



COUNCIL AGENDA ITEM MEMORANDUM

DEPT./DIVISION SUBMISSION & REVIEW:

Traci Barnard, Director of Finance

Melissa Przybylski, Assistant Director of Finance

ITEM DESCRIPTION: Discuss proposed tax rate and:

(A) Consider adopting a resolution setting a proposed tax rate of \$0.6267;

(B) Consider adopting a resolution scheduling the public hearing on the proposed tax rate for 10:00 a.m. on August 22, 2024; and

(C) Consider adopting a resolution scheduling the adoption of the tax rate for 10:00 a.m. on August 22, 2024.

BACKGROUND: The FY 2025 Proposed Budget was submitted to Council on June 27, 2024. On July 11, 2024, during the Council work session the City Manager provided a presentation on the proposed FY 2025 Business Plan which included an overview of the proposed FY 2025 Budget.

The FY 2025 Proposed Budget is based on a property tax rate of \$0.6267 per \$100 valuation. This rate was developed based on a preliminary tax roll of \$9,356,724,889 (net taxable value not adjusted for frozen values). The tax rate is comprised of two components, the Maintenance and Operations rate (M&O) and the Interest & Sinking rate (I&S). The proposed tax rate for FY 2025 is \$0.2957 for the M&O and \$0.3310 for the I&S rate.

Setting a proposed tax rate allows staff to begin required legal advertising, as well as established the record vote for the proposed tax rate. This action does not limit Council's ability to lower the tax rate at a later date but increasing beyond the amount advertised will require the tax rate adoption process to start over. Following the vote on the proposed tax rate, the required Notice of Public Hearing on Tax Increase and the Notice of Tax Rates will be published.

Texas Property Tax and Local Government Codes require taxing units to comply with truth-in-taxation

laws in adopting their tax rate. A taxing entity must publish a notice and hold one public hearing before adopting a tax rate, if the entity's proposed rate is higher than either the no-new revenue tax rate or the voter-approval tax rate. The date, time, and place of the public hearing for the proposed property tax rate must be announced.

The public hearing for the proposed tax rate will be held at 10:00 am on August 22, 2024 prior to adoption of the FY 2025 tax rate, which will also be scheduled during the Special City Council Meeting on August 22, 2024.

These proposed meeting dates and publication schedules comply with the Truth-In-Taxation requirements set forth by State Statute and the City Charter.

ALIGNMENT WITH ADOPTED PLANS:

Plan	Comments
Strategic Plan	This item supports the City of Temple's Strategic Plan goal of "An efficient, transparent, and accountable government", as well as the Strategic Plan commitment of "Employ fiscally-responsible practices and policies that ensure City investments are made based on sound review and analysis."

STAFF RECOMMENDATION: Adopt resolution as presented in item description. Recommended motion "Move to set a proposed tax rate of \$0.6267, conduct a public hearing on the proposed tax rate on August 22, 2024, and adopt a FY 2025 tax rate on August 22, 2024."

BOARDS & COMMISSIONS RECOMMENDATION: This item was not reviewed by any of the official boards and commissions.

FISCAL IMPACT: The proposed tax rate for FY 2025 is 62.67¢. This rate is comprised of two components, maintenance and operations (M&O) of 29.57¢ and the interest & sinking (I&S) rate of 33.10¢. The current FY 2024 tax rate is 61.30¢.

FY 2025 Proposed Budget		FY 2024 Adopted Budget	Increase / (Decrease)
Tax Rate:			
Maintenance & Operations (M&O)	\$ 0.2957	\$ 0.2670	\$ 0.0287
Interest & Sinking (I&S)	0.3310	0.3460	(0.0150)
Total Tax Rate	\$ 0.6267	\$ 0.6130	\$ 0.0137
Tax Levy:			
Maintenance & Operations (M&O)	\$ 28,878,434	\$ 24,744,902	\$ 4,133,532
Interest & Sinking (I&S)	26,809,727	26,193,616	616,111
Total Tax Levy*	\$ 55,688,161	\$ 50,938,518	\$ 4,749,643
Tax Levy:			
Tax Increment District (Reinvestment Zone No. 1)	\$ 8,684,834	\$ 6,508,959	\$ 2,175,875
Total Tax Levy	\$ 8,684,834	\$ 6,508,959	\$ 2,175,875
<i>*excludes Reinvestment Zone No. 1</i>			

Note: The tax rate proposed in the budget document filed on June 27, 2024 was 62.67¢. The rate was developed based on estimates and is subject to change once staff receives the Certified Roll and the No-New Revenue Rate calculations.

ATTACHMENTS:
Resolution