



FINANCE

To: Mayor and Town Council

From: Chris Landrum, Finance Director

**Through: Mario Canizares, Town Manager
Robert B. Scott, Deputy Town Manager**

Re: No-New-Revenue & Voter-Approval Tax Rates

Town Council Meeting – August 8, 2023

Agenda Item:

Consider and act upon accepting submission of the tax year 2023, fiscal year 2023-2024, no-new-revenue tax rate of \$0.448160 per \$100 taxable value and the voter-approval tax rate of \$0.51 per \$100 taxable value. (CL)

Description of Agenda Item:

State law requires municipalities to submit to their governing boards and publish in a local newspaper a notice showing their no-new-revenue and voter-approval tax rates and the notice-and-hearing limit for the upcoming fiscal year. The no-new-revenue rate will produce the same amount of tax revenue if applied to the same properties in both years. The voter-approval rate is the highest tax rate the Town can set without holding an election to seek voter approval of the rate.

All taxing units that levied property taxes in tax year 2022, fiscal year 2022-2023, and intend to levy them in tax year 2023, fiscal year 2023-2024, must calculate a no-new-revenue tax rate and a voter-approval tax rate. Although the actual calculation is more detailed, the Town's no-new-revenue tax rate is generally equal to the prior year's taxes divided by the current taxable value of properties that were also on the tax roll in the prior year.

The no-new-revenue tax rate is intended to enable the public to evaluate the relationship between taxes for the current year and taxes that a proposed tax rate would produce if applied to the same properties taxed in both years.

The voter-approval tax rate is split into two separate components: an operating and maintenance rate and a debt rate. The voter-approval rate calculation allows municipalities to raise 3.5 percent of the prior year's operating and maintenance money, plus the necessary debt rate.

State law also requires municipalities to publish the no-new-revenue tax rate and a voter-approval tax rate, and to hold one public hearing if the proposed tax rate exceeds the lower of the no-new-revenue or voter-approval tax rate. Because the Town's proposed tax rate of \$0.510000 is higher than the no-new-revenue tax rate of \$0.448160, the Town is required to hold one public hearing on the tax rate.

Attached Documents:

1. 2023 Tax Rate Calculation Worksheet

Town Staff Recommendation:

Town Staff recommends that the Town Council accept the submission of the tax year 2023, fiscal year 2023-2024, no-new-revenue tax rate of \$0.448160 per \$100 taxable value and the voter-approval tax rate of \$0.51 per \$100 taxable value.

Proposed Motion:

I move to accept the submission of the tax year 2023 no-new-revenue tax rate of \$0.448160 per \$100 taxable value and the voter-approval tax rate of \$0.51 per \$100 taxable value.