



AGENDA MEMORANDUM

Action Item for the City Council Meeting of September 16, 2014

DATE: September 16, 2014

TO: Ronald L. Olson, City Manager

FROM: Constance P. Sanchez, Director of Financial Services
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Ordinance Adopting the Fiscal Year 2014 Property Tax Rate
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CAPTION:

Ordinance setting a property tax rate of \$0.585264 per \$100 valuation which is effectively a 7.71% increase over the effective tax rate; and declaring an emergency.

PURPOSE:

Chapter 26.05 of the Property Tax Code states that a governing body of a taxing unit shall adopt a property tax rate before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit. This agenda item is in compliance with the Property Tax Code and will set the tax rate at \$.585264 per \$100 valuation, which was the rate used to determine the ad valorem tax rate revenue included in the fiscal year 2014-2015 operating budget and is the same ad valorem tax rate that is currently in effect.

BACKGROUND AND FINDINGS:

If a proposed property tax rate exceeds the effective tax rate, the Property 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 two public hearings on the proposal. This vote was taken on August 12, 2014. Subsequently, two public hearings were held – one on August 26, 2014, and the second on September 9, 2014.

This agenda item is required to set the property tax rate for fiscal year 2014-2015. Since the property tax rate of \$0.585264 per \$100 valuation exceeds the effective tax

rate of \$0.543343 per \$100 valuation, specific wording is required in the ordinance to adopt the tax rate. It should be noted that two different percentage “increases” are noted in the ordinance. The first amount listed in the caption represents the percentage change between the total proposed tax rate (\$0.585264) and the total effective tax rate (\$0.543343). The second amount listed in the body of the ordinance represents the percentage change in the maintenance and operations portion of the proposed tax rate (\$0.376806) to the maintenance and operations portion of the effective tax rate (\$0.349273). This is in compliance with the specific wording outlined in the Property Tax Code.

ALTERNATIVES: n/a

OTHER CONSIDERATIONS: n/a

CONFORMITY TO CITY POLICY:

This item conforms to City policy.

EMERGENCY / NON-EMERGENCY:

Staff is requesting an emergency reading due to the fact that Section 26.06(e) of the Property Tax Code specifies that the meeting to vote on the tax “increase” may not be earlier than the third day or later than the 14th day after the date of the second public hearing. Since the second public hearing was held on September 9th, and the 14th day after that date is September 23rd, action could actually be taken September 23rd. However this date is too late for the Nueces County Tax Office to prepare and mail all property tax bills by October 1st.

DEPARTMENTAL CLEARANCES:

- Legal Department

FINANCIAL IMPACT:

Not Applicable Operating Expense Revenue CIP

FISCAL YEAR:	Project to Date Exp. (CIP Only)	Current Year	Future Years	TOTALS
Budget	-	-	\$ 92,787,000	\$ 92,787,000
Encumbered/Expended amount of (date)	-	-	-	-
This item	-		\$ 92,787,000	\$ 92,787,000
BALANCE	-	-	\$ -	\$ -
FUND(S): General Fund \$59,737,000 Debt Service Fund \$33,050,000				

COMMENTS:

n/a

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

- Ordinance