



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

August 17, 2023

AGENDA TOPIC: Consideration and possible action approving a resolution setting the maximum proposed ad valorem tax rate for Fiscal Year 2023-24, setting the Fiscal Year 2023-24 Budget and Tax Rate public hearing, and other matters in connection therewith

DATE: August 17, 2023

DEPARTMENT: Finance

PRESENTED BY: Summer Fleming, Interim Director of Finance

INTRODUCTION/BACKGROUND:

Budget: City Charter Section 5.01 C8 mandates the City Manager shall prepare and administer the municipal budget in accordance with state law. Local Government Code Chapter 102 states the budget officer shall prepare, each year, a municipal budget to cover the proposed expenditures of the City for the succeeding year and to file the proposed budget with the City Secretary before the 30th day before the date the City Council adopts the tax levy for the succeeding year.

City Council shall set a public hearing on the proposed budget for a date occurring after the 15th day after the date the proposed budget is filed with the City Secretary. (LGC 102.006).

Tax Rate: Truth-in-taxation requires taxing units to make taxpayers aware of property tax rate proposals. Additionally, Senate Bill 2, also known as the Texas Property Tax Reform and Transparency Act of 2019, was passed by the Texas Legislature in 2019, and is effective for the Fiscal Year 2023-2024 budget and tax rate process.

The City has received the final tax rate calculation worksheet from Bexar County Tax Assessor-Collector, and the calculated tax rates for FY 2023-24 are as follows:

2023 No-New-Revenue Tax Rate: \$0.3056 per \$100 of property value

2023 Voter-Approval Tax Rate: \$0.3565 per \$100 of property value

The 2023 Tax Rate Calculation Worksheet will be posted on the City's Truth in Taxation website: <https://www.fairoaksranchtx.org/514/Taxes-Truth-in-Taxation>

Adoption Process: The following steps are required in adopting a property tax rate that ***does not exceed the lower of the No-New-Revenue Rate, or the Voter-Approval Rate:***

1. City Council must propose, by record vote, a maximum ad valorem tax rate to be used to support the upcoming fiscal year general fund and debt fund budgets.
2. City Council must schedule one public hearing on the budget.
3. City Council must schedule a meeting to vote on the tax rate.
4. City Council must adopt a property tax rate before September 30 or by the 60th day after the City received the certified appraisal roll, whichever is later.

The proposed maximum total property tax rate is 0.3056 per \$100 valuation. This total property tax rate does not exceed the lower of the No-New-Revenue Rate or the Voter-Approval Rate.

If approved, this maximum tax rate supports a budget that encompasses all the directives given by the City Council to Staff during the budget planning process. The City Manager will file the proposed budget with the City Secretary on August 21st. The proposed budget will also be made available on the website and at City Hall at that time.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

1. Follows state statute on proposing a property tax rate lower than the No-New-Revenue Rate, and the Voter Approval Rate.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

N/A

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

RECORD VOTE IS REQUIRED – EACH COUNCIL MEMBER SHALL STATE AYE OR NAY

I move to approve the resolution setting the maximum proposed ad valorem tax rate for Fiscal Year 2023-24, setting the Fiscal Year 2023-24 Budget and Tax Rate public hearing, and other matters in connection therewith.