



Legislation Text

File #: 2022-283, Version: 2

Consider an ordinance adopting the 2022 Property Tax Rate for the City of Round Rock. (Second Reading)

This ordinance sets the ad valorem tax rate for the tax year 2022 (for Fiscal Year 2023). The rate is based on the net taxable property value at January 1, 2022, to assess taxes for collection during fiscal year 2022/23. **The proposed tax rate for the 2022 tax year is \$0.342000 per \$100 valuation.** The proposed rate will yield the tax revenues required to fund the 2022/23 Annual Budget as proposed and presented to Council on July 28, 2022.

The 2022 proposed tax rate of \$0.342000 exceeds the no new revenue tax rate of \$0.326408. The increase in the proposed rate over the no new revenue rate is to provide additional funding for additional public safety as well as voter approved debt payments for the new public library. Under this proposal, total annual City taxes on the median taxable home value of \$369,169 will be \$1,263.

STATE LAW REQUIRES THAT THE MOTION TO ADOPT THE ORDINANCE BE STATED AS FOLLOWS:

“I move that the property tax rate be increased by the adoption of the tax rate of \$0.342000, which is effectively a 4.8 percent increase in the tax rate.”

Summary of Proposed Tax Rate:

Maintenance & Operations (M&O) portion	\$0.224400
Debt Portion	<u>\$0.117600</u>
Proposed 2022 Tax Rate	\$0.342000
2021 Tax Rate	\$0.397000
2022 No New Revenue Tax Rate	\$0.326408
2022 Voter Approval Tax Rate	\$0.363244

State law further requires that a tax rate above the no new revenue tax rate requires a 60% approval by the governing body. For the City of Round Rock, that means five of seven council members must vote yes to approve this item.

If the ordinance sets a tax rate that will impose an amount of taxes to fund M&O expenditures of the taxing unit that exceeds the amount of taxes imposed for that purpose in the preceding year, the

taxing unit must include specific wording in a specific format in the tax rate ordinance and on the website of the taxing unit.

The No New Revenue M&O rate for fiscal year 2022/23 is \$0.217966 and the proposed M&O tax rate is \$0.224400. Based on the proposed tax rate, the following statements must be included in the ordinance adopting the tax rate. These statements and calculations are required, but the net impact to a taxpayer is a 4.8 percent total increase.

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 2.9 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$6.43.

A public hearing and first reading regarding the tax rate are being held on August 25, 2022. The tax rate is scheduled for a second reading and final adoption on September 8, 2022.

Additional information on the budget and this proposed tax rate are available on the City's website.

The Tax Code requires additional statements certifying the City's compliance with it. These have been included as attachments to this tax rate ordinance. Attached are:

- Form 50-856, which is the FY 2023 tax rate calculation worksheet certified to be accurate by Larry Gaddes, the Williamson County Tax Assessor-Collector (TAC), who serves as the City's TAC; and
- Form 50-882, which is required to certify the amount of additional sales and use tax revenue, if any, that will be used to pay debt service has been deducted from the total amount of debt in the tax rate calculations. City does not have sales tax revenue used for general obligation debt.

Staff recommends approval.