

Legislation Details (With Text)

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Title: Public Hearing on the proposed tax rate for the City of New Braunfels for tax year 2021
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Date	Ver.	Action By	Action	Result
9/27/2021	1	City Council	presented	

PRESENTER:

Jared Werner, Chief Financial Officer

SUBJECT:

Public Hearing on the proposed tax rate for the City of New Braunfels for tax year 2021

DEPARTMENT: Finance**COUNCIL DISTRICTS IMPACTED:** Citywide**BACKGROUND INFORMATION:**

City Council held work sessions on the FY 2022 Budget and tax rates on August 9, 10, 12, and 16.

In order for property owners in the State of Texas to be informed of any increases in their property values, truth-in-taxation requirements were embodied in the Texas Constitution and the Tax Code. Taxing units are required to calculate the No New Revenue (effective) tax rate and the Voter Approval (rollback) tax rate after receiving the certified appraisal roll from the chief appraiser.

The No New Revenue tax rate is the total tax rate needed to raise the same amount of property tax revenue from the same properties in both the 2020 tax year and 2021 tax year. The Voter Approval tax rate (VAR) is the highest tax rate the City may adopt before a mandatory election is triggered. Previously, when an entity presented a rate above this threshold, voters would then be entitled to petition for an election to limit the rate that may be approved. In addition to this change, the VAR threshold on the increase to Operations and Maintenance (O&M) taxes was reduced from 8% to 3.5%.

The proposed tax rate of 47.5376 cents is a .8 cent decrease from last year. The two components that make up the rate have been modified as well. The Interest & Sinking (I&S - debt service) portion of the rate totals 22.7983 cents while the Operations & Maintenance (O&M - General Fund) portion of the rate totals 24.7393 cents. The total rate of 47.5376 is equal to the Voter Approval tax rate for this year as well. As a result of the

Voter Approval calculation, the O&M (General Fund) portion of the rate decreases by nearly .8 cents. The I&S Rate remains at the same level as last year, which will provide sufficient revenue to support debt service payments for all existing and recently approved debt obligations. The two most recent issuances were approved at the August 16th Budget Workshop which will support the 2019 Bond Projects as well as provide funding for preliminary engineering for potential 2023 Bond Projects. Following is a summary of the tax rate calculations completed by the Comal County Tax Office.

PROPOSED TAX RATE	\$0.475376 PER \$100
PRECEDING YEAR'S TAX RATE	\$0.483194 PER \$100
No New Revenue (EFFECTIVE) TAX RATE	\$0.449967 PER \$100
Voter Approval (ROLLBACK) TAX RATE	\$0.475376 PER \$100

State law requires that a public hearing be held by the governing body before adopting the final tax rate. These hearings will be held on September 9, 2021 and September 27, 2021.

ISSUE:

Strategic Priorities: 8-Maintain fiscal stability of City operations.

FISCAL IMPACT:

The proposed ad valorem tax revenues generated by the proposed tax rate provide funding for the FY 2022 Budget in the General Fund and Debt Service Fund.

RECOMMENDATION:

Staff recommends City Council set the proposed tax rate with a record vote.