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Tommy Gonzalez

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# City of El Paso Provides Fiscal Year 2023 Budget Overview, Proposes Reducing Tax Rate

## City Increases Investment in Priorities, Proposes Maintaining Tax Relief for Seniors, Residents with Disabilities

**EL PASO, Texas**—The City of El Paso presented the preliminary budget for Fiscal Year 2023 on Tuesday, June 21, 2022, which proposes **decreasing the City’s tax rate** and maintaining tax relief for seniors and residents with disabilities.

City Manager Tommy Gonzalez and Chief Financial Officer Robert Cortinas presented a preliminary budget that prioritizes the community’s needs while also taking into account the current economic environment.

This year’s budget will:

- Lowers the Operating and Maintenance property tax rate by 1.4 cents (equals approx. \$5.25 million)
- Maintain property tax savings for more than 52,000 seniors and disabled
- Increases uniform staffing by 60 new positions (29 police and 31 fire) and funds new police cars and fire equipment
- Continue street resurfacing program, traffic safety program, neighborhood traffic mitigation program, and street striping and light program
- Include operating costs for voter-approved bond projects to include the Children’s Museum, Mexican American Cultural Center, Penguin Exhibit, Joey Barraza and Vino Regional Park
- Increase minimum wage by 6.8 percent (an additional 75 cents), no increase to employee healthcare costs, and new/improved incentives
- Increase in fixed costs and contracts such as information technology, janitorial, security, November election, appraisal services, and utilities

The decreased tax-rate proposal is possible due to strong financial management practices including:

- Recent debt refinancing that continues to allow for NO General Fund subsidies to be needed to cover the ballpark debt payment
- Leveraging Federal and State Grants to include the:
  - Adequate Fire and Emergency Response (SAFER) Grant, which funds additional firefighters for Fire Station 36
  - Centers for Disease Control and Prevention (CDC) grants to address health disparities and future crisis response
- Texas Anti-Gang (TAG) grant to provide a \$10.6 million investment in public safety for our region
- Modifying Transportation Reinvestment Zone #2 allowing the City to reimburse the General Fund with excess revenues
- The City Council approving an early payoff of our capital leases obligations in July 2021 which saved \$4 million next year in the operating budget

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“For the last eight years, the City has been aggressively working on long-term financial stability by working to align our budget to the Council-approved Strategic Plan and identifying new financial tools and resources to include set-aside funds, a budget stabilization fund and growth of our reserves,” Gonzalez said. “Our future-forward approach has allowed our city to gradually rebound from the challenging economic situation caused by the pandemic, while still being able to address essential priorities such as public safety, streets and public health. We have also been able to maintain a strong bond rating and continue our sales tax growth.”

The proposed City budget also responds to the community’s priorities identified through multiple outreach opportunities including the City’s Chime In Survey process, City Council requests, and other community surveys. The City’s approach to this year’s budget includes:

- Providing financial relief to taxpayers through strategic economic recovery
- Continuing our commitment to the community with the completion of bond projects (capital and operating costs) and providing exceptional services
- Investing aggressively in our workforce through compensation, benefits, and incentives
- Adding cost growths in contractual obligations and fixed costs due to current economic environment

The City leadership, via Council direction, has developed a Strategic Economic Recovery plan to include:

- **No tax rate increase** for the last two years and tax decrease provided last year for 52,000 seniors & disabled
- Tax rate **decrease proposed** for upcoming budget
- State constitutional amendment increasing the amount of the **homestead exemption savings** from \$25,000 to \$40,000
- \$196 million in **savings on Texas Gas** costs (Winter Storm URI)
- \$28.3 million **savings on El Paso Electric** rate case settlement (about \$117 savings on the average residential bill)
- \$268 million in **new property tax revenue** for all taxing entities as a result of City Economic Incentive Agreements
- \$37 million for **rental and utility assistance**, \$29.4 million in Community Development from CARES and ARPA, and \$35.9 million for **small business assistance**

Additional important budget dates to note:

- June 27-29: Budget Work Sessions
- July 25: Receive Certified Tax Roll from Central Appraisal District
- August 1: Present Certified Tax Roll and Ordinance Introducing Tax Rate
- August 9: Public Hearing on FY 2023 Budget
- August 23: Adopt FY 2023 Budget and Tax Rate

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