

Legislation Text

File #: 22-1025, **Version:** 2

Presenter/ContactJared Werner, Assistant City Manager
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Discuss and consider second and final reading of an ordinance adopting the 2022 ad valorem tax rates.

BACKGROUND / RATIONALE:

City Council held work sessions on the FY 2023 Budget and tax rates on August 9, 11 and 15.

The proposed tax rate of 41.3935 cents is a 6.1 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 20.8935 cents while the Operations & Maintenance (O&M - General Fund) portion of the rate totals 20.5000 cents. The total rate of 41.3935 is less than the Voter Approval tax rate for this year as well. The O&M (General Fund) portion of the rate decreases by nearly 4.2 cents. The I&S Rate decreases as well by 1.9 cents, which will still provide sufficient revenue to support debt service payments for all existing and recently approved debt obligations to include the \$10 million Public Safety Tax Note as well as the 2023 Bond Program. Following is a summary of the tax rate calculations completed by the Comal County Tax Office.

PROPOSED TAX RATE	\$0.413935 PER \$100
PRECEDING YEAR'S TAX RATE	\$0.475374 PER \$100
NO NEW REVENUE TAX RATE	\$0.390959 PER \$100
VOTER APPROVAL TAX RATE	\$0.423361 PER \$100

The proposed tax rate represents the largest tax rate decrease in well over 25 years. Under the proposed tax rate, single family homes with a homestead exemption are expected to see a decrease in property taxes paid to the City of New Braunfels. As a point of reference, property taxes paid to the City of New Braunfels represent approximately 22% of the overall property tax bill, with the remaining portion being paid to the respective school district and county.

ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

X	Yes	City Plan/Council Priority	Strategic Priorities: Maintain fiscal stability of City operations
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FISCAL IMPACT:

The ad valorem tax revenues provide funding for the FY 2023 Budget in the General Fund and Debt Service Fund.

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Staff recommends approval of the second reading of the tax ordinance for the 2022 ad valorem tax rates.