

Legislation Text

File #: 20-535, Version: 1

Presenter/Contact

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SUBJECT:

Discuss and consider approval of the Proposed 2020 Tax Rate.

BACKGROUND / RATIONALE:

In order for property owners in the State of Texas to be informed of any increases in their property values, truth-in-taxation requirements were embodied in the Texas Constitution and the Tax Code. Taxing units are required to calculate the No New Revenue (effective) tax rate and the Voter Approval (rollback) tax rate after receiving the certified appraisal roll from the chief appraiser.

The No New Revenue tax rate is the total tax rate needed to raise the same amount of property tax revenue from the same properties in both the 2019 tax year and 2020 tax year. The Voter Approval tax rate (VAR) is the highest tax rate the City may adopt before a mandatory election is triggered. Previously, when an entity presented a rate above this threshold, voters would then be entitled to petition for an election to limit the rate that may be approved. In addition to this change, the VAR threshold on the increase to Operations and Maintenance (O&M) taxes was reduced from 8% to 3.5%.

The proposed tax rate of 48.3194 cents is a .5 cent decrease from last year. The two components that make up the rate have been modified as well. The Interest & Sinking (I&S - debt service) portion of the rate totals 22.7956 cents while the Operations & Maintenance (O&M - General Fund) portion of the rate totals 25.5238 cents. The total rate of 48.3194 cents is equal to the Voter Approval tax rate for this year as well. As a result of the Voter Approval calculation, the O&M (General Fund) portion of the rate decreases by nearly 1.8 cents. The I&S Rate increases to the level needed to support our debt service, approximately 1.3 cents, specifically the planned \$55 million issuance to progress the 2019 bond projects. The net effect of the adjustments to the two components is what generates the .5 cent overall reduction. Following is a summary of the tax rate calculations completed by the Comal County Tax Office.

PROPOSED TAX RATE	\$0.48319 PER \$100
PRECEDING YEAR'S TAX RATE	\$0.48822 PER \$100
No New Revenue (EFFECTIVE) TAX RATE	\$0.44702 PER \$100
Voter Approval (ROLLBACK) TAX RATE	\$0.48319 PER \$100

State law requires that a public hearing be held by the governing body before adopting the final tax rate. These hearings will be held on September 10.

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

<input checked="" type="checkbox"/>	Yes	City Council Priority	Strategic Priorities: 8-Maintain fiscal stability of City operations
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FISCAL IMPACT:

Property Tax is one of the primary sources of revenue supporting the General Fund and Debt Service Fund.

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Staff recommends City Council set the proposed tax rate with a record vote.