



## Legislation Text

File #: 21-1628, Version: 1

**STRATEGIC PRIORITY:** Government Performance and Financial Management

**AGENDA DATE:** September 22, 2021

**COUNCIL DISTRICT(S):** All

**DEPARTMENT:** Budget and Management Services

### SUBJECT

A resolution ratifying the increase in total property tax revenues reflected in the FY 2021-22 budget - Estimated Revenue: \$48,121,203 (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 2021-22 General Fund and Debt Service Fund budget reflects a \$48,121,203 increase in current year property tax revenue based on tax rate of \$0.7733 per \$100 assessed valuation. Of that amount, \$24,913,658 in tax revenue will be generated from new property added to the tax roll this year.

The actual amount of property tax revenues forecast, and budgeted (based on 2020 supplemental value) are reflected in the table below, and this action reflects a comparison of the 2020 supplemental value to the 2021 certified value.

	<u>FY 2020-21</u> <u>Adopted</u>	<u>FY 2020-21</u> <u>Forecast</u>	<u>FY 2021-22</u> <u>Budget</u>
<b><u>Ad Valorem Tax*</u></b>			
<u>Property Taxes - Current Tax</u>	<u>\$1,116,769,061</u>	<u>\$1,138,967,081</u>	<u>\$1,187,902,573</u>
<u>Prior Year, Penalty &amp; Interest,</u>			
<u>Refunds, and Special Inventory Tax</u>	<u>\$ 9,266,153</u>	<u>\$ 9,508,550</u>	<u>\$ 9,860,969</u>
<u>Total</u>	<u>\$1,126,035,214</u>	<u>\$1,148,475,631</u>	<u>\$1,197,763,542</u>

\*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 11, on the City's website, and on Dallas City News television channel.](#)

[The 86<sup>th</sup> 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 2020 tax year \(FY 2020-21\) and 2021 tax year \(FY 2021-22\). 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 reflects a \\$106.9 million or 10.74 percent increase compared to prior year.](#)

### **PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

City Council was briefed on the City Manager's Proposed FY 2021-22 Budget which included a proposed tax rate of \$0.7733 per \$100 assessed valuation on August 10, 2021.

On August 25, 2021, City Council authorized a public hearing to receive comments and consider adoption of a tax rate of \$0.7733 per \$100 assessed valuation or a lower tax rate proposed by Resolution No. 21-1354.

### **FISCAL INFORMATION**

Estimated Revenue: \$48,121,203 (100 percent collection rate based on a tax rate of \$0.7733 per \$100 assessed valuation or 4.16 percent). The increase reflected is based on the City's supplemental value in FY 2020-21 (\$149.1 billion) compared to the certified value (\$155.9 billion) in FY 2021-22.

The FY 2020-21 certification process was delayed due to the COVID-19 pandemic, and when the appraisal districts certified values, many properties were still under protest. The FY 2020-21 supplemental values (\$149.1 billion) were higher than the certified values (\$147.4 billion).