



Legislation Text

File #: 23-2325, **Version:** 1

STRATEGIC PRIORITY: Government Performance & Financial Management
AGENDA DATE: September 20, 2023
COUNCIL DISTRICT(S): N/A
DEPARTMENT: Budget and Management Services
EXECUTIVE: Jack Ireland

SUBJECT

An ordinance setting the tax rate at \$0.7357 per \$100 assessed valuation, which includes \$0.5317 for the General Fund and \$0.204 for the Debt Service Fund, and levying ad valorem taxes for the City of Dallas, Texas, for FY 2023-24 - Estimated Levy: \$1,458,687,770 (see Fiscal Information)

BACKGROUND

The City Manager's recommended budget for FY 2023-24 set the property tax rate at \$0.7393 per \$100 assessed valuation, a \$0.0065 decrease from the FY 2022-23 property tax rate of \$0.7458 per \$100 assessed valuation. On September 6, City Council approved three amendments that reduced expenses and lowered the property tax rate by \$0.0036. When added to the \$0.0065 reduction included in the City Manager's recommended budget, there is a total tax rate reduction of \$0.0101 which lowers the current tax rate from \$0.7458 to \$0.7357 per \$100 assessed valuation.

The tax rate under consideration by the City Council is \$0.5317 for the General Fund and \$0.204 for the Debt Service Fund, totaling \$0.7357 per \$100 assessed valuation. The rate of \$0.7357 per \$100 assessed valuation will fund the FY 2023-24 budget. Per Section 26.05 of the Texas Property Tax Code, the vote on the ordinance setting the tax rate must be a record vote and 60 percent of the governing body must vote in favor of the adoption of the tax rate. Specific language is required in the motion setting the tax rate, and must be made in the following form:

"I move that the property tax rate be increased by the adoption of a tax rate of 0.7357 per \$100 assessed valuation, which is effectively a 7.97 percent increase in the tax rate."

This year's levy to fund maintenance and operations expenditures exceeds last year's maintenance and operations tax levy. The ordinance setting this year's tax rate requires the statement about a "tax increase" as specified in 26.05(b) of the Property Tax Code even though the FY 2023-24 tax rate of \$0.7357 is less than the FY 2022-23 tax rate of \$0.7458. The statements must be in larger type than the type used in any other portion of the document.

On September 6, 2023, City Council discussed budget amendments, reduced expenses and lowered the property tax rate by \$0.0036 from the City Manager's recommended property tax rate of \$0.7393 per \$100 assessed valuation to \$0.7357 per \$100 assessed valuation, and passed a budget ordinance on the first reading by Resolution No. 23-1195.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The City Council was briefed on the proposed tax rate at a Budget Workshop on August 8, 2023.

On August 23, 2023, the City Council authorized a public hearing to be held on September 20, 2023 and authorized a proposal to consider adoption of a tax rate of \$0.7393 per \$100 assessed valuation or a lower tax rate proposed by City Council on September 20, 2023, by Resolution No. 23-1125.

On September 6, 2023, the City Council discussed budget amendments, reduced expenses and lowered the property tax rate by \$0.0036 from the City Manager's recommended property tax rate of \$0.7393 per \$100 assessed valuation to \$0.7357 per \$100 assessed valuation, and passed a budget ordinance on the first reading by Resolution No. 23-1195.

FISCAL INFORMATION

Estimated current year tax revenues are calculated using a tax rate \$0.5317 for the General Fund and \$0.204 for the Debt Service Fund, totaling \$0.7357 per \$100 assessed valuation (100 percent collection rate).

Estimated Revenue:

- General Fund - \$1,054,212,705
- Debt Service Fund - \$404,475,065