



Legislation Text

File #: 22-440, Version: 1

Consider approving a motion to place a proposal to consider adopting a maximum property tax rate of \$0.589 on the City Council agenda of September 20, 2022; schedule a public hearing on the proposed maximum property tax rate for September 20, 2022 at 6:00 p.m. to be held at the City of Farmers Branch, City Hall Council Chambers, located at 13000 William Dodson Parkway, Farmers Branch, Texas 75234; and, take appropriate action.

BACKGROUND:

In order to serve their constituents, governing bodies in Texas must establish budgets and set property tax rates in support of those budgets. The Texas Constitution and Tax Code require taxing units to comply with certain steps when adopting their tax rates. In addition, taxing units are obliged to follow legislative guidelines that ensure the public is informed of any increase.

Truth-in-Taxation laws and legislative guidelines also require that when a proposed tax rate exceeds the lower of the no-new-revenue rate or voter approval rate, the taxing unit's governing body must take a record vote to place a proposal to adopt a tax rate on the agenda of a future meeting as an action item. [A taxing unit's governing body cannot vote to adopt a proposal to increase taxes by an unspecified amount.] If the motion passes, the governing body must schedule a public hearing and announce the date, time and place of the meeting as well as the meeting at which it will vote on the tax rate.

The proposed maximum tax rate is greater than the calculated no-new-revenue tax rate, which means that the City of Farmers Branch is proposing to increase property tax revenues for the 2022 tax year. The proposed tax rate is not greater than the voter-approval tax rate; therefore, the City of Farmers Branch is not required to hold an election at which voters may accept or reject the proposed rate. The City's calculated no-new-revenue property tax rate is \$0.501005 and the calculated voter-approval property tax rate is \$0.671514.

DISCUSSION:

In accordance with the City Charter, the Proposed Fiscal Year 2022-23 Budget was submitted to the City Council on July 29th. The proposed budget is available for review at City Hall and on the City of Farmers Branch website.

Tonight's motion proposes the "maximum" property tax rate the City will consider, but does not adopt any tax rate. The final adopted tax rate may be less, but not more, than the tax rate proposed tonight. Approving a "maximum" property tax rate provides the City Council with flexibility to consider other public requests and/or initiatives that may have an impact on the budget and final tax rate.

A public hearing to discuss the proposed tax rate and the meeting to adopt the tax rate will be held on September 20, 2022 at 6:00 p.m. at the City of Farmers Branch, City Hall Council Chambers, located at 13000 William Dodson Parkway, Farmers Branch, Texas 75234.

FISCAL IMPACT:

1. Budgeted Financial Impact - To be determined.

DISTRICT:

All.

POSSIBLE COUNCIL ACTIONS:

1. I motion to approve scheduling a public hearing and a proposal to consider adopting a maximum property tax rate of \$0.589 on the City Council agenda for September 20, 2022 at 6:00 p.m. Both meetings will be held at the City of Farmers Branch, City Hall Council Chambers, located at 13000 William Dodson Parkway, Farmers Branch, Texas 75234. (Take record vote.)
2. I motion to **modify** this item to approve scheduling a public hearing and proposal to consider adopting a maximum tax rate of \$_____ on the City Council agenda for September 20, 2022 at 6:00 p.m. Both meetings will be held at the City of Farmers Branch, City Hall Council Chambers, located at 13000 William Dodson Parkway, Farmers Branch, Texas 75234. (Must Specify a Proposed Tax Rate. Take record vote.)

ATTACHMENTS:

1. Proposed FY 22-23 Budget