



UNIVERSITY PARK CITY COUNCIL AGENDA MEMO

Meeting Date:
9/19/2023

Item Type:
Public Hearing

Subject: PUBLIC HEARING: on proposed Tax Year 2023 (FY2024) Tax Rate

Prepared By: Thomas W. Tvardzik, Finance Director

Background:

The Texas Tax Code (Section 26, "Truth-in-Taxation") as amended by S.B.2, requires the calculation and publication of a number of tax rates in order to provide the public with notice and an opportunity to be heard. The rates to be published include: the "proposed" tax rate, the "No-New-Revenue" Tax Rate (NNR), and the "Voter-Approval" (VAR) Tax Rate. Each of these rates is intended to communicate specific concepts to the public.

The "proposed" tax rate is the maximum rate Council foresees adopting in relation to the budget. Note: Council may not adopt a rate higher than the (published) proposed rate, without triggering a renewal of the notice and opportunity requirements. Also, if the proposed rate is higher than the VA rate (including any available unused tax increment), a tax rate election is automatically required in addition to the hearings.

The NNR rate is intended to "enable the public to evaluate the relationship between taxes for the preceding year and for the current year, based on a tax rate that would produce the same amount of taxes if applied to the same properties taxed in both years". This rate was previously known as the "effective tax rate".

While the VAR is generally thought of as the NNR tax rate plus 3.5%, it is actually 3.5% above the "No-New-Revenue Maintenance and Operations" (NNRMO) rate, a rate which factors out lost property levy. The NNRMO rate is calculated as: prior year adjusted levy / (current total value – new property value). Interestingly, although one needs to calculate the NNRMO to calculate the VAR (and other required language and disclosures), it is not required to be published.

The 2023 VAR also includes unused increment of \$0.010552. That is, in addition to the 3.5% difference noted above, the VAR includes the difference between the tax rate approved by City Council and the VAR over the past three years. Unused increments (which we can think of as "rollover minutes") carry-forward a maximum of three years, and are used on a first-in, first used basis.

All of these rates are calculated by the city's tax collector, the Dallas County Tax Office, and verified by City staff.

At its meeting of August 8, 2023, the City Council adopted a 2023 maximum proposed tax rate of 23.8613 cents per \$100 of taxable value. That rate was based on the certified appraisal roll provided to the City on July 25, 2023, by the Dallas Central Appraisal District. As the 2023 maximum proposed tax rate exceeded the NNR, a public hearing was required.

The following rates were included on the Public Hearing Notice:

- 2023 Proposed rate = 23.8613 per \$100 of taxable value
- 2023 NNR rate = 21.6697 per \$100 of taxable value
- 2023 VA rate = 23.8613 per \$100 of taxable value

Notice of the proposed maximum tax rate and hearing date was placed in the August 21, 2023 edition of the Daily Commercial Record, which is a newspaper of general circulation within Dallas County. As noted in the published item, the maximum proposed rate was to be considered a “not-to-exceed” rate.

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:

Hold the public hearing on the proposed tax rate and invite public comments. At the conclusion of the hearing, begin the budget adoption process.

Committee Review (optional):

Attachments:

- Notice of Proposed Tax Rate and Hearings