



Legislation Text

File #: ORD 21-066, **Version:** 1

Consideration of and action on an ordinance levying Ad Valorem Taxes for tax year 2021.

On August 17, 2021, the City Council took a record vote to begin the process of adopting an ad valorem tax rate of \$0.720000 per \$100 valuation for tax year 2021 (FY 2021-2022). This rate is unchanged from the current ad valorem tax rate of \$0.720000 per \$100 valuation set by the City Council for tax year 2020 (FY 2020-2021). Because the proposed rate of \$0.720000 per \$100 valuation is greater than the no-new-revenue tax rate of \$0.680159 per \$100 valuation, the State's "Truth-In-Taxation" laws require a public hearing to be held prior to a vote to set this rate. At the August 17, 2021 meeting, the City Council also adopted an ordinance establishing the date of the public hearing as Tuesday, September 21, 2021 at 7:30 p.m. in Council Chambers, City Hall, 710 E. San Augustine, Deer Park TX 77536.

The meeting to adopt the ad valorem tax rate for tax year 2021 is scheduled for 7:30 p.m. on Tuesday, September 21, 2021 in Council Chambers, City Hall, 710 E. San Augustine, Deer Park TX 77536. This regular meeting of City Council will immediately follow the public hearing.

The ordinance to levy the tax rate of \$0.720000 per \$100 valuation for tax year 2021 (FY 2021-2022) must include the following statement that is required to be in the ordinance in larger type than the type used in any other portion of the ordinance:

THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE. THE TAX RATE WILL EFFECTIVELY BE RAISED BY 3.44 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$-9.57.

While this required language may seem contradictory, it is a statement about two different comparisons: The statement that the tax rate "will effectively be raised by 3.44 percent..." compares the no-new-revenue M&O tax rate and the proposed M&O tax rate. The statement that the tax rate "will raise taxes...by approximately \$-9.57" compares the current year's M&O tax rate and the proposed M&O tax.

Fiscal/Budgetary Impact:

Ad Valorem revenues in the General Fund and the Debt Service Fund of the City's adopted FY 2021-2022 budget were established based upon a total proposed ad valorem tax rate of \$0.720000 per \$100 of valuation.

A record vote to adopt an ad valorem tax rate of \$0.720000 per \$100 valuation for tax year 2021 by motion as follows: "I move that the property tax rate be increased by the adoption of a tax rate of \$0.720000, which is effectively a 5.86 percent increase in the tax rate."