

The following is submitted to provide information regarding Proposition A, South Plains Underground Water Conservation District's request for increase of maximum cap rate on the General Joint Election, May 2, 2026 ballot.

South Plains Underground Water Conservation District was established by taxpayer election in 1993. At that time, over 30 years ago, the voters authorized a maximum – or “cap” – tax levy of two and a half cents per \$100 valuation. With careful concern and oversight, this 2 ½ cents has funded SPUWCD and the services provided by the District since 1993. Every Board of Directors was able to hold down District expenses, and as a result, the tax rate never exceeded the 2½-cent cap. During the last few legislative sessions, the Legislature added additional “tax caps,” like the “voter approval rate” that the District must calculate and adhere to when adopting each year's tax rate. The Board of Directors has always kept any new tax increases well below the Legislative requirements.

The past five years have been a struggle to hold the line on tax increases while continuing programs and practices implemented over the past three decades. In late 2025, the Board of Directors adopted a minimal increase of 0.01997 per \$100 valuation, well below the “Voter Approval Tax Rate.” However, unbeknownst to the District staff and Board, that increased the total tax rate to 0.026997 per \$100 valuation for the 2026 tax year, which is above the 1993 voter-approved tax cap. That is about \$2.00 on a \$100,000 home.

When the District discovered that the approved tax rate exceeded the 1993 cap, it was too late to correct the 2026 tax assessments that had already been mailed. To correct this error, the District will reduce the 2027 tax rate by 0.01997 to remedy the 2026 overage. The Board of Directors regrets the error and believes this to be both an equitable and efficient solution.

However, that correction doesn't address the problem that the 0.025 maximum tax cap hasn't kept pace with 33 years of inflation and cost-of-living increases, compounded by declining property valuations. In an effort to bring the District up to date with economic demands, the Board of Directors has ordered a special election to ask voters to approve increasing the cap to five cents per \$100 of valuation. Although the Board doesn't anticipate raising the tax rate in the near future, the five-cent cap should cover the District's expenses for the next few decades.

Because from this point forward the South Plains UWCD must use the standard voter-approval tax rate formula (not the special taxing unit limit of 1.08% each year), even if the Board matches the maximum rate increase of 1.03% each year, it would take 20 years to reach \$0.05/\$100 tax cap. Based on the typical rates implemented over the last 30 years,

it will take the District much longer to reach the proposed tax authorization cap of five cents per \$100 valuation.

This cap will not affect your 2026 or 2027 taxes. Increasing the cap will allow SPUWCD to adjust its tax levy incrementally when absolutely necessary. Should the Board ever need to raise tax revenues by more than 1.03% in a single year, the current tax law—the Voter Approval Tax Rate—requires a tax-rate authorization election.

If you have questions about this Special Election and the maximum cap, please feel free to contact the South Plains Underground Water Conservation District at 806-637-7467 or stop by the office at 802 Tahoka Road in Brownfield.

Darice Russell