



**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date: 9/12/2023

ALL

Item Creation Date:

FIN Truth in Taxation 2023 #3

Agenda Item#: 43.

**Summary:**

**NOT A REAL CAPTION**

**SET A PUBLIC HEARING DATE** to place the proposed tax rate of \$0.519190 on each \$100 of taxable value, which is lower than last year's tax rate on the September 27, 2023 Council Agenda and set a public hearing date.

**HEARING DATE - 9:00 AM - WEDNESDAY - SEPTEMBER 27, 2023**

**Background:**

State law sets forth detailed requirements for the process of setting ad valorem tax rates, including public hearings, newspaper publications, and actions of the governing body. These requirements include minimum and maximum time periods for each step in the process.

**No-New Revenue Tax Rate and Voter-Approval Tax Rate**

Section 26.04 (e) of the Tax Code requires that the No-New Revenue Tax Rate and the Voter-Approval Tax Rate be reported to the governing body of each taxing unit. The No-New Revenue Tax Rate for Tax Year 2023 is \$0.484574 on each \$100 of taxable value and the Voter-Approval Tax Rate is \$0.523479 on each \$100 of taxable value. These numbers are based on Certified Initial Roll information from the Harris Central Appraisal District, Fort Bend Central Appraisal District and the Montgomery Central Appraisal District.

**Public Hearing**

Section 26.05 (d) of the Tax Code provides that a taxing unit may not adopt a tax rate that exceeds the lower of the No-New Revenue Tax Rate and the Voter-Approval Tax Rate until the governing body has held a public hearing. The proposed tax rate for Tax Year 2023 will exceed the lower of the No-New Revenue Tax Rate and Voter-Approval Tax Rate. Please note that the proposed tax rate for Tax Year 2023 is lower than the adopted tax rate for Tax Year 2022.

City Council must pass a motion to place a specific proposed tax rate on a future City Council Agenda. The City Council meeting to adopt the proposed tax rate may occur following the publication of notice on September 15, 2023 but may not be later than October 27, 2023.

The proposed tax rate of \$0.519190 on each \$100 of taxable value must be apportioned between Maintenance and Operations (M&O) and Interest and Sinking Fund (I&S). The M&O rate is \$0.388878 on each \$100 of taxable value and the I&S rate is \$0.130312 on each \$100 of taxable value which, when combined, equals the total tax rate of \$0.519190 on each \$100 of taxable value.

It is therefore recommended that City Council adopt the recommendation of the Director of the Finance Department that the No New Revenue Tax Rate for Tax Year 2023 is \$0.484574 on each \$100 of taxable value and the Voter-Approval Tax Rate is \$0.523479 on each \$100 of taxable value, place the proposed tax rate of \$0.519190 on each \$100 of taxable value for Tax Year 2023 on the September 27, 2023 City Council Agenda, and schedule a public hearing on the proposed tax rate in City Council Chambers on September 27, 2023 at 9 AM.

The proposed rate is expected to increase the City's as valorem tax revenue for the current fiscal year in an amount greater than five percent more than the ad valorem property tax revenues collected during the immediately preceding fiscal year. Thus, pursuant to Section 44.25 of the City's Code of Ordinances, the ordinance to adopt the tax rate must be approved by two-thirds of the full City Council. Further, pursuant to Section 44-27 of the Code, before the passage of such ordinance, the City must publish in the major Houston newspaper an analysis of the anticipated increased revenues in a form required by state law and hold a public hearing not earlier than seven days before the date of passage. The public hearing may be combined with any hearing required by state law.

DocuSigned by:

*William Jones*

William Jones, Chief Business Officer/Director of Finance

**Prior Council Action:**

Motion No. 2023-564 (8/23/2023)

**Amount and Source of Funding:**

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