



Legislation Text

File #: ORD-3699, Version: 1

Consider adopting Ordinance No. 3699 accepting the Tax Year 2021 Certification of Appraisal Roll in accordance with Section 26.04(b) of the State Property Tax Code and to levy and adopt the tax rate for Fiscal Year 2021-22 (Tax Year 2021) and take appropriate action

BACKGROUND:

Property owners have the right to know about increases in their properties' appraised value and to be notified of the estimated taxes that could result from the new value. This is accomplished by following Truth-in-Taxation requirements to ensure the public is informed of any increases. Truth-in-Taxation is a concept embodied in the Texas Constitution and the Tax Code requires local taxing units make taxpayers aware of tax rate proposals. The City of Farmers Branch has complied with all aspects of the Truth-in-Taxation process.

DISCUSSION:

Proposed Ordinance No. 3699 accepts the Tax Year 2021 Certification of Appraisal Roll prepared by the Dallas Central Appraisal District (DCAD), which sets forth the estimated taxable value, after qualified exemptions, for residential and commercial real property and business personal property in the City of Farmers Branch at \$6,951,338,755 (six billion, nine hundred fifty-one million, three hundred thirty-eight thousand, seven-hundred fifty-five dollars). This amount includes new construction, but excludes properties still under protest.

A certified roll is crucial to providing the City with a level of certainty with regard to the appraised values on which to base its property tax setting decisions and therefore its budgeted property tax revenues. On July 30, 2021, City Administration submitted the Proposed Fiscal Year 2021-22 Operating & Capital Budget to the City Council based on the Tax Year 2021 Certification of Appraisal. The City Council passed a motion on September 7, 2021 to consider a proposed rate of \$0.589 as a maximum rate for discussion purposes.

Property Tax Code Section 26.05 and Texas Local Government Code, Chapters 102 and 111, have requirements, notices, and/or motions that must be followed related to the budget and tax rate process. These requirements, notices and/or motions vary depending upon whether or not a proposed property tax rate exceeds the lower of the no-new-revenue tax rate or the voter-approval tax rate and/or whether this year's tax levy to fund maintenance and operations expenditures exceeds last year's maintenance operations tax levy.

The proposed maximum tax rate of \$0.589 exceeds the calculated no-new-revenue rate and is effectively a 5.26% increase in the tax rate. This year's levy to fund maintenance and operations expenditures exceeds last year's maintenance and operations tax levy and will raise more taxes for maintenance and operations than last year's rate. The tax rate will effectively be raised by 8.82% and will raise taxes for maintenance and operations on a \$100,000 home by approximately \$21.05. This tax rate will be distributed as follows: \$0.527248 for general fund maintenance and operations and \$0.061752 for debt service distribution, per \$100 assessed value. **[Note: The debt service rate may not be changed.]**

The City has complied with all of the requirements governing the budget and tax rate process and a copy of the

required tax notice is attached to this agenda item.

State law requires that this ordinance be passed after the passage of the City's fiscal year budget and after a vote to ratify the property tax increase reflected in the budget.

This ordinance supports the City's guiding principle for financial stewardship.

FISCAL IMPACT:

1. Financial impact of approximately \$41,000,000 including debt service.

DISTRICT:

All districts.

RECOMMENDATION:

Recommended motion by City Administration that the City Council adopt Ordinance No. 3699 to accept the Tax Year 2021 Certification of Appraisal Roll and levy the tax rate for the 2021 Tax Year (2021-22 Fiscal Year) at \$0.589 per \$100 of assessed value.

POSSIBLE COUNCIL ACTION:

All of the following options require a record vote and at least 60% of the members of the governing body voting in favor of the ordinance.

1. Maintain the Current Tax Rate of \$0.589: I move that the property tax rate be increased by the adoption of a tax rate of \$0.589, which is effectively a 5.26% increase in the tax rate.

ATTACHMENT(S):

1. Truth-in-Taxation Calculation Worksheet
2. Notice of Tax Rates
3. Ordinance No. 3699