



Recommendation for Action

File #: 21-2480, **Agenda Item #:** 8.

7/29/2021

Posting Language

Approve a resolution adopting a maximum proposed property (ad valorem) tax rate that will include an increase of 8% for the operations and maintenance of the City that the City Council will consider for Fiscal Year 2021-2022; and setting the date that the Council will hold the hearing and adopt the Fiscal Year 2021-2022 property (ad valorem) tax rate (Suggested date and time: August 11, 2021, Austin City Hall, 301 West Second Street, Austin, TX and via electronic means as authorized by Governor Greg Abbott for participation in Open Meetings).

Lead Department

Budget Office.

Fiscal Note

This is not the final action to set the tax rate.

Prior Council Action:

June 3, 2021 - Resolution directing the Chief Financial Officer of the City to calculate the City's proposed voter-approval property tax rate with an increase of 8% above the City's current maintenance and operations rate as allowed by the Texas Tax Code for taxing units located in areas declared a disaster by the Governor of the State of Texas.

For More Information:

Kerri Lang, Interim Budget Officer, 512-974-2283

Additional Backup Information:

State law requires that all taxing jurisdictions participate in the process of Truth-In-Taxation. When a proposed tax rate exceeds the lower of 100 percent of the no new taxes or voter approval rate, the Council must adopt a maximum proposed tax rate that it will consider. The City Manager has recommended a budget with a maximum increase of 3.5% to cover the increased costs of the maintenance and operations of the City. State law also authorizes the City to increase taxes up to 8% over the no new taxes rate in years in which certain declared emergencies have occurred. Council has previously directed the City Manager to calculate this amount for the draft budget Council will consider. State law requires that the vote to adopt a proposed maximum rate must be a roll call vote, indicating any absences from the dais.

If Council votes to consider a maximum proposed rate that exceeds the no-new-revenue rate, it must schedule and conduct one public hearing on the tax rate before adopting that rate. To comply with state law, the public hearing will take place at 10:00 a.m. during the Council meeting of August 11, 2021. If the rate exceeds the voter-approval rate as it is allowed to be calculated in years in which a disaster has occurred, Council must also order a Tax Rate Election to occur in November. The adoption of the tax rate will occur after adoption of the City Budget for Fiscal Year 2021-2022.

Since State law requires the hearing to be in a building open to the public, people can come and speak for or against the tax rate at the hearing at Austin City Hall, 301 West Second Street, Austin, TX. Due to the Disaster Declarations from both State and Local authorities, the public will also be able to participate electronically, as

will Council. After this hearing, Council must adopt the Fiscal Year 2021-2022 property (ad valorem) tax rate. The hearing and the adoption of the tax rate is suggested for Wednesday, August 11, 2021. The hearing may continue to August 12, and 13th. The vote to adopt the property tax rate will also be viewable at the Austin City Hall, 301 West Second Street, Austin, Texas.

Although it may not adopt a tax rate that exceeds the maximum tax rate established by this resolution, the Council may, as a result of deliberations, adopt a tax rate at or below this maximum rate.

Strategic Outcome(s):

Government that Works for All