



COUNCIL AGENDA ITEM MEMORANDUM

DEPT./DIVISION SUBMISSION & REVIEW:

Traci Barnard, Director of Finance

Melissa Przybylski, Assistant Director of Finance

ITEM DESCRIPTION: FIRST READING – PUBLIC HEARING: Consider adopting an ordinance setting a tax rate \$0.6265 per \$100 valuation, comprised of \$0.2976 for maintenance and operations and \$0.3289 for debt service, for fiscal year 2025 (tax year 2024), and making the appropriation for the regular operation of the City.

BACKGROUND: The proposed property tax rate to support the fiscal year 2025 budget is \$0.6265 per \$100 of taxable assessed property value. The proposed tax rate will generate estimated ad valorem tax revenue of \$55,791,326. The estimated tax revenue was calculated by applying the proposed tax rate to the certified values that have been adjusted for properties under Appraisal Review Board (ARB) review as of July 22, 2024. The estimated revenue excludes Reinvestment Zone No. 1.

The ad valorem property tax roll certified by the Tax Appraisal District of Bell County totals \$10,724,473,005. The tax year 2024 total taxable value is as follows:

	ARB Approved Totals	Under ARB Review Totals	Grand Totals	% if +/- from Prior Year
City of Temple	\$ 7,619,155,408	\$ 665,709,072	\$ 8,284,864,480	6.73%
Freeze Taxable	1,067,737,248	13,062,807	1,080,800,055	17.35%
Total Adjusted Value	\$ 8,686,892,656	\$ 678,771,879	\$ 9,365,664,535	7.86%
Tax Increment District (Reinvestment Zone No. 1)	1,281,940,656	76,867,814	1,358,808,470	27.97%
Total Taxable Value	\$ 9,968,833,312	\$ 755,639,693	\$ 10,724,473,005	10.05%

The fiscal year 2025 tax rate is comprised of the maintenance and operation rate and the debt service rate. These two components are as follows:

	FY 2025 Proposed Budget	FY 2024 Adopted Budget	Increase / (Decrease)
Tax Rate:			
Maintenance & Operations (M&O)	\$ 0.2976	\$ 0.2670	\$ 0.0306
Interest & Sinking (I&S)	0.3289	0.3460	(0.0171)
Total Tax Rate	\$ 0.6265	\$ 0.6130	\$ 0.0135
Estimated Tax Revenue:			
Maintenance & Operations (M&O)	\$ 28,949,489	\$ 24,744,902	\$ 4,204,587
Interest & Sinking (I&S)	26,841,837	26,193,616	648,221
Total Tax Revenue*	\$ 55,791,326	\$ 50,938,518	\$ 4,852,808
Estimated Tax Revenue:			
Tax Increment District (Reinvestment Zone No. 1)	\$ 8,329,496	\$ 6,508,959	\$ 1,820,537
Total Tax Revenue	\$ 8,329,496	\$ 6,508,959	\$ 1,820,537
<i>*adjusted for properties under ARB review and excludes Reinvestment Zone No. 1</i>			

The residential homestead exemption for property owners is \$5,000 or 20% of the assessed value, whichever is greater. In addition to the homestead exemption, property owners 65 years of age or older will continue to receive an additional \$10,000 exemption and all disabled individual property owners will receive an exemption of \$10,000 in accordance with Texas Tax Code Section 11.13.

The ad valorem tax freeze on the residence homestead of a person who is disabled or sixty-five (65) years of age or older (as approved in an election held in the City of Temple on May 7, 2005) applies to Tax Year 2006 (FY 2007). The amount of the qualifying homeowners tax ceiling was determined on the Tax Year 2005 (FY 2006). Future city taxes on that homestead cannot exceed the 2005 tax amount (but may be less). The tax limitation, however, may be adjusted higher for an increase in improvements to the homestead, other than repairs and those improvements made to comply with governmental regulations.

Pursuant to Section 11.6 of the City Charter, all taxpayers shall be allowed discounts for the payment of taxes due to the City if such taxes are paid in the year for which such taxes are due as follows: 3% in October; 2% in November; and 1% in December.

The proposed tax rate of \$0.6265 represents a 6.38% increase over the no-new-revenue tax rate of

\$0.5889. The proposed tax rate of \$0.6265 is equal to the voter-approval tax rate of \$0.6265. The motion to adopt an ordinance setting a tax rate that exceeds the no-new-revenue tax rate must be made in the following form: **“I move that the property tax rate be increased by the adoption of a tax rate of \$0.6265, which is effectively a 6.38 percent increase in the tax rate.”**

Additionally, if the ordinance setting the tax rate, if applied to the total taxable value, will impose an amount of taxes to fund maintenance and operation expenditures of the taxing unit that will exceed in the amount of taxes imposed for that purpose in the preceding year, the tax unit must include the following statement in the ordinance and on the internet website: **“THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR’S TAX RATE. THE TAX RATE WILL EFFECTIVELY BE RAISED BY 14.51 PERCENT AND WILL INCREASE TAXES FOR MAINTENANCE AND OPERATION ON A \$100,000 HOME BY APPROXIMATELY \$37.70 PER YEAR.”**

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: Conduct public hearing, adopt ordinance as presented in item description on first reading and schedule second reading, public hearing, and final adoption for 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 \$0.6265. This rate is comprised of two components, maintenance and operations (M&O) of \$0.2976 and the interest & sinking (I&S) rate of \$0.3289. The current FY 2024 tax rate is \$0.6130.

ATTACHMENTS:

Ordinance
Assessed Value of Taxable Property