



UNIVERSITY PARK CITY COUNCIL AGENDA MEMO

Meeting Date:
9/19/2023

Item Type:
Action Item

Subject: CONSIDER AND ACT: on approval of an ordinance levying the Tax Year 2023 (FY2024) property tax rate

Prepared By: Thomas W. Tvardzik, Finance Director

Background:

Like the annual budget, the City's property tax rate is adopted each year in ordinance form by official City Council action. An ordinance has been prepared setting the Tax Year 2023 (FY2024) property tax rate at \$0.236226 (23.6226 cents) per \$100 of taxable value. This tax rate is anticipated to yield approximately \$25,260,666 of property tax revenue, when levied against the 2023 certified tax roll.

Section 26.05 of the Texas Property Tax Code details four specific requirements when voting to adopt a tax rate: (1) the vote must be a record vote, (2) at least 60% of the governing body must vote in favor, (3) the motion to adopt the rate must adhere to very specific language, **"I move that the property tax rate be increased by the adoption of a tax rate of 0.236226, which is effectively a 9.01 percent increase in the tax rate"**, and (4) the ordinance, resolution or order setting the tax rate must contain the following specific statement in type larger than the rest of the document:

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 7.21 PERCENT AND WILL **RAISE** TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$-9.75.

PLEASE NOTE: The legislatively mandated, inconsistent calculations in the required ordinance statement above, are also inconsistent with the mandated motion language. All three calculations are based on different rates.

The **motion language** refers to the percent by which the FY2024 ADOPTED City tax rate exceeds the NO-NEW-REVENUE Tax Rate $(.236226 - .216697) / .216697 = 9.01\%$.

The first calculation in the **mandated ordinance language** (regarding the percent the tax rate will be "raised") refers to the percent by which the FY2024 ADOPTED tax rate exceeds the NO-NEW-REVENUE M&O Tax Rate $(.236226 - .220349) / .220349 = 7.21\%$.

The second calculation in the **mandated ordinance language** (regarding the tax impact on a \$100,000 home) is simply the difference between the FY2024 ADOPTED tax rate and the FY2023 ADOPTED tax rate multiplied by the value of the home $((.236226 - .245975)/100 \times \$100,000 = \$-9.75)$. As the FY24 adopted tax rate is lower than the FY23 rate (and the value of the property remained unchanged), the actual tax amount decreased.

Finally, please note that the word “**raise**” (in the ordinance language) is in italics. The relevant legislative language requires the use of the word “raise” because of the increase from the NO-NEW-REVENUE M&O Tax Rate. However, when used to refer to the actual tax impact of the rate change year-over-year, it is non-sensical.

Fiscal Impact:

- ☐ Not Applicable
- ☐ Budget Amendment Required
- ☒ Proposed Revenue
- ☐ Proposed Expenditure

Funding Source:

Master Plan Goal:

Please check the associated Theme and provide the corresponding action item number.



	Theme	Action Item(s)
<input type="checkbox"/>	Affirming Sense of Place	
<input type="checkbox"/>	Assuring Connectivity	
<input type="checkbox"/>	Innovative Governance	
<input type="checkbox"/>	Technological Integration	
<input type="checkbox"/>	Preparing for the Future	
<input type="checkbox"/>	Not Applicable	

Recommendation:

Approve the ordinance levying the Tax Year 2023 (FY2024) property tax rate, using the specific motion language underlined above.

Committee Review (optional):

Attachments:

Ordinance levying the Tax Year 2023 (FY2024) tax rate.