



23-0623

TITLE: Consider/Discuss/Act on Fiscal Year 2023-24 Proposed Tax Rate, Take Record Vote and Set Public Hearing and Adoption Date

COUNCIL GOAL: Financially Sound Government
(4A: Provide Funding and Organizational Framework to Ensure Continual Economic Improvements)

MEETING DATE: August 1, 2023

DEPARTMENT: Financial Services

CONTACT: Mark Holloway, Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Discuss FY2023-24 proposed tax rate.
- Provide a motion to propose the tax rate, schedule a public hearing, and announce the adoption date by stating the following:

"I move that the City of McKinney propose to adopt a Fiscal Year 2024 Total Tax Rate of \$0.430734, which is higher than the Fiscal Year 2024 no-new-revenue tax rate of \$0.409180, and call for a public hearing; the public hearing to be held on September 5, 2023 at 6:00 p.m. Further, a record vote on the tax rate adoption will be held on September 5, 2023 at 6:00 p.m. All meetings will be held in the McKinney City Hall Council Chambers at 222 North Tennessee Street, McKinney, TX 75069."

- Take record vote on proposed tax rate.

ITEM SUMMARY:

- The proposed tax rate ceiling is \$0.430734 based on 100% market ratio on each \$100 of all taxable property within the City.
- The rate for Maintenance and Operations (M&O) is \$0.289909 per \$100 valuation.
- The rate for Interest and Sinking Funds (I&S) is \$0.140825 per \$100 valuation.
- The tax rate ratio is 67% for M&O and 33% for I&S.

- The proposed tax rate of \$0.430734 exceeds the no-new-revenue tax rate of \$0.409180.
- The no-new-revenue tax rate is the relationship between taxes for the preceding year and for the current year; it will raise the same amount of property tax revenue from the same properties in both the preceding tax year and the current tax year.
- The voter-approval tax rate is the highest tax rate that an entity may adopt without holding an election to seek voter approval of the rate.
- The no-new-revenue tax rate is \$0.409180 per \$100 valuation and the voter-approval tax rate is \$0.446943 per \$100 valuation.

BACKGROUND INFORMATION:

- State law requires that an entity must vote to place a proposal to adopt the tax rate on the agenda of a future meeting as an action item. **This must be a record vote.**
- Once the record vote has passed, State law requires an entity must schedule and hold a public hearing before adopting a tax rate if the proposed tax rate exceeds the No-New Revenue or Voter-Approval Tax Rate (whichever is lower).
- The tax rate exceeds the No-New-Revenue Tax Rate and requires a public hearing to be scheduled.

FINANCIAL SUMMARY:

- Estimated tax revenues will be determined by the adopted tax rate.

SUPPORTING MATERIALS: