



## **AGENDA MEMORANDUM**

Action Item for the City Council Meeting of August 13, 2024

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**DATE:** August 2, 2024

**TO:** Peter Zanoni, City Manager

**FROM:** Heather Hurlbert, CPA, CGFO Assistant City Manager  
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**Set the maximum Fiscal Year 2025 Tax Rate at \$0.599774 per \$100 valuation,  
take record vote, and schedule a public hearing  
for FY 2025 Budget and Tax Rate**

### **CAPTION:**

Resolution to consider setting the maximum ad valorem tax rate of no more than \$0.599774 per \$100 valuation for Fiscal Year (FY) 2025, taking a record vote, and setting the date for the City of Corpus Christi's proposed FY 2025 budget and proposed FY 2025 ad valorem tax rate public hearings and first reading ordinances on September 3, 2024, with adoption of the FY 2025 budget and FY 2025 ad valorem tax rate on September 10, 2024.

### **SUMMARY:**

The City of Corpus Christi is proposing a maximum tax rate of no more than \$0.599774 per \$100 valuation for FY 2025. 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.

### **BACKGROUND AND FINDINGS:**

The Texas Constitution requires that local taxing units make taxpayers aware of tax rate proposals and to afford them the opportunity to limit tax increases. This is accomplished through a concept called Truth-in-Taxation (TNT). TNT requires that a record vote be taken by the governing body 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 if the proposed maximum property tax rate exceeds the no-new-revenue tax rate or the voter-approval tax rate, whichever is lower. The City is proposing a tax rate of no more than \$0.599774 per \$100 valuation which is above the estimated no-new-revenue rate of \$0.565672 per \$100 valuation but below the voter-approval tax rate of \$0.621255 per \$100 valuation.

The Nueces County Tax Office provides the City with the TNT worksheet, which calculates the no-new-revenue tax rate and voter-approval tax rate, during the first week of August. When the proposed FY 2025 tax rate 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 allows the public an opportunity to speak on the proposed tax rate prior to adoption. The public hearing for the FY 2025 budget and proposed tax rate will be held on September 3, 2024; as well as the first reading of the ordinance for adoption of the FY 2025 budget and the first reading of the ordinance for adoption of the FY 2025 tax rate. The vote for the final adoption of the budget and tax rate is scheduled to be held on September 10, 2024. Additionally, in compliance with the TNT guidelines, the proposed property tax rate, the no-new-revenue tax rate, and the voter-approval tax rate will be published at least seven (7) days before the public hearing. The notice for the City's proposed tax rate is anticipated to be published in the Corpus Christi Caller-Times on August 18, 2024.

This record vote sets the maximum tax rate that can be adopted by City Council. City Council can adopt a tax rate that is lower than \$0.599774 per \$100 valuation but not one that exceeds without having another record vote.

Taxes will be levied in October, once the tax rate is adopted and the property tax bills are processed by the Nueces County Tax Office.

**ALTERNATIVES:**

N/A

**FISCAL IMPACT:**

The City proposes setting a tax rate of \$0.599774 per \$100 valuation which is anticipated to be in excess of the no-new-revenue tax rate.

**FUNDING DETAIL:**

N/A

**RECOMMENDATION:**

Staff recommends approval of the resolution as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Resolution