



STAFF REPORT

MEETING DATE: September 10, 2024

TITLE:

Conduct a public hearing and consider and act on the first reading of Ordinance No. 2024-30, Adopting the tax roll, adopting the tax rate, and levying ad valorem taxes for the Fiscal Year 2024-2025 to provide revenue for the payment of budgeted municipal expenditures; and providing for tax assessment; records; severability; an effective date; and proper notice and meeting; and move to include on the September 17, 2024, agenda for a second reading.

AGENDA ITEM SUBMITTED BY:

Submitted by: Edi McIlwain, Chief Financial Officer

BACKGROUND/HISTORY:

The City Manager presented the proposed budget for FY2024-2025 on July 23, 2024. The City Council held Budget Workshops on July 30th and August 21, 2024, to go over certain details regarding the proposed budget and solicit feedback from City Council.

Ad valorem taxes are made up of two components: (1) operations and maintenance (O&M); (2) interest and sinking fund (I&S). The proposed budget was prepared with an O&M rate of \$0.3032 and an I&S rate of \$0.1962 for a total tax rate of \$0.4994 per \$100 of taxable value. The final budget is prepared with an O&M rate of \$0.3032 and an I&S rate of \$0.1962 for a total tax rate of \$0.4994 per \$100 of taxable value.

Adoption of the tax rate is an important part of the budget process. Adoption of the tax rate per state law must be a separate item on the agenda and occurs after the adoption of the budget.

The State of Texas truth in taxation law requires that the City Council conduct a public hearing on its proposed ad valorem tax rate each year if such rate exceeds the voter-approval tax rate or no-new-revenue tax rate, whichever is lower. The no-new-revenue tax rate and the voter-approval tax rate have been calculated and the Notice of Proposed Tax Rate has been published in the local newspaper and on the City's website and Public Access Channel as required by law. The following table illustrates the proposed tax rate, the voter-approval tax rate, and the no-new-revenue tax rates appropriately split between the I&S and the O&M. The proposed tax rate to be considered is \$0.4994 which is more than the no-new-revenue tax rate.

TAX RATE						
Fiscal Year	Property Tax Rate	No-New-Revenue Tax Rate	No-New-Revenue M&O Tax Rate	Proposed M&O Tax Rate	Voter-Approval Tax Rate	Debt Rate
2024-2025	0.4994	0.5025	0.3061	0.3032	0.5165	0.1962
2023-2024	0.4994	0.4832	0.2985	0.3032	0.5051	0.1962

FISCAL IMPACT:

This item is the annual ad valorem tax assessment for FY 2024-2025.

RECOMMENDATION:

Consider action to adopt the ad valorem tax rate. Tax Code requires that the motion be read as follows:

“I MOVE THAT THE PROPERTY TAX RATE BE INCREASED BY THE ADOPTION OF A TAX RATE OF \$0.4994 PER \$100 VALUATION, WHICH IS EFFECTIVELY A 1.6 PERCENT INCREASE IN THE TAX RATE.”

ATTACHMENTS:

- Ordinance No. 2024-30

