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## CITY OF PORT LAVACA

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CITY COUNCIL MEETING: AUGUST 21, 2023

AGENDA ITEM \_\_\_\_\_

DATE: 8/16/2022

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: SUSAN LANG, FINANCE DIRECTOR 

SUBJECT: CONSIDER PROPOSED TAX RATE FOR 2023-2024 FISCAL YEAR

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In accordance with the State of Texas Property Tax Code, the Comptroller of Texas' Truth-in-Taxation rules, the City must calculate a the "No New Revenue" (NNR) and "Voter Approval Rate". The CCAD Tax Assessor/Collector is required to calculate the NNR and VAR rates and publish a Notice in the newspaper and on the City's website.

We have prepared the proposed budget based upon a tax rate of \$0.7500 per \$100 value of property on the tax roll, however, City Council could propose a tax rate up to \$0.7800 without risking a mandatory vote for approval by the citizens.

A comparison of the required calculation is as follows:

### Property Tax Comparison:

	<u>FY 2024</u>	<u>FY 2023</u>
Adopted and Proposed Tax Rate	0.7500	0.7944
No-New-Revenue Tax Rate	0.6895	0.7767
NNR Maintenance & Operations Tax Rate	0.6387	0.7165
Voter-Approval Tax Rate	0.7808	0.8141
Debt Tax Rate	0.0821	0.0637

The calculation of each of the rates are set by the State Tax Code and must be published in order to provide transparency to the property taxpayers of the City.

The NNR establishes the threshold in which the city can adopt a property tax rate that does not provide additional revenue. If the City chooses to set its tax rate greater then the NNR, it must hold a Public Hearing and advertise that the city is increasing its tax revenue.

The VAR establishes the threshold that, if exceeded, the City must first hold an election and seek the approval of the citizens before it can set the property tax rate at or above the VAR.

The City can increase the tax rate up to \$0.7800 without holding an election if it so chooses.

Currently, the proposed tax rate, which is \$0.0444 less than last year, will generate \$418,985, or 9.31% more revenue for the proposed FY 2024 budget. If Council wishes to propose a tax of \$0.7800, which is .0144 less than last year, it will generate approximately \$615,759 or 13.68% more revenue.

Once City Council votes on the proposed rate, it must publish notices and cannot exceed that rate, however it can lower the rate at any time prior to adoption.

**The vote must be a record vote of each member of the governing body by name.**