



AGENDA MEMORANDUM

Public Hearing and First Reading Ordinance for the City Council Meeting of September 3, 2024
Second Reading Ordinance for the City Council Meeting of September 10, 2024

DATE: August 17, 2023

TO: Peter Zaroni, City Manager

FROM: Heather Hurlbert, CPA, CGFO Assistant City Manager
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Public Hearing and Second Reading to Set the
Fiscal Year 2024-2025 Ad Valorem Tax Rate

CAPTION:

Ordinance setting a property tax rate of \$0.599774 per \$100 valuation which is effectively a 6.03% increase over the no-new-revenue tax rate and approving the tax roll as calculated. (60 percent favorable vote required)

SUMMARY:

The State Property Tax Code requires that one public hearing be held when a taxing unit proposes a tax rate that exceeds either the no-new-revenue tax rate or the voter-approval tax rate, whichever is lower.

BACKGROUND AND FINDINGS:

The City of Corpus Christi is proposing a tax rate of \$0.599774 per \$100 valuation for Fiscal Year (FY) 2024-2025. This tax rate is greater than the No-New-Revenue (NNR) Tax Rate of \$0.565672 per \$100 valuation but below the Voter-Approval (VAR) tax rate of \$0.621255 per \$100 valuation. The proposed rate is the same as the current tax rate.

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 Council took a record vote on the proposed tax rate on

August 13, 2024 and set the public hearing for September 3, 2024. Along with the public hearing, the first vote on the tax rate will be held with the second vote for the final adoption of the budget and tax rate will be held on September 10, 2024.

The tax rate is broken down between Maintenance and Operations (M&O) and Interest and Sinking (I&S) Of the \$0.599774, \$0.220949 is allocated to I&S and \$0.378825 is allocated to M&O.

Below is a comparison of the average homestead taxable value between FY 2023-2024 and FY 2024-2025. Due to the increase in the homestead exemption from 10% to 20% the average taxable value decreased year over year and the average homestead will pay \$27.80, or 2.24%, less than the prior year.

Fiscal Year	Average Market Value	Average Homestead Exemption	Average Taxable Value	Estimated City Taxes
FY 2023-2024	\$264,283	\$57,726	\$206,557	\$1,239
FY 2024-2025	\$274,946	\$73,024	\$201,922	\$1,211

ALTERNATIVES:

The public hearing is required to be in compliance with the Truth-in-Taxation guidelines as it relates to the adoption of the budget and the property tax rate.

FISCAL IMPACT:

We anticipate generating tax revenues of \$170,100,606 for the City. The amount needed for debt service or (I&S) is \$60,039,094 and the difference of \$110,061,512 is for the general fund or (M&O). Of this amount, \$10,869,313 will be transferred to the Streets Fund for Residential Streets. Additionally, \$7,122,328 of the \$170,100,606 in tax revenues will be collected for the Tax Increment Reinvestment Zones.

RECOMMENDATION:

Staff recommends approval of the FY 2024-2025 Budget and Ad Valorem Tax Rate of \$0.599774 per \$100 valuation.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Presentation