



AGENDA MEMORANDUM

Action Item for the City Council Meeting of August 18, 2020

DATE: August 11, 2020

TO: Peter Zanoni, City Manager

FROM: Heather Hurlbert, Director of Finance and Business Analysis
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<p>Vote to Consider the Proposed FY2020-2021 Property Tax Rate</p>
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CAPTION:

Resolution to consider a proposed future property tax rate of \$0.646264 per one hundred dollars valuation for the upcoming 2020-2021 fiscal year at the public hearing scheduled for September 8, 2020 with final approval on the property tax rate of \$0.646264 set to occur on September 15, 2020

SUMMARY:

Sec 26.06 of the Tax Code requires the names of all members of the governing body, showing how each voted on the proposal to consider the tax rate or, if one or more were absent, indicating the absences.

This agenda item is needed for the City to be in compliance with the "truth-in-taxation" requirements regarding the Tax Code, as the City's Fiscal Year (FY) 2020-2021 proposed property tax rate exceeds the lower of the no-new-revenue tax rate or the voter-approval tax rate.

BACKGROUND AND FINDINGS:

If a proposed property tax rate exceeds the no-new-revenue tax rate or the voter-approval tax rate, whichever is lower, the Tax Code requires that the governing body must vote to place a proposal to adopt the tax rate on the agenda of a future meeting as an action item. This vote must be recorded. If the motion passes, then the governing body must schedule one public hearing on the proposal.

The Nueces County Tax Office provided the City with the no-new-revenue and the voter-approval tax rates during the first week of August. The rates are as follows:

- No-New-Revenue Tax Rate - \$0.632600 per \$100/valuation
- Voter-Approval Tax Rate - \$0.654723 per \$100/valuation

Since the proposed FY 2020-2021 tax rate of \$0.646264 per \$100 valuation exceeds the lower of the no-new-revenue tax rate or the voter-approval tax rate, the Tax Code requires the governing body to take a vote to place a proposal to adopt the tax rate on the agenda of a future meeting as an action item, and the vote must be recorded.

One public hearing must also be held. We are planning on holding the public hearing for the FY 2020-2021 budget and proposed tax rate on September 8, 2020, as well as the first reading of the ordinance for adoption of the FY 2020-2021 budget and the first reading of the ordinance for adoption of the FY 2020-2021 property tax rate. The vote for the final adoption of the budget and tax rate is scheduled to be held on September 15, 2020. Additionally, in compliance with the “truth-in-taxation” guidelines, the proposed property tax rate, the no-new-revenue tax rate, and the voter-approval tax rate must be published at least seven (7) days before the public hearing. We are planning on publishing in the Corpus Christi Caller-Times on August 23, 2020.

The last step in the “truth-in-taxation process” will be the approval of the tax levy in October once the property tax rate is adopted and the property tax bills are processed by the Nueces County Tax Office.

ALTERNATIVES:

N/A

FISCAL IMPACT:

FY 2020-2021 property tax revenue is projected to be \$136,393,977. Of this amount, \$87,373,425 is for the General Fund or (M&O); \$49,020,552 is for the Debt Service Fund or (I&S). Of the \$87,373,425 recorded in the General Fund, \$8,188,585 will be transferred to the Residential Streets Fund as per the City Charter.

FUNDING DETAIL:

N/A

RECOMMENDATION:

Staff recommends approval of the resolution to consider a FY 2020-2021 property tax rate of \$0.646264 per \$100/valuation at a public hearing on September 8, 2020, and City Council final approval on September 15, 2020..

LIST OF SUPPORTING DOCUMENTS:

Resolution

