



AGENDA MEMORANDUM

Action Item for the City Council Meeting of July 30, 2019

DATE: July 19, 2019

TO: Peter Zaroni, City Manager

THRU: Constance P. Sanchez, Interim Assistant City Manager

FROM: Alma Casas, Interim Director of Financial Services
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Action Setting the City Council Meeting Date to Adopt the Property Tax Rate

CAPTION:

Motion setting September 17, 2019 as the date of the adoption of the ad valorem tax rate of \$0.646264 per \$100 valuation.

PURPOSE:

The fiscal year 2019-2020 proposed operating budget utilizes a tax rate of \$0.646264 per \$100 valuation in the determination of ad valorem tax revenue for fiscal year 2019-2020. This tax rate includes an increase of two cents from the prior year's property tax rate to be used for residential streets as approved by the citizens on November 8, 2016. This is the second of three two-cent increases noted in the "2+2+2" charter amendment approved by the voters. This agenda item is needed for the City to be in compliance with "truth-in-taxation" as it relates to the Tax Code in the event that the City's fiscal year 2019-2020 proposed tax rate exceeds the lower of the effective tax rate or the rollback rate.

BACKGROUND AND FINDINGS:

If a proposed property tax rate exceeds the effective tax rate or the rollback 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 two public hearings on the proposal.

The Nueces County Tax Office will be providing the City with the effective tax rate worksheet during the first week of August. In the event that the proposed fiscal year 2019-2020 tax rate of \$0.646264 per \$100 valuation exceeds the lower of the effective

tax rate or the rollback 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.

Two public hearings must also be held. If needed, we are planning on holding the first public hearing on August 27, 2019, and the second public hearing on September 10, 2019. Then the vote for the final adoption of the tax rate is scheduled to be held on September 17, 2019. Additionally, in compliance with the “truth-in-taxation” guidelines, the proposed property tax rate, effective tax rate, and rollback rate must be published at least seven (7) days before the public hearings. We are planning on publishing in the Corpus Christi Caller-Times on August 18, 2019.

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

ALTERNATIVES:

n/a

OTHER CONSIDERATIONS:

n/a

CONFORMITY TO CITY POLICY:

This item conforms to City policy.

EMERGENCY / NON-EMERGENCY:

This item is non-emergency.

DEPARTMENTAL CLEARANCES:

- Office of Management and Budget
- City Attorney’s Office

FINANCIAL IMPACT:

Operating Expense Revenue Capital Not Applicable

FISCAL YEAR:	Project to Date Exp. (CIP Only)	Current Year	Future Years	TOTALS
Budget	-	-	\$ 128,514,111	\$ 128,514,111
Encumbered/Expended amount of (date)	-	-	-	-
This item	-		\$ 128,514,111	\$ 128,514,111
BALANCE	-	-	\$ -	\$ -
FUND(S): General Fund	\$84,873,254			
Debt Service Fund	\$43,640,857			

COMMENTS:

n/a

RECOMMENDATION:

City staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

None