



AGENDA MEMORANDUM

Action Item for the City Council Meeting of August 15, 2023

DATE: August 10, 2023

TO: Peter Zaroni, City Manager

FROM: Alma I. Casas, Interim Director of Finance and Procurement
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<p style="text-align: center;">Consideration of Proposed FY 2024 Ad Valorem Tax Rate and Setting Date for Public Hearing and Adoption of the FY 2024 Property Tax Rate</p>

CAPTION:

Resolution to consider a proposed ad valorem tax rate of no more than \$0.599774 per \$100 valuation for Fiscal Year (FY) 2024 and taking a record vote, setting the date for the City of Corpus Christi's proposed FY 2024 ad valorem tax rate public hearing and first reading ordinance on August 29, 2023, with adoption of the FY 2024 ad valorem tax rate on September 5, 2023.

SUMMARY:

The City of Corpus Christi is proposing a tax rate of no more than \$0.599774 per \$100 valuation for FY 2024. The Texas Tax Code requires that the City Council take a record vote when the proposed property tax rate is anticipated to be above the no new revenue tax rate and to approve a resolution to set the date for the public hearing on the proposed tax rate when the tax rate exceeds the lower of the no-new-revenue tax rate or the voter-approval tax rate.

On July 25, 2023, the City Council approved a proposed tax rate for FY 2024 not to exceed \$0.620261, took a record vote, set the public hearing to discuss the FY 2024 Tax Rate and FY 2024 Proposed Budget for August 29, 2023, and set the final adoption of the FY 2024 Tax Rate and FY 2024 Budget for September 5, 2023. However, since that time, the City of Corpus Christi received the final no-new-revenue tax rate and voter-approval tax rate from the Nueces County Tax-Assessor Collector's office. The proposed tax rate approved by the City Council on July 25, 2023 exceeded the voter-approval rate, and so this action is needed to propose a property tax rate that will not exceed the voter-approval rate.

BACKGROUND AND FINDINGS:

If a proposed property tax rate exceeds the no-new-revenue tax rate or the voter-approval tax rate, whichever is lower, the Tax Code requires that the governing body must take a record vote to place a proposal to adopt the tax rate on the agenda of a future meeting as an action item and hold a public hearing. The City is proposing a tax rate of no more than \$0.599774 per \$100 valuation which is above the no-new-revenue rate but equals the voter-approval rate.

The Nueces County Tax Assessor-Collector’s office provided City staff during the first week of August with the “truth-in-taxation” worksheet. This worksheet calculated the no-new-revenue tax rate and voter-approval tax rate. The worksheet was received after the July 25, 2023 City Council meeting when the initial proposed property tax rate was voted upon. This action, therefore, is needed to propose a property tax rate that does not exceed the voter-approval rate.

Since the City’s proposed FY 2024 tax rate of \$0.599774 per \$100 valuation exceeds the lower of the no-new-revenue tax rate or the voter-approval tax rate, the Tax Code requires the governing body to hold one public hearing. The public hearing for the FY 2024 proposed tax rate is scheduled for August 29, 2023, the same day as the first reading of the ordinance for adoption of the FY 2024 tax rate. The vote for the final adoption of the tax rate is scheduled to be held on September 5, 2023. Additionally, in compliance with the “truth-in-taxation” guidelines, the proposed property tax rate, the no-new-revenue tax rate, and the voter-approval tax rate must be published at least seven (7) days before the public hearing. The notice for the City’s proposed tax rate will be published in the Corpus Christi Caller-Times on Sunday, August 20, 2023 in compliance with the Tax Code.

ALTERNATIVES:

N/A

FISCAL IMPACT:

The City proposes setting an ad valorem tax rate of \$0.599774 per \$100 valuation which is anticipated to be in excess of the no-new-revenue tax rate. Property tax revenue included in the proposed FY 2024 budget is as follows:

General Fund	\$103,446,726
Debt Service Fund	\$ 57,239,729
TIRZ #2	\$ 4,234,396
TIRZ #3	\$ 2,059,072
TIRZ #4	\$ 576,802
TIRZ #5	\$ 314
Total per FY 2024 Budget	<u>\$167,557,039</u>

FUNDING DETAIL:

N/A

RECOMMENDATION:

Staff recommends approval of the resolution as presented.

LIST OF SUPPORTING DOCUMENTS:

Resolution