



Memorandum

To: Honorable Mayor Jeff Cheney and Members of the Frisco City Council

Cc: Wes Pierson, City Manager
Jennifer Hundt, Interim Chief Financial Officer

From: Tanya Anderson, Interim Director of Budget and Planning Services

Date: September 19, 2023

Subject: Public Hearing to consider and act upon and record the vote to adopt an Ordinance levying the tax rate for the City of Frisco, Texas for the Tax Year 2023, Fiscal Year 2024. (Budget/TA)

Action Requested: City Council adoption of the Fiscal Year 2024 tax rate for the Tax Year 2023 of \$0.432205.

Required Motions when acting on this Ordinance:

1. I move to approve an ad valorem tax rate of \$0.289263 on each \$100 of assessed valuation of taxable property for general City purposes and to pay the current maintenance and operations expenses of the City of Frisco, for the fiscal year beginning October 1, 2023, and ending September 30, 2024, and to adopt this Ordinance, fixing and levying the same for a total tax of \$0.432205 on each \$100 of assessed valuation. I move that the property tax rate be increased by the adoption of a tax rate of \$0.432205, which is effectively a 4.80% increase in the tax rate.
2. I move to approve an ad valorem tax rate of \$0.142942 on each \$100 of assessed valuation of taxable property for the purpose of creating an interest and sinking fund to pay the interest and principal of the valid and outstanding indebtedness, capital lease payments and related fees of the City of Frisco, for the fiscal year beginning October 1, 2023, and ending September 30, 2024, and to adopt this Ordinance, fixing and levying the same for a total tax of \$0.432205 on each \$100 of assessed valuation. I move that the property tax rate be increased by the adoption of a tax rate of \$0.432205, which is effectively a 4.80% increase in the tax rate.

This year's proposed tax rate exceeds the No-New-Revenue Tax Rate. Property Tax Code 26.05(b) requires a record vote with at least 60 percent of the members of the governing body voting in favor, and the specific statement that "**THIS TAX**

RATE WILL RAISE MORE TAXES FOR

MAINTENANCE AND OPERATIONS THAN LAST YEAR’S TAX RATE. THE TAX RATE WILL EFFECTIVELY BE RAISED BY 3.84 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$-1.67”, in addition to the two separate motions to adopt this Tax Rate Ordinance.

Background Information: The Texas Property Tax Code, Truth in Taxation laws, require the City to annually adopt an ordinance levying the tax rate for the ensuing fiscal year. The No-New-Revenue Tax Rate and Voter-Approval Tax Rate were calculated and published as required. The Fiscal Year 2024 Annual Budget is based on the published tax rate of \$0.432205. The City’s fiscal year 2024 tax rate of \$0.432205 is split between the maintenance and operations (M&O) rate of \$0.289263 and the debt service (I&S) component of \$0.142942. The ratio of the M&O rate and I&S rate is 67% and 33%.

Financial Considerations: N/A

Legal Review: The City Attorney’s Office has reviewed the Ordinance and approved it as to form.

Alternatives: The City Council could choose to set a different tax rate. The recommended tax rate cannot be greater than the proposed tax rate of \$0.432205 that has been advertised.

Board/ Citizen Input: This is a public hearing and meeting to vote on the tax rate. The City website has been updated with the required notices. The CAD websites have been updated with all required notices and publications related to the City of Frisco. 10 responses were received through the Collin and Denton appraisal districts truth in taxation websites set up as required by state law. Comments on values, process, and taxes are included in the chart below.

	Mode of Outreach	Target of Outreach	Response/Attendance	Summary of comments received
1	Public Meeting – Council Work Session, August 7, 2023	Non-targeted/broad community	Council Work Session	No comments were received
2	Newspaper Ad	Non-targeted/broad community	Community paper	No comments were received
3	Public Hearing on the Budget – August 15, 2023	Non-targeted/broad community	Council Meeting	No comments were received
4	Public Hearing on the Budget – September 5, 2023	Non-targeted/broad community	Council Meeting	No comments were received

7	Denton Truth in Taxation Website	Non-targeted/broad community	Online	3 votes: 1 favorable, 1 neutral, 1 unfavorable. Comments included: 1 related to not being able to see their homestead exemption applied, 1 regarding the taxes are too high, 1 appreciating the homestead exemption approach.
8	Collin Truth in Taxation Website	Non-targeted/broad community	Online	7 votes: 2 favorable (yes) votes and 5 unfavorable (no) votes. Comments included: 1 related to not being able to see their homestead exemption applied, 2 regarding the overall tax rate is relatively too high, 1 was promised a tax reduction, and 3 provided no comment.

Supporting Documents: Ordinance and Adoption of Tax Rate Calculations.

Staff Recommendation: The fiscal year 2024 budget approved under separate ordinance is based on the \$0.432205 tax rate. Any change in the recommended rate could require a reduction to the budget.