



# City of Denton

City Hall  
215 E. McKinney Street  
Denton, Texas  
[www.cityofdenton.com](http://www.cityofdenton.com)

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## AGENDA INFORMATION SHEET

**DEPARTMENT:** Finance

**CMO/CFO:** David Gaines

**DATE:** August 16, 2022

### **SUBJECT**

Consider approval of a resolution of the City Council of the City of Denton, Texas placing a proposal on the September 27, 2022, City Council public meeting agenda to adopt a 2022 Tax Rate that will exceed the lower of the no-new-revenue tax rate or the voter approval tax rate; calling a public hearing on the proposed tax rate increase to be held on September 20, 2022; calling a public hearing on the budget for the fiscal year 2022-2023 Annual Program of Services of the City of Denton to be held on September 20, 2022; requiring the publication and posting of notices of the public hearings and meetings in accordance with the law; and providing an effective date.

### **BACKGROUND**

The Texas Constitution and Texas Property Tax & Local Government Codes require taxing units to comply with specific guidelines in adopting tax rates. The guidelines are related to a concept known as truth-in-taxation. This concept is a way to make taxpayers aware of tax rate proposals and allow taxpayers in certain circumstances, to rollback or limit a tax increase.

The truth-in-taxation guidelines require taxing entities to calculate and publish their no-new-revenue and voter-approval tax rates. The no-new-revenue rate (formerly known as the effective rate) is the calculated rate that would provide the taxing unit approximately the same amount of revenue it received in the previous year on properties taxed in both years. This rate excludes taxes on properties no longer in the taxing unit and excludes any growth due to new property values. Based on the certified estimates received from Denton Central Appraisal District (DCAD) on July 25<sup>th</sup>, the City of Denton's 2022 no-new-revenue tax rate is \$0.511429/\$100 valuation.

The voter-approval rate (formerly known as the rollback rate) divides the total property tax revenue into support for maintenance and operations (M&O) taxes and debt service taxes. If a taxing unit adopts a tax rate higher than the voter-approval rate, an election must be held to seek voter approval of the tax rate. Based on the certified estimates received from DCAD on July 25<sup>th</sup>, the City of Denton's 2022 voter-approval tax rate is \$0.603743/\$100 valuation.

To provide a conservative revenue estimate, the City Manager's FY 2022-23 Proposed Budget recommended a tax rate of \$0.555682 per \$100 of valuation. To allow for flexibility during the budget process, staff recommends that the tax rate of \$0.575682 be used for publication purposes. In addition, one public hearing will be called on the proposed tax rate on September 20, 2022. Publication of a quarter-page notice ("Notice of Meeting to Vote on Tax Rate") informing the public of the public hearing on the adoption of the tax rate will also be published. Staff will continue to provide updates to City Council as additional information is received from DCAD.

In addition to the state requirements for the truth in taxation legislation, the City Charter and Chapter 102 of the Texas Local Government Code require the City Council to set a public hearing on the FY 2022-23 Annual Program of Services. In compliance with the City Charter and Chapter 102, we are also required to publish a notice of the public hearing in the *Denton Record Chronicle* not earlier than the 30th day or later than the 10<sup>th</sup> day before the date of the public hearing on the budget. The “Notice of Public Hearing on Budget” will be published in the *Denton Record Chronicle*. It will also be posted on the City of Denton’s website, <http://www.cityofdenton.com> and air on the public access channel.

### **RECOMMENDATION**

Staff recommends approval of the resolution.

### **ESTIMATED SCHEDULE OF PROJECT**

September 20, 2022	Public Meeting on Tax Rate
September 20, 2022	Public Hearing on Annual Program of Services
September 27, 2022	Adopt Tax Rate and Budget

### **EXHIBITS**

1. Agenda Information Sheet
2. Resolution
3. Presentation

Respectfully Submitted:  
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