



City of Killeen

Legislation Text

File #: PH-23-050, Version: 1

HOLD a public hearing on the proposed tax rate for the fiscal year beginning October 1, 2023 and ending September 30, 2024.

DATE: September 5, 2023
TO: Kent Cagle, City Manager
FROM: Miranda Drake, Assistant Director of Finance
SUBJECT: Tax Rate Public Hearing

BACKGROUND AND FINDINGS:

On August 1, 2023, City Council set the preliminary tax rate at \$0.6208 per \$100 valuation, adopted a resolution setting a public hearing for September 12, 2023 on the preliminary tax rate for the proposed FY 2024 Budget, and scheduled the adoption of the tax rate for September 12, 2023. The preliminary tax rate establishes the ceiling for the FY 2024 Budget. The actual tax rate can be equal to or lower than the preliminary tax rate and not higher.

The proposed FY 2024 Budget was submitted to City Council using a tax rate of \$0.6208. After the certified tax roll and tax rate calculations were received, the proposed tax rate was able to remain at \$0.6208 and bring in the relatively the same amount of revenue as was included in the proposed budget. However, shifting some of the funding from debt service to maintenance and operations due to the amount of debt service for the 2023 Certificates Obligation issue coming in lower than estimated. The no-new-revenue tax rate for FY 2024 is \$0.5473 and the voter-approval tax rate for FY 2024 is \$0.7075. Since the preliminary tax rate was set above the no-new-revenue tax rate, Texas Property Tax Code requires a public hearing be held prior to the adoption of the final tax rate.

Senate Bill 2 from the 86th Legislature changed the laws regarding public hearings for tax rates. The requirement went from two public hearings to one public hearing. In addition, the allotment of time between the hearing and adoption was shortened. As a result, there was a change allowing the governing body to vote on the proposed tax rate at the public hearing per Property Tax Code Section 26.06(d). If the governing body does not adopt the tax rate at the public hearing, the meeting to vote on the tax increase may not be held later than the seventh day after the date of the public hearing per Section 26.06(e). Due to this change, the City Council will hold the public hearing on the same day as the tax rate adoption.

THE ALTERNATIVES CONSIDERED:

N/A

Which alternative is recommended? Why?

In accordance with Texas Property Tax Code Section 26.05(d), the governing body of a taxing unit other than a school district may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate calculated as provided by this chapter until the governing body has held a public hearing on the proposed tax rate and has otherwise complied with Section 26.06 and Section 26.065.

CONFORMITY TO CITY POLICY:

Meets truth-in-taxation laws as set forth in the Texas Property Tax Code.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

N/A

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

City Council hold a public hearing on the proposed tax rate for the fiscal year beginning October 1, 2023 and ending September 30, 2024.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

N/A