

# Property Tax Rates

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AUGUST 6, 2024

# Property Tax Rate Components

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## 1. Maintenance and Operations Rate (M&O Rate)

Revenues used to support the operations of the General Fund

## 2. Interest and Sinking (I&S Rate)/Debt Rate

Revenues used to pay debt service obligations

- The debt rate is a calculation. Council does not set the debt rate.

# Summary of Debt Rate

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Required Debt Service<sup>(1)</sup> Less “Other Sources”<sup>(2)</sup> & Adjustments

2024 Total Taxable Value x \$100

(1) – Required Debt Service is based on current debt requirements.

(2) – “Other Sources” – includes transfers from the Water Funds and RDC to cover 100% of their debt obligations.

\$8,211,800 - \$2,256,900 - \$195,926

\$4,683,732,151 x \$100

=

\$0.122956

# Truth In Taxation Calculations

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## No New Revenue Rate (NNR)

will generate the same amount of tax revenue on the same properties that existed the previous year and therefore is NOT considered a tax increase.

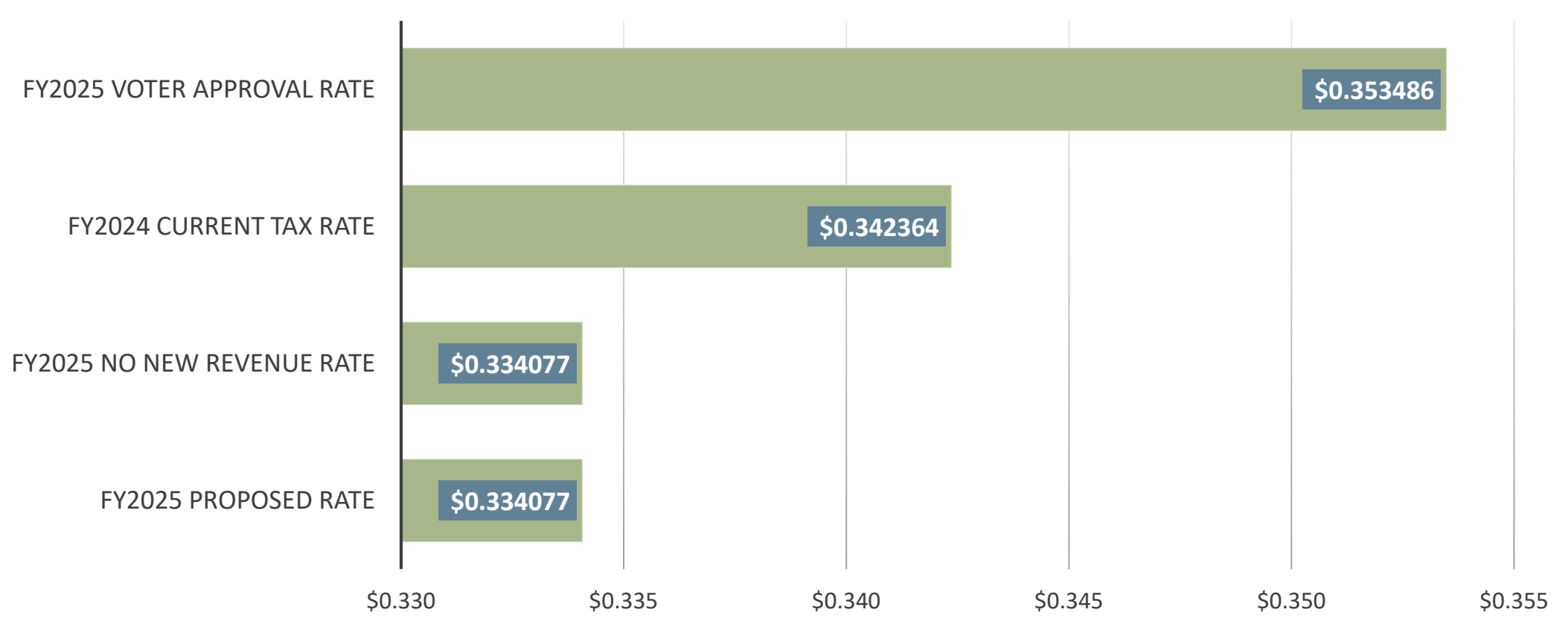
\$0.334077

## Voter Approval Rate (VAR)

allows an increase of 3.5% in the M&O rate but also must consider the sales taxes collected to reduce property taxes.

\$0.353486

# Tax Rate Analysis



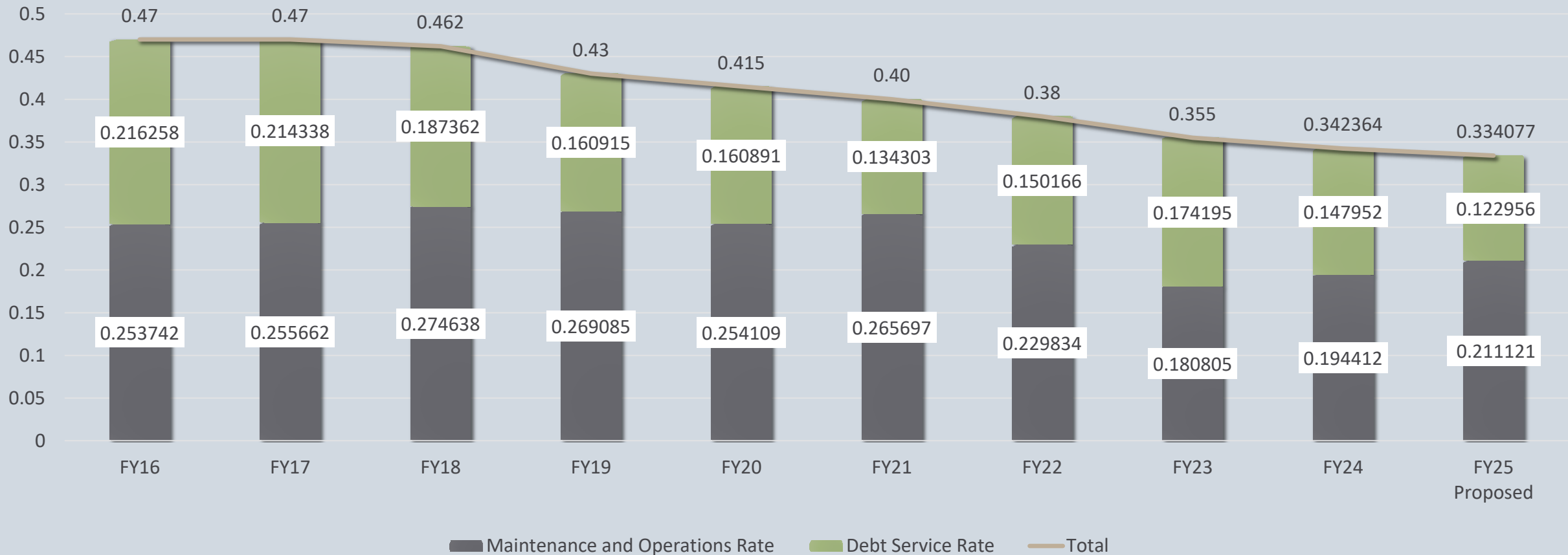
# No New Revenue Rate & Requirements

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If the Proposed Tax Rate does not exceed the No New Revenue Rate, the following is required:

1. Publish a Notice of Meeting to Vote on Tax Rate

# Tax Rate & Distribution History



# Property Tax Exemptions

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- The Residential Homestead Exemption remains at the greater of 20% of Value or \$5,000 minimum. State maximum allowed is 20%.
- The Over 65 Exemption and the Disabled Persons Exemption were both increased by \$10,000 to \$85,000.
  - Council has already reduced taxes for those Over 65 and Disabled

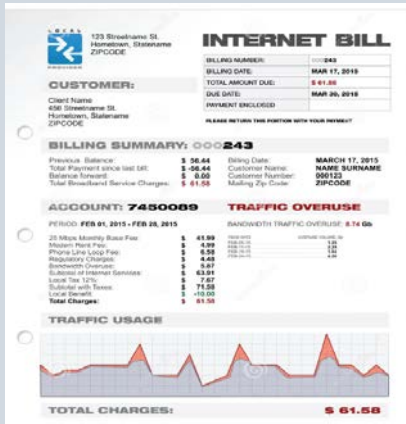
Residential Homestead: 2019 – 1% / 2020 - 10% / 2021 – 15% / 2022 – 20%

Over 65 Local Exemption: 2018 - \$45,000 / 2019 - \$60,000 / 2020 - \$75,000 / 2024 - \$85,000

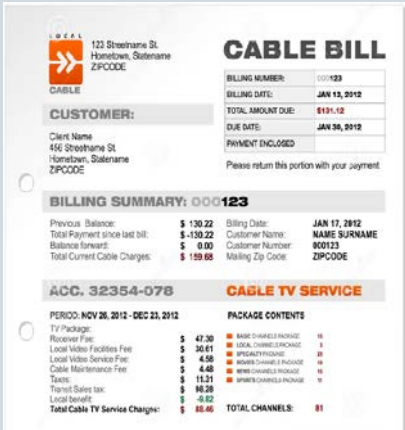
Disabled Persons Exemption: 2018 - \$30,000 / 2019 - \$45,000 / 2020 – \$60,000 / 2021 - \$75,000 / 2024 - \$85,000

# Monthly City Tax Bill vs Other Average Utility Bills

Property Value \$250,000	Total City Tax Bill - \$668.15
Taxable Value (w/20% homestead exemption) - \$200,000	Monthly City Tax Bill Allocation
General Government	\$5.95
Community Development	\$1.68
Police & Animal Shelter	\$12.86
Fire & Fire Marshal	\$6.11
Public Services	\$6.80
Capital Projects & Street/Sidewalk Improvements	\$1.27
Transfers	\$0.52
Debt Service	\$20.49
Monthly Tax Amount	<b>\$55.68</b>



Internet: \$75.00



Cable: \$100.00



Cell Phone: \$120.00



Electricity: \$150.00

# Overlapping Tax Rates

(Based on 2023 Tax Rates)



Lamar Consolidated ISD  
51%\*

Fort Bend County  
28%\*

City of Rosenberg  
21%\*

\*after homestead exemption

# Recommendation

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- Staff recommends City Council approve a PROPOSED tax rate of \$0.334077 for the 2024 tax year.
- A tax rate of \$0.334077 allows the City to:
  - Provide for a Balanced General Fund budget without using fund balance
  - Decrease in tax rate from \$0.342364 to \$0.334077
  - Provide a 2.5% to 3% salary increase for employees
  - Add four (4) full-time and one (1) part-time positions
  - Maintain the state maximum allowable homestead exemption of 20%
  - Increased exemption for the Over 65 and Disabled Persons with a homestead exemption to \$85,000
  - \$1,000,000 in funding for much needed street and sidewalk repairs
  - \$926,000 in funding for capital projects and supplemental budget requests

# Other Considerations

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- A record vote on the PROPOSED tax rate of \$0.334077 is necessary for posting the proper Notice to taxpayers.
- A tax rate of \$0.334077 is **NOT** a tax increase since it is equal to the No New Revenue Rate (NNR).
- City Council should consider holding the budget workshop meetings to discuss and understand the proposed budget prior to making any changes or reducing the proposed tax rate below the NNR rate.
- If City Council does not intend to issue Certificates of Obligation for projects, the NNR rate is needed to help fund CIP projects.
- A rate lower than the NNR will require reductions or reallocations to the budget and will make it challenging to add any other items requested by City Council.

# City Council Action

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