenue forgone this year
7.0% of the total levy

- A ceiling is not an exemption. The account keeps its full taxable value, but the bill cannot exceed the tax calculated in the year the exemption was first granted — so rising values and rising rates do not reach it.
- Three transferred OV65 ceilings moved onto the roll this year, carrying a further $25,667 adjustment ($135 of revenue).
- The ceiling total for these accounts is $1,523,905; the county bills the lower actual tax of $1,481,084.

Source: 2026 GRC Certified Totals freeze schedule and 2026 Freeze Certified Totals. Accounts are reported by exemption type; the certified roll does not list individual owners.

How much of the roll sits behind a ceiling



What the frozen roll holds

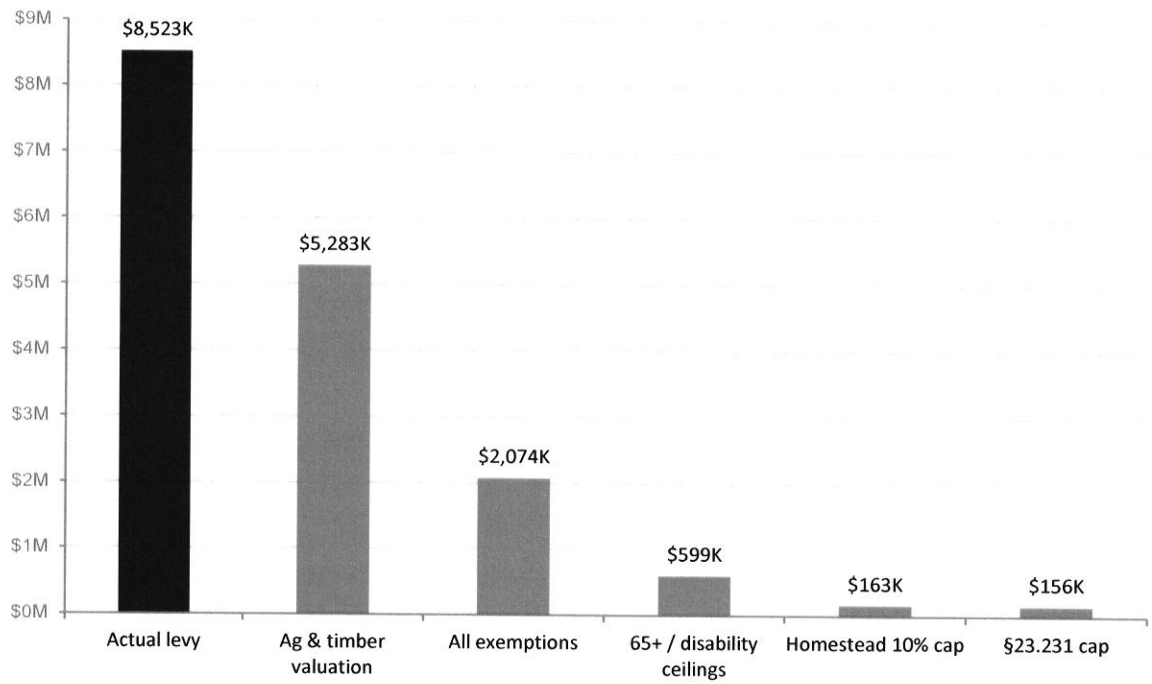
$612,830,112	Market value held by frozen accounts
$453,632,479	Their net taxable value
$56,829,890	Value still taxed at the full rate
$1,779,043	Total levy from these accounts
$114,982,742	Ag productivity loss inside this group
$14,471,291	Homestead cap loss inside this group

Frozen accounts hold 26% of taxable value but produce 21% of the levy — the gap is the ceiling.

Source: 2026 Freeze Certified Totals, Grand Totals. Frozen accounts hold no personal property, minerals or commercial inventory.

TOTAL REVENUE FORGONE

What the roll could raise, and what it does raise



$16,797,266

if every dollar of market value were taxed at $0.5243

Actual levy: $8,522,514 · 50.7%

$8,274,752

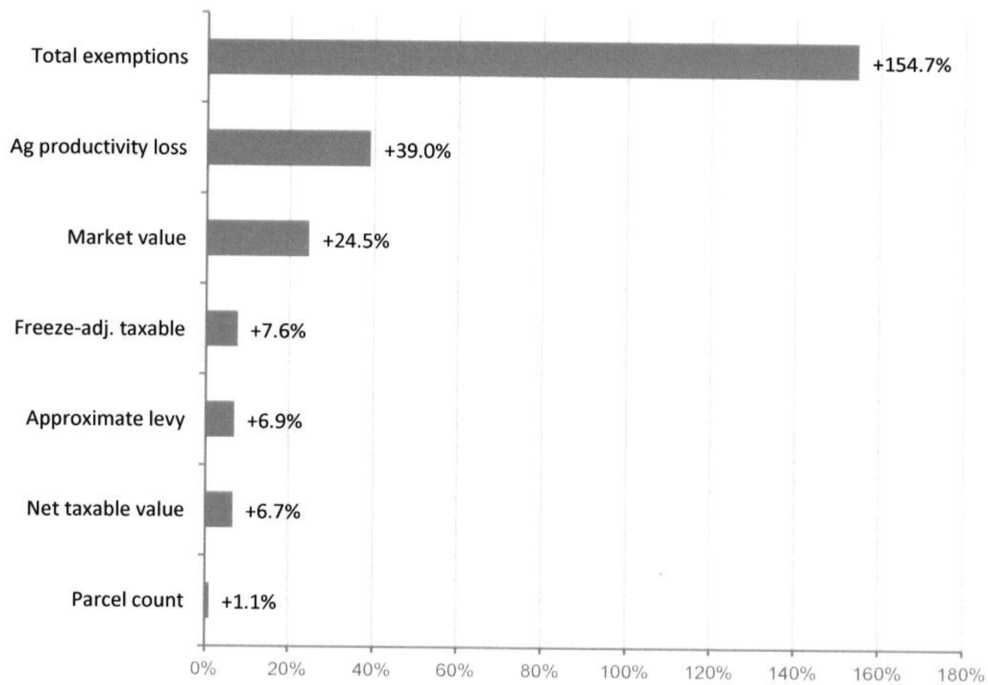
total revenue forgone each year

Ag valuation accounts for 64% of it, exemptions 25%, tax ceilings 7%, and appraisal caps 4%. Nearly all of it is set by state law rather than by the county.

Bars are additive: the five reductions plus the actual levy equal $16,797,266 of theoretical capacity at the current rate.

YEAR OVER YEAR

2025 supplement 23 compared with 2026 certification



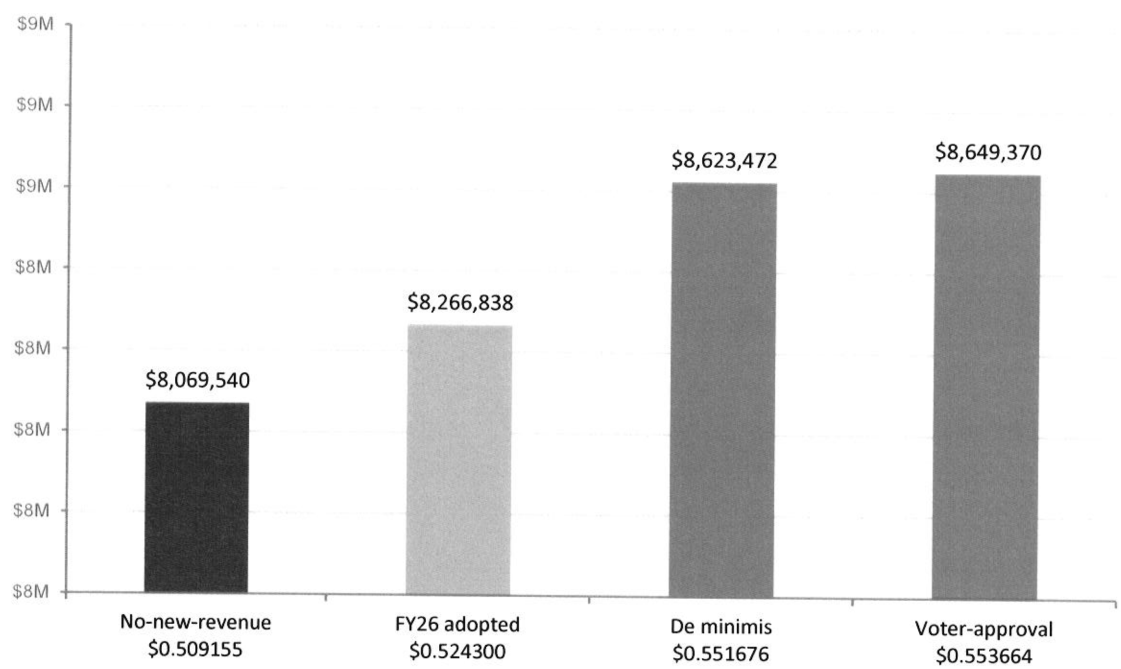
Measure	2025	2026	Change
Parcels	13,903	14,062	+1.1%
Market value	$2.574 B	$3.204 B	+24.5%
Net taxable value	$1.631 B	$1.740 B	+6.7%
Freeze-adjusted taxable	$1.248 B	$1.343 B	+7.6%
Approximate levy	$7,970,312	$8,522,514	+6.9%
Frozen accounts	2,001	2,005	+0.2%
Ag productivity loss	$724.9 M	$1.008 B	+39.0%
Total exemptions	$155.3 M	$395.6 M	+154.7%

Market value rose 24.5%, taxable value only 6.7%.

The gap is ag valuation, the new §11.145 business personal property exemption, and $217 M of abatement — value that arrived on the roll but not in the levy. New improvements added $56.9 M of taxable value, worth $298,484.

Source: 2025 Adjusted Totals since last supplement (Supplement 23) and 2026 GRC Certified Totals, Grand Totals.

Proposed: adopt the voter-approval rate of $0.553664



$0.553664

Voter-approval rate — proposed

Highest rate adoptable without an election

+$848,611

Over FY26 budgeted ad valorem

A 10.88% increase; $305,745 of it from new property

+$579,830

Above the no-new-revenue rate

The full amount at issue in this decision

Adopting exactly at the voter-approval rate requires no election. It does require a record vote with at least 60% of the court in favor, because the rate exceeds the no-new-revenue rate.

Revenue shown as budgeted at the 97% anticipated collection rate on freeze-adjusted taxable value of $1,343,015,549 plus $1,481,083 of frozen ceilings — the basis used in the county rate analysis. Vertical axis begins at $7.6 M.

WHAT TO TAKE FROM THIS

Five things about our revenue

1. **Homes and farms are the county.**

   Categories A and E produce $7.69 M of the $8.52 M levy. Anything that moves residential or rural value moves the budget directly.

2. **Half the tax base is legally out of reach.**

   $8.27 M of annual revenue is forgone. Ag productivity valuation is 64% of that, and none of it is discretionary at the county level.

3. **Exemptions grew 155% in one year.**

   Almost entirely abatement — $217 M across fifteen agreements. Gross cost $1.14 M a year, offset by about $300,000 of payments in lieu of taxes. Those agreements expire and that value returns.

4. **2,005 accounts are frozen at a ceiling.**

   One parcel in seven. They hold 26% of taxable value but pay 21% of the levy, and their share grows every year values rise.

5. **Market value is outrunning taxable value.**

   Market up 24.5%, taxable up 6.7%. Growth in appraised value is not translating into proportionate revenue.

Prepared from the 2026 GRC Certified Totals, 2026 Freeze Certified Totals, 2025 Adjusted Totals and Form 50-856, certified 7/21/2026 and 7/31/2026.

NOTICE AND DISCLAIMER

This is a proposal. It has not been adopted.

This is the County Judge's proposed budget for fiscal year 2026–2027, together with the proposed tax rate that accompanies it.

It is a proposal. Under Local Government Code §111.002 the County Judge serves as the county's budget officer and prepares the proposed budget; under §111.008 the Commissioners Court adopts it. Nothing in these materials has been adopted. Every figure is subject to change by the Court, and the budget and tax rate finally adopted may differ from what is shown here.

The figures are compiled from the 2026 certified appraisal roll, the 2026 Tax Rate Calculation Worksheet, and county budget records. Those source documents govern. These materials summarize them; they do not replace them.

I have made my best effort to present this information accurately and clearly. I do not warrant its accuracy. No one should rely on these materials in place of the official records, the certified rate calculations, or advice from the County Attorney. Any error here is mine, and I will correct it when it is brought to my attention.

Brent D. Hilliard

County Judge, Rains County