



Legislation Text

File #: 2021-229, **Version:** 2

Consider an ordinance adopting the 2021 Property Tax Rate for the City of Round Rock. (Second Reading)

This ordinance sets the ad valorem tax rate for the tax year 2021. The rate is based on net taxable property value at January 1, 2021, to assess taxes for collection during fiscal year 2021/22. **The proposed tax rate for the 2021 tax year is \$0.397000 per \$100 valuation.** The proposed rate will yield the tax revenues required to fund the 2021/22 Annual Budget as proposed to Council on July 22, 2021 plus a \$0.1M budget for historic preservation, including a \$300,000 designation from HOT fund balance.

The 2021 proposed tax rate of \$0.397000 exceeds the no new revenue tax rate of \$0.387441. The increase in the proposed rate over the no new revenue rate is to provide additional funding for roads. Under this proposal, total annual City taxes on the median taxable home value of \$287,101 will be \$1,140.

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 \$0.397000, which is effectively a 2.5 percent increase in the tax rate."

Summary of Proposed Tax Rate:

Maintenance & Operations (M&O) portion	\$0.264862
<u>Debt Portion</u>	<u>\$0.132138</u>
Proposed 2021 Tax Rate	\$0.397000
2020 Tax Rate	\$0.439000
2021 No New Revenue Tax Rate	\$0.387441
2021 Voter Approval Tax Rate	\$0.426786

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 2021/22 is \$0.259367 and the proposed M&O tax rate is \$0.264862. 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 only a 2.5 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 2.1 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$5.50.

A public hearing and reading regarding the tax rate are being held on August 26, 2021. The tax rate will have a second reading and final adoption on September 9, 2021.

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

There are new additional requirements in the Tax Code for this year resulting from SB2. Additional statements certifying the City's compliance with these new requirements have been included in the tax rate ordinance. Attached is form 50-882 which is required by the Texas Property Tax Code to certify that the amount of additional sales and use tax revenue that will be used to pay debt service has been deducted from the total amount of debt in the tax rate calculations. Also attached is the FY 2022 tax rate calculation worksheet certified to be accurate by the Tax Assessor-Collector for Williamson County.