



Legislation Text

File #: 23-2333, 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

A resolution ratifying the increase in total property tax revenues reflected in the FY 2023-24 budget - Estimated Revenue: \$120,472,041 (100 percent collection rate)

BACKGROUND

The Local Government Code Section 102.007 requires the governing body to ratify the property tax revenue increase reflected in the budget. The FY 2023-24 General Fund and Debt Service Fund budget reflects a \$120,472,041 increase in current year property tax revenue based on tax rate of \$0.7357 per \$100 assessed valuation. Of that amount, \$27,588,503 in tax revenue will be generated from new property added to the tax roll this year. This action reflects a comparison of the 2022 certified value to the 2023 certified value.

The actual amount of property tax revenues forecast, and budgeted (based on 2023 certified value) are reflected in the table below.

	FY 2022-23 Adopted	FY 2022-23 Forecast	FY 2023-24 Budget
Ad Valorem Tax*			
Current Year	\$1,316,135,170	\$1,316,135,170	\$1,436,807,454
Prior Year	\$2,947,758	\$0	\$3,642,840
Special Inventory Tax	\$237,981	\$992,445	\$777,546
Penalty & Interest	\$7,831,415	\$7,274,552	\$7,997,369
Refunds	\$21,515	\$21,515	\$36,368
Total	\$ 1,327,173,839	\$ 1,324,423,681	\$ 1,449,261,577

*Amounts above reflect total with collection rates

This year's property tax levy will raise more revenue from property taxes than in the preceding year. The City must hold a separate vote to ratify the property tax increase reflected in the budget, and after adoption the adopted budget must contain a cover page stating the record vote of each member of the governing body by name, the property tax rates for the current and preceding fiscal year, the

total amount of debt obligations, and a required statement that “this budget will raise more revenue from property taxes than last year’s budget”, the total amount of revenue raised, and the amount of revenue to be raised from new property.

The City is required to publish a Notice of Public Hearing with the calculated no-new-revenue and voter-approval tax rates in compliance with truth-in-taxation (TNT) requirements. The City published the required notice in the Dallas Morning News on September 9, on the City’s website, and on Dallas City News television channel.

The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated with approval of the Texas Reform and Transparency Act of 2019 (Senate Bill 2). The Notice of Public Hearing now includes a comparison of the total tax levy on all properties in 2022 tax year (FY 2022-23) and 2023 tax year (FY 2023-24). This comparison calculation now deducts all property value subject to appeal under Chapter 42 (instead of utilizing the last supplemental tax roll from the previous tax year) and lowers the prior year value used for comparison.

As a result of this SB2 change, the year-over-year comparison required for the Notice of Public Hearing for the Proposed Budget reflects a \$114 million or 9.29 percent increase compared to prior year.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The City Council was briefed on the City Manager’s Recommended Biennial Budget for FY 2023-24 and FY 2024-25 which included a proposed tax rate of \$0.7393 per \$100 assessed valuation on August 8, 2023.

On August 23, 2023, the City Council authorized a public hearing to receive comments and consider adoption of a tax rate of \$0.7393 per \$100 assessed valuation or a lower tax rate proposed 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 Revenue: \$120,472,041 (100 percent collection rate based on a tax rate of \$0.7357 per \$100 assessed valuation or 9 percent higher than prior year levy). The increase reflected is based on the City’s certified value in FY 2022-23 (\$179.4 billion) compared to the certified value (\$198.3 billion) in FY 2023-24.