

Item 7.3 Adopting a Maximum Tax Rate for FY 2023

**City Council Regular Meeting
August 9, 2022**

Fiscal Year 2023 Executive Overview

Maintaining Services and Improving Efficiencies Amidst Economic Uncertainty

Property Taxes

- Tax rate captures the full value of new growth and development
- Maintenance & Operations (M&O) rate captures 2.31% of the 3.50% allowable increase
- Continued management and reduction of Interest & Sinking (I&S, or “Debt”) rate
- Proposed tax rate is a total reduction of 4.00 cents, totaling a 7.48 cent reduction over the last 3 years

| | FY 2021 | FY 2022 | FY 2023 | Tax Rate Δ |
|---------------------------|--------------------|--------------------|--------------------|----------------------|
| Maintenance & Operations | \$ 0.398672 | \$ 0.381257 | \$ 0.354866 | \$ (0.026361) |
| Economic Development | 0.022468 | 0.021707 | 0.020047 | (0.001660) |
| Interest & Sinking | 0.120433 | 0.120266 | 0.108317 | (0.011949) |
| Total COL Tax Rate | \$ 0.541573 | \$ 0.523230 | \$ 0.483230 | \$ (0.040000) |

FY23 Ad Valorem Taxes

FY 2023 Operating and Capital Budget

State Required Language (Revenue Year-over-Year Increase)

This budget will raise **more** total property taxes than last year’s budget by \$4,720,457, or 4.87%, and of that amount, \$2,969,882 is tax revenue to be raised from new property added to the roll this year.

The proposed tax rate decrease is still considered a tax increase

Tax Year 2022 Rates

- No-New-Revenue Rate: \$0.476762
- Voter-Approval Tax Rate: 0.488963
- Unused Increment (UI): 0.003632
- Voter-Approval Tax Rate w/ UI: \$0.492595
- **FY 2023 Proposed Rate: \$ 0.483230**

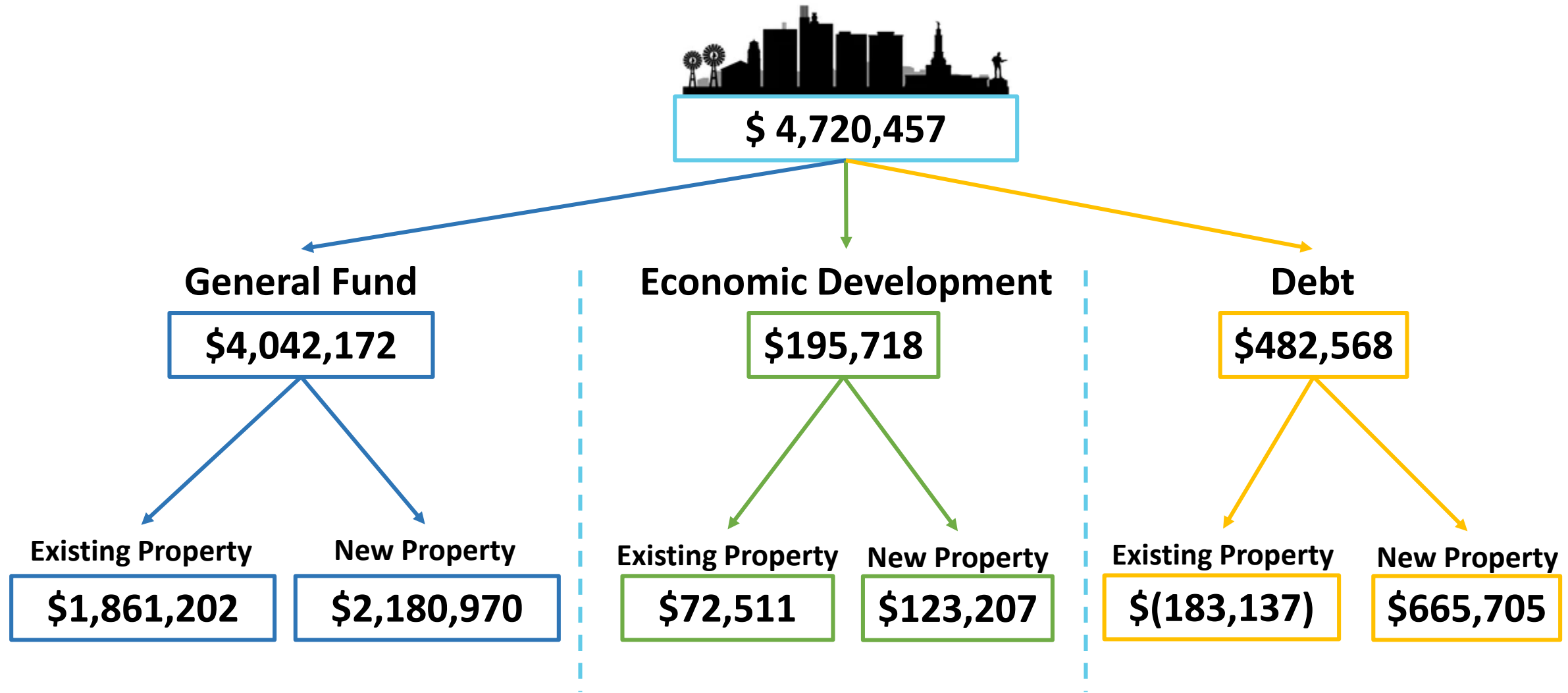
- Tax Year 2022 Preliminary Values: \$ 21,702,000,000
- Tax Year 2022 Certified Values: \$ 23,609,040,118

- Tax Year 2021 Over-65 Exemption Levy: \$ 8,166,705
- Tax Year 2022 Over-65 Exemption Levy: \$ 7,640,820

Certified Net Taxable Value of the City of Lubbock rose to \$23.6 billion, a 13.1% increase over prior year, or \$2.7 billion

Ad Valorem Revenue Increase Breakdown

FY 2023 Operating and Capital Budget

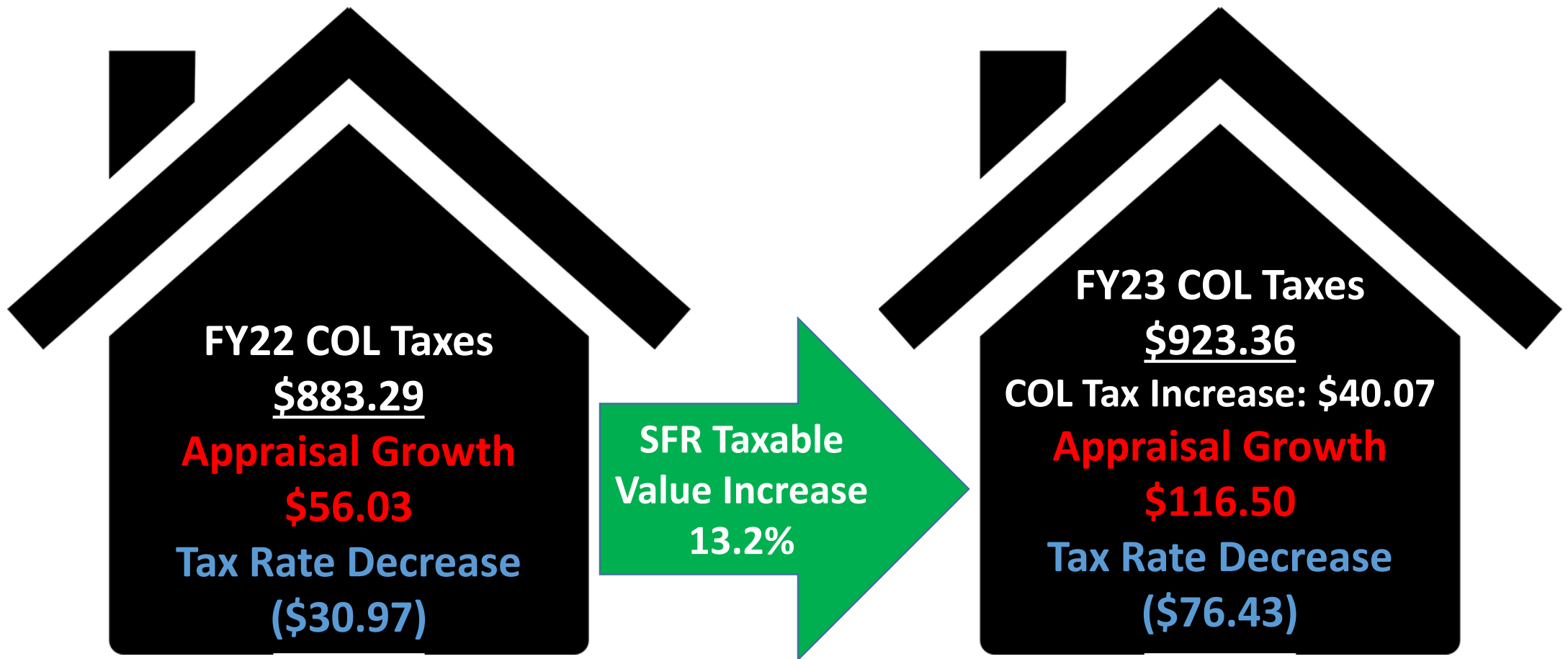


Tax Rate and Appraisal Effect on Average Home

Average Single Family Residential Home will see a \$40.07 increase in Property Taxes

FY22 – SFR Avg Taxable Value: \$168,814

FY23 – SFR Avg Taxable Value: \$191,081



Budget Adoption Schedule

FY 2023 Operating and Capital Budget

- August 9, 2022 City Council Meeting 2:00 pm
 - Adopt a maximum tax rate by Resolution

- August 23, 2022 Regular City Council Meeting
 - No Formal Council Action
 - Potential Budget Work Session Discussion

- September 6, 2022 Special City Council Meeting 5:30 pm
 - Budget Public Hearing
 - **Tax Rate Public Hearing**
 - 1st Reading of Budget Ordinance
 - **1st Reading of Tax Rate Ordinance**

- September 13, 2022 City Council Meeting 2:00 pm
 - 2nd Reading of Budget Ordinance
 - Budget Ratification Resolution
 - **2nd Reading of Tax Rate Ordinance**
 - Hotel Tax Resolution

Questions & Feedback

Proposed Operating Budget
& Capital Program

