

# AGENDA ITEM SUMMARY SHEET

## City of Rollingwood

Meeting Date: August 8, 2024

**Submitted By:**

Staff

**Agenda Item:**

Discussion and possible action to set a proposed Ad Valorem Tax Rate

**Background:**

The purpose of this agenda item is to set the proposed Ad Valorem Tax Rate for Fiscal Year 2024-2025, beginning on October 1, 2024. The rate that is adopted at this meeting is not the final tax rate for the year, but rather is a ceiling, meaning that you can adopt a rate at or below that rate but cannot exceed it.

The tax rate options, calculated based on the city's property values, are the No New Revenue Rate and the Voter Approval Rate.

The **No New Revenue Rate** is the rate that would produce the same amount of revenues received in the previous year, if applied to the same properties taxed in both years.

The **Voter Approval Rate** is the rate that would produce about 3.5% more revenue than the year before. It is called the Voter Approval Rate because, if exceeded, the voters can petition for an election on the tax rate increase.

There are other rate options and implications, including the **De Minimis Rate** and the **8% De Minimis Rate**, but these would have included a sped-up budget timeline.

The current rate for Fiscal Year 2023-2024 is \$0.1917 per \$100 valuation.

**For the upcoming fiscal year (2024-2025), the new tax rate calculations based on property values are as follows:**

No New Revenue Rate: **\$0.1974** per \$100 valuation. The No New Revenue rate would produce \$1,542,426 in M&O Revenue (not including debt service).

Voter Approval Rate: **\$0.2058** per \$100 valuation. The Voter Approval Rate would produce \$1,674,769 in M&O revenue (not including debt service).

The M&O Revenue difference between the No New Revenue Rate and the Voter Approval Rate is \$132,343.

**Description:**

Voting Options:

Voter Approval: Move to set the proposed Ad Valorem tax rate for Fiscal year 2024-2025 at **\$0.2058** per \$100 valuation, which is the Voter Approval Rate

No New Revenue: Move to set the proposed Ad Valorem tax rate for Fiscal year 2024-2025 at **\$0.1974** per \$100 valuation, which is the No New Revenue Rate

**Action Requested:**

Staff recommendation is to act to set the proposed Ad Valorem Tax rate at the **Voter Approval** rate. This rate preserves the Council's optionality during future tax rate and budget discussions as the Council can choose to set a rate at this rate or lower, but cannot go above the amount proposed today.

**Fiscal Impacts:**

See above. No Fiscal impacts presented at this time.