

Date: September 12, 2022

To: Mark D. Israelson, City Manager

From: Karen Rhodes-Whitley, Director of Budget & Research

Subject: FY 2022-23 Tax Rate, Budget & CIP Adoption

On the evening of Monday, September 12, 2022, the City Council will have five (5) agenda items regarding the adoption of the FY 2022-23 Property Tax Rate, Operating Budget and Community Investment Program. Listed below is a brief description regarding each agenda item:

1. Public Hearing on Property Tax Rate – Chapter 26 of the Property Tax Code requires a municipality to hold an in person public hearing on the proposed property tax rate if the proposed property tax rate exceeds the lower of the voter approval tax rate or no-new-revenue tax rate. This year's no-new-revenue tax rate is equal to the proposed tax rate of \$0.4176 cents per \$100 of assessed property value. Although a public hearing is not required, the City Council would like for citizens to have the opportunity to comment on the proposed tax rate and a public hearing is scheduled.
2. Ordinance to approve and adopt the Operating Budget and set appropriations for FY 2022-23 – The FY 2022-23 Operating Budget totals \$675.9 million. Updated fund summaries are provided in your packet. Public Hearings were held on August 8, 2022, August 13, 2022 and August 22, 2022. The FY 2022-23 Operating Budget effective date is October 1, 2022 and terminating September 30, 2023.
3. Ordinance to approve and adopt the Community Investment Program and set appropriations for FY 2022-23 – The FY 2022-23 Community Investment Program totals \$332.7 million. An updated combined fund summary is provided in your packet. Public Hearings were held on August 8, 2022, August 13, 2022 and August 22, 2022. The FY 2022-23 Community Investment Program effective date is October 1, 2022 and terminating September 30, 2023.
4. Ordinance to approve and adopt the Property Tax Rate for FY 2022-23 – The proposed tax rate is \$0.4176 cents per \$100 of assessed property valuation, which is the same tax rate as the no-new-revenue tax rate for FY 2022-23. The O&M portion of the tax rate will decrease from \$0.3330 to \$0.3026 cents with the debt rate increasing from \$0.1135 to \$0.1150 cents per \$100 of assessed property valuation. A Public Hearing on the proposed tax rate will be held prior to the adoption of this ordinance.

Chapter 26 of the Property Tax Code requires on the cover page of the agenda item the acknowledgment of the difference between the Maintenance & Operation (M&O) no-new-revenue rate and the M&O proposed tax rate on a \$100,000 house. The agenda item includes this statement in adherence to the tax code. *The tax rate will effectively be raised by (0.92%) and will raise taxes for maintenance and operations on a \$100,000 house by approximately (\$9.20).* This statement is only alerting the taxpayers of the difference between the no-new - revenue M&O rate and the proposed M&O tax rate. Our proposed M&O rate is \$0.3026 while our no-new-revenue M&O rate is \$0.3118 which results in a reduction of (\$0.0092) cents or (\$9.20) for a \$100,000 house on the M&O side.

5. Ordinance to ratify the Property Tax Revenue – Chapter 26 of the Property Tax Code requires that if a municipality raises even \$1 more in revenue than the prior year, an ordinance must be passed recognizing the property tax revenue increase in the budget. This is called the Ratification Ordinance. The FY 2022-23 Budget will raise more total property taxes than last year's budget by \$4,038,358 or 1.90% and of that amount \$2,393,062 is tax revenue to be raised from new property added to the tax roll this year.