<div align="center">**MEMORANDUM**</div>

**TO:**      Mayor TJ Gilmore
Mayor Pro Tem William J. Meridith
Deputy Mayor Pro Tem Patrick Kelly
Councilmember Bob Troyer
Councilwoman Ronni Cade
Councilmember Brandon Jones
Councilwoman Kristin Green

**FROM:**    Claire Powell, City Manager

**DATE:**    September 18, 2023

**SUBJECT:**    **Consideration of an Ordinance Adopting the FY 2023-2024 Tax Rate**

## BACKGROUND

Section 26.05 of the Texas Property Tax Code requires a governing body to adopt a tax rate for the current tax year. The tax rate must be adopted as two separate components: (1) maintenance and operation and (2) principal and interest on debt service.

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|---|---|
| Maintenance and Operation | $0.296759 |
| Principal and Interest on Debt Service | $0.122320 |
| Total Tax Rate | $0.419079 |

## ANALYSIS

The City's FY 2023-24 proposed tax rate for all taxable property is $0.419079. Council has proposed reducing the tax rate by $0.024222 to $0.419079. The proposed tax rate does not exceed the voter-approval rate but does exceed the no-new-revenue rate of $0.392761 by 6.7 percent. The Maintenance and Operations (M&O) rate exceeds the no-new-revenue M&O rate of $0.286104 by 3.72 percent. The proposed total tax rate does not exceed the voter-approval rate of $0.419079. Specific language is required in the ordinance and the motion when the tax rates adopted exceed the no-new-revenue or the voter-approval rate. Additionally, when the proposed tax rate exceeds the no-new-revenue rate, the vote on the ordinance setting the tax rate must be a record vote and must be approved by at least 60 percent of the members of the governing body. For the City of Lewisville, this equals at least five voting members. The motion to adopt the ordinance must be made using specific language found in the recommendation below.

## CITY STAFF'S RECOMMENDATION

That City Council approve the proposed ordinance adopting the FY 2023-2024 tax rate with the following motion: "I move that the property tax rate be increased by the adoption of a tax rate of $0.419079, which is effectively a 6.7 percent increase in the tax rate."