



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

September 22, 2022

AGENDA TOPIC: Consideration and possible action approving the second reading of an Ordinance levying a property tax rate of 32.91 cents per \$100 taxable valuation on property in the City of Fair Oaks Ranch for tax year 2022; and determining due and delinquent dates

DATE: September 22, 2022

DEPARTMENT: Finance

PRESENTED BY: Scott Huizenga, Assistant City Manager, Administrative Services

INTRODUCTION/BACKGROUND:

State law requires the City Council to adopt a tax rate to fund the adopted General Fund and Debt Service Fund budgets. At the August 18th City Council meeting, the Council authorized using 32.50 cents as the proposed M&O 2022 tax rate and a 2.68 cents I&S 2022 tax rate for a combined property tax rate of 35.18 cents per \$100 taxable valuation. All required notices were published in the newspaper and on City's website. A Public Hearing was held September 15, 2022 to afford all citizens the opportunity to be heard on the proposed tax rate.

Texas Tax Code Chapter 26 requires the vote on the ordinance setting a tax rate *must be a record vote* if the tax rate exceeds the lower of the no-new-revenue tax rate or voter-approval rate. The Code further mandates that a motion to adopt an ordinance setting a tax rate that exceeds the no-new-revenue tax rate must be made in the following form: *"I move that the property tax rate be increased by the adoption of a tax rate .XXXX, which is effectively a X.XX% increase in the tax rate"*.

Through the budget process, the City has been able to balance the budget with a combined tax rate of 32.91 cents per \$100 taxable valuation, which is lower than the proposed maximum tax rate. As we are proposing a tax rate higher than the lower of the no-new-revenue rate or voter approval rate, the motion to adopt the ordinance must be a **record vote and the above motion made as stated above**.

The first reading of the Ordinance was approved by City Council at the September 15th Council Meeting.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

1. Complies with state laws in setting the 2022 property tax rate
2. Establishes the level of taxation necessary to finance City programs and pay for City debt approved in the fiscal year budget.

LONGTERM FINANCIAL & BUDGETARY IMPACT

The total tax rate of 32.91 cents per \$100 taxable valuation has decreased from the prior year tax rate. Budgetary implications in terms of dollars are outlined in the Budget Document.

LEGAL ANALYSIS:

Reviewed and approved as to form.

RECOMMENDATION/PROPOSED MOTION:

I move that the property tax rate be increased by the adoption of a tax rate 32.91 cents per \$100 taxable valuation, which is effectively a 1.01% increase in the tax rate.