

Legislation Text

File #: 19-668, Version: 1

Presenter/Contact

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SUBJECT:

Discuss and consider approval of the second and final reading of an ordinance adopting the 2019 ad valorem tax rates.

BACKGROUND / RATIONALE:

City Council held work sessions on the FY 2019-20 Budget and tax rates on August 12, 13, 14, and 19.

The proposed tax rate is equal to the current tax rate of .48822 cents. While the total tax rate remains unchanged, the two components that make up the rate have been modified. The Interest & Sinking (I&S - debt service) portion of the rate totals .214498 cents while the Operations & Maintenance (O&M - General Fund) portion of the rate totals .273722 cents. The total rate of .48822 cents is equal to the rollback rate for this year as well. As a result of the rollback calculation, the O&M (General Fund) portion of the rate decreases slightly. The I&S Rate increases to the level needed to support our debt service and maintain the current tax rate. By increasing the I&S rate to the point that our rollback rate and current rate are aligned, it allowed for an increase to our first issuance for the 2019 bond program to approximately \$18.5 million. As discussed during the debt issuance strategy presentation at the July 22nd City Council meeting, these additional funds will be added to the allocation for the Police Department and Veterans Memorial project. Following is a summary of the tax rate calculations completed by the Comal County Tax Office.

PROPOSED TAX RATE	\$0.48822 PER \$100
PRECEDING YEAR'S TAX RATE	\$0.48822 PER \$100
EFFECTIVE TAX RATE	\$0.45292 PER \$100
ROLLBACK TAX RATE	\$0.48822 PER \$100

State law requires that two public hearings be held by the governing body before adopting the final tax rate. The first hearing was held on August 22. The second public hearing will be held on September 3.

ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

<input checked="" type="checkbox"/>	Yes	City Plan/Council Priority	Strategic Priorities: Maintain fiscal stability of City operations
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FISCAL IMPACT:

The ad valorem tax revenues provide funding for the FY 2019-20 Budget in the General Fund and Debt Service Fund.

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Staff recommends approval of the first reading of the tax ordinance for the 2019 ad valorem tax rates.