
City Council Regular Meeting

DEPARTMENT: Finance

FROM: Harlan Jefferson, Deputy City Manager

MEETING: June 17, 2024

SUBJECT:

Consider approval of a resolution directing the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2024-2025 assuming a property tax rate that does not exceed the voter-approval rate. (*Staff Contact: Harlan Jefferson, Deputy City Manager*)

SUMMARY:

The proposed resolution directs the City Manager to prepare a calendar for the adoption of the annual budget and tax rate for FY2024-2025 assuming the property tax rate that does not exceed the voter-approval rate.

The City's adoption of the annual budget and tax rate are filled with numerous notice periods and deadlines that necessitate the creation of calendar to ensure all legal requirements of the Texas Tax Code and Local Government Code are followed. Since 2019, state law has stipulated that if a City Council of a municipality with a population over 30,000 votes to adopt a tax rate that exceeds the voter-approval rate of 3.5%, the municipality must call an election at the November uniform election date for the voters to decide whether to approve the tax rate. The Texas Election Code has numerous additional legal requirements and deadlines when calling and conducting an election. In the end, because of the various legal requirements and deadlines, the calendar when adopting a tax rate that *does not* exceed the voter-approval rate and the calendar when adopting a tax rate that *does* exceed the voter-approval rate look vastly different. Essentially, adopting a tax rate that does exceed the voter-approval rate pushes up many of the deadlines.

The chart below lists the deadlines required by law when adopting a tax rate that exceeds and does not exceed the voter-approval rate. Of course, when the City adopts a calendar it very rarely waits until the last possible date to take action, but the chart demonstrates the wide change in timing that's dependent on the proposed tax rate.

Deadlines When Adopting a Tax Rate for FY24-25		
	Exceeds Voter-Approval Rate	Does Not Exceed
File the Proposed Budget	July 22	August 29
Receive Tax Rolls	July 25	July 25
Submit Tax Rates to Council	August 7	August 7
Budget Publication Notice	August 10	September 18
Proposed Tax Rate Approval	August 14	September 22
Internet Notice	August 14	September 22
Tax Rate Publication Notice	August 16	September 24
Budget Public Hearing	August 20	September 28
Budget Adoption	August 21	September 29
Tax Rate Public Hearing	August 20	September 28
Tax Rate Adoption	August 21	September 29
Order Election	August 21	n/a

Assuming the City Council approves the resolution and directs staff to assume a tax rate that does not exceed the voter-approval rate, the current draft tax calendar prepared by staff lists September 3rd as the date the City Council holds the public hearings for the budget and tax rate and votes on first reading the ordinances adopting the budget and tax rate, and September 9th as the date the City Council votes on second and final reading the ordinances adopting the budget and tax rate.

OPTIONS:

- 1) Approve the resolution directing the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2024-2025 assuming a property tax rate that does not exceed the voter-approval rate.
- 2) Deny the resolution directing the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2024-2025 assuming a property tax rate that does not exceed the voter-approval rate.

RECOMMENDATION:

Staff recommends to approve the resolution directing the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2024-2025 assuming a property tax rate that does not exceed the voter-approval rate.

PRIOR ACTION/INPUT (Council, Boards, Citizens):

n/a

FISCAL IMPACT:

n/a

STAFF CONTACT:

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