



Proposed Tax Rate

Fiscal Year 2024 – 2025

August 7, 2024

AGENDA



- Purpose
- Truth-In-Taxation Definition
- Recommendation
- Next Steps

Truth-In-Taxation (TNT): Tax Rate Adoption

- ❑ Designed to provide more transparency in the property tax adoption process and inviting greater taxpayer participation
- ❑ Adopts a tax rate that will support the operations budget for the City
- ❑ Galveston County Tax Office calculates the tax rates and sends the tax rates to the Taxing Units in the Galveston County
 - ✓ County Appraisal District provides Certified Taxable Values
 - ✓ Taxing Units provide Debt Information, Unencumbered Fund Balance, Sales Tax spent on M&O, and TIF payments

TERMS AND DEFINITIONS



No-New-Revenue Tax Rate (NNR)

Tax rate that would produce the same revenue from the same property base as the prior year and serves as an offset to the increasing property appraised values.

Example:

	Prior Year	Current Year
Appraise Value	\$ 1,000,000	\$ 1,100,000
COTC Tax Rate	\$ 0.490000	\$ 0.445455
COTC Property Tax	\$ 4,900	\$ 4,900

Voter Approval Tax Rate (VAR)

Highest tax rate that the Taxing Unit may adopt without holding an election to seek voter approval of the rate.

Adopted Tax Rate

Tax rate that was previously voted and adopted by the Taxing Unit

Tax Increment Financing (TIF) – redirect property tax in an area designated as a Tax Increment Reinvestment Zone (TIRZ)

STAFF RECOMMENDATION



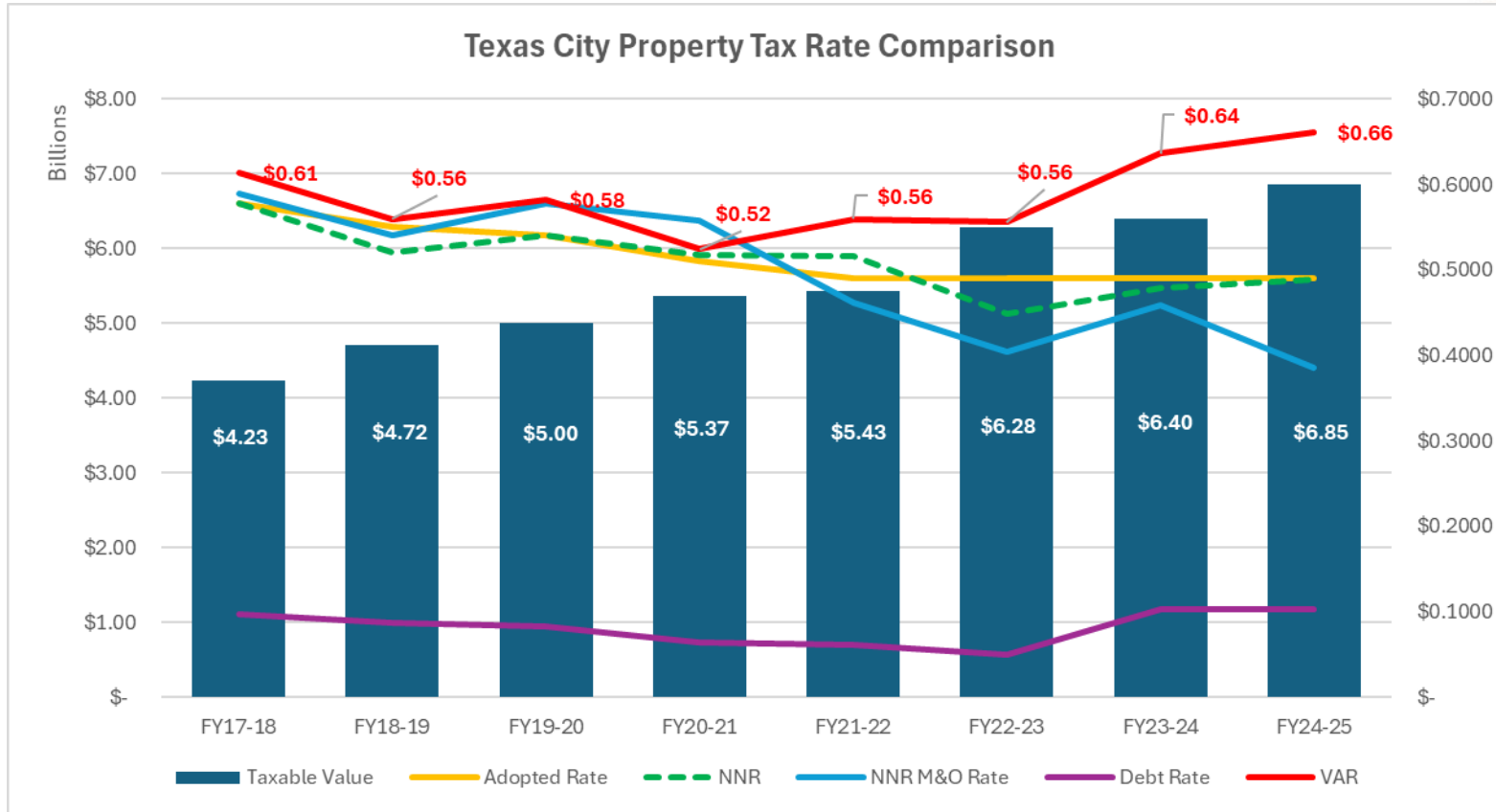
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Taxable Value	\$ 4,228,406,746	\$ 4,715,349,204	\$ 4,997,799,763	\$ 5,370,711,710	\$ 5,431,858,681	\$ 6,277,842,665	\$ 6,397,924,538	\$ 6,854,151,976
Adopted Rate	0.577179	0.550000	0.540000	0.510000	0.490000	0.490000	0.490000	
NNR	0.577179	0.520993	0.540270	0.517195	0.516302	0.448432	0.479020	0.488635
NNR M&O Rate	0.589781	0.540749	0.577878	0.558021	0.461960	0.403735	0.458423	0.385738
Debt Rate	0.097135	0.087370	0.082904	0.063504	0.060496	0.049936	0.102650	0.102897
VAR	0.613958	0.559568	0.582712	0.524407	0.559489	0.555639	0.636316	0.644163
Proposed Tax Revenue	\$ 24,405,476	\$ 25,934,421	\$ 26,988,119	\$ 27,390,630	\$ 26,616,108	\$ 30,761,429	\$ 31,349,830	\$ 33,491,786

Staff Recommends No-New-Revenue Rate

- No Property Tax Increase
- Tax Rate Flat for last 3 years

* M&O – Maintenance and Operations

STAFF RECOMMENDATION



Staff Recommends No-New-Tax Rate

- No Property Tax Increase
- Tax Rate Flat for last 3 years
- No-New-Revenue Tax Rate has 2 Components
 1. M&O
 2. Debt Services

* M&O – Maintenance and Operations

FY25 PROPERTY TAX REVENUE PROJECTIONS



	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Taxable Value	\$ 5,370,711,710	\$ 5,431,858,681	\$ 6,277,842,665	\$ 6,397,924,538	\$ 6,854,151,976
Adopted Rate	0.510000	0.490000	0.490000	0.490000	
NNR	0.517195	0.516302	0.448432	0.479020	0.488635
NNR M&O Rate	0.558021	0.461960	0.403735	0.458423	0.385738
Debt Rate	0.063504	0.060496	0.049936	0.102650	0.102897
VAR	0.524407	0.559489	0.555639	0.636316	0.644163
Proposed Tax Revenue	\$ 27,390,630	\$ 26,616,108	\$ 30,761,429	\$ 31,349,830	\$ 33,491,786

Proposed Tax Levy Calculation:

$$\begin{array}{r}
 \$6,854,151,976 / \$100 \\
 \times \quad \$.488635 \\
 \hline
 \$33,491,786
 \end{array}$$

* M&O – Maintenance and Operations

NEXT STEPS



August 21, 2024

- Public Hearing
- Adopt Proposed Tax Rate



QUESTIONS