

**Mid-Valley Town Crier  
Editorial – “Tax rate drop  
questioned: Can Weslaco  
afford it?”  
August 28, 2013**

## **Facts**

“Weslaco city commissioners’ recent move to lower the tax rate by a penny in fiscal year 2014, and by a cent each future year”

The decrease is one cent every other year and only until the rate of \$.65/\$100 of valuation is reached. Current rate is \$.6967/\$100. Using the information provided in the editorial the city would pay the property owners after 70 years.

“we’re concerned that there is no clear plan as to how the city will make up the lost revenue.”

The city’s budget includes revenues to offset the decrease and still add to the general fund balance. The **\$131,000 decrease is less than .0066 of the general fund revenues.**

“the city also intends to give out more in retirement benefits for employees and match deposits at a 1.5 to 1 ratio, according to budget proposals that will be formalized in September”.

The city’s current pension rate match is 1.5 to 1. The 2014 fiscal budget proposes a 2 to 1 match. This restores the matching ratio to the 2010 fiscal year rate.

Nowhere in the 2014 budget proposal does it mention the 1.5 to 1 ratio.

“then most certainly a penny decrease is warranted. But is it sustainable”?

Since fiscal year 2011 the city has added to the general fund balance and will continue to do so until a 25% of operating expenditures balance is attained. This is projected to occur in fiscal year 2014, even after including the one cent property tax decrease and the increased contribution to the pension plan. After fiscal year 2014, the funds used to increase the general

fund balance will be available for the tax decreases and other expenditures. The **\$131,000 decrease is less than .0066 of the general fund revenues.**

“beginning next fiscal year, the city is taking over operations of the city water and wastewater plants. Isn't it possible that might bring unforeseen expenses as well”?

The water and wastewater operations are in different funds from the property tax revenues (general fund) and will have no impact on the general fund because of the decrease in the property tax rate.

“heady decisions that city leaders appear to be making rather quickly”,

1. The conversation concerning decreasing the tax rate was started in 2010.
2. City leaders increased the contribution to the pension plan last year to 1.5 to 1.

“and notably right before November elections for several city positions”.

1. At least two city positions will be elected every November.
2. The budget and tax rate schedules are set by state law (and must be approved prior to October 1<sup>st</sup>).

“we ask that transparency to taxpayers during this process be key.”

1. The proposed budget is posted at two locations on the city website.
2. There is also a link through the Monitor when the workshops are posted.
3. The proposed budget includes all revenues and expenses for the city.
4. The city holds budget workshops for all people to attend and provide input.

