

City Council Meeting

Agenda Item

Data Sheet

Meeting Date: September 19, 2022

Topic:

Approve the Proposed Tax Rate of \$0.287248/\$100 for Tax Year 2022 and Set the Dates to Vote on the Proposed Tax Rate for October 3, 2022 and October 17, 2022

Background:

We have received our tax rate calculations from the Harris County Tax Assessor-Collector's Office and they are as follows:

No-New-Revenue Tax Rate: \$0.292522/\$100 – This rate represents no increase over last year. It does not factor in the 3.5% increase allowable by Senate Bill 2. It simply represents the rate that will generate the same property tax revenue as the previous year. In other words, if we received \$100 dollars last year, we will receive \$100 dollars this year, regardless of any changes in property valuations.

Voter-Approval Tax Rate: \$0.287248/\$100 – This calculation includes the 3.5% increase allowable by Senate Bill 2, and the initial calculation determined the rate to be \$0.474747/\$100. However, further rate calculation requirements result in an adjustment to the final rate due to the fact that we collect additional sales tax in order to reduce property taxes.

De Minimis Rate: \$0.283794/\$100 – This calculation provides smaller cities flexibility by providing \$500,000 in additional revenue.

Based on current legislation, City Council may adopt a tax rate of up to \$0.287248/\$100, without requiring an election. Therefore, the Voter-Approval tax rate of \$0.287248/\$100 is being proposed. This will result in a reduction of \$0.046091/\$100 from our current rate of \$0.333339/\$100.

Notice of the meeting to vote on the tax rate will be published in the September 21, 2022 issue of the official newspaper, following Council's action. Since the proposed tax rate does not exceed the lesser of the No-New-Revenue or Voter-Approval tax rates, a public hearing is not required. The first reading of the tax rate will be held at the Regular Council meeting on October 3, 2022 at 6:00 p.m. and the second reading will be held at the Regular Council meeting on October 17, 2022 at 6:00 p.m.

Origination: Finance Director

Recommendation:

Approve the proposed tax rate of \$0.287248/\$100.

Party(ies) responsible for placing this item on agenda:

Katherine Tapscott, Finance Director