



## AGENDA MEMORANDUM

Action Item for the City Council Meeting of August 18, 2015

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**DATE:** August 5, 2014

**TO:** Ronald L. Olson, City Manager

**FROM:** Constance P. Sanchez, 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 15, 2015, as the date of the adoption of a proposed maximum ad valorem tax rate of \$\_\_\_\_\* per \$100 valuation. \* The proposed rate will be inserted at the August 18<sup>th</sup> meeting.

### **PURPOSE:**

The fiscal year 2015-2016 proposed operating budget utilizes a tax rate of \$0.606264 per \$100 valuation in the determination of ad valorem tax revenue for fiscal year 2014-2015. This is 2.1 cents higher than the prior year's property tax rate due to a voter-approved increase as a result of the Bond 2014 propositions approved in November 2014. Since this rate exceeds the effective tax rate, the motion noted above is needed for the City to be in compliance with "truth-in-taxation" as it relates to the Tax Code.

It should be noted that the City Council is also considering increasing the tax rate in fiscal year 2015-2016 to cash fund the reconstruction of residential streets. This will be discussed and decided during the August 18, 2015 City Council meeting at which time the blank noted in the motion will be completed.

### **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 provided the City with the effective tax rate worksheet on August 4, 2015. The fiscal year 2015-2016 effective tax rate is \$0.554300 per \$100 valuation, and the rollback rate is \$0.614212 per \$100 valuation. Since the property tax rate in the proposed fiscal year 2015-2016 budget of \$0.606264 per \$100 valuation exceeds the effective tax rate, then State law requires the City Council to follow the steps outlined above.

The City Council is also considering increasing the tax rate in fiscal year 2015-2016 to cash fund the reconstruction of residential streets. This will be discussed and decided during the August 18, 2015 City Council meeting and if approved, will be an amount in excess of the tax rate of \$0.606264 per \$100 valuation included in the proposed budget. At that time, the blank noted in the motion above will be filled in with the property tax rate approved by the City Council, and it will be published in the Corpus Christi Caller-Times on August 23, 2015 along with the effective tax rate and rollback rate to be compliance with the “truth-in-taxation” guidelines

Two public hearings will also be held – one on September 1, 2015, and the second on September 8, 2015. Then the vote for the final adoption of the tax rate will be held at the next City Council meeting on September 15, 2015. The last step 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:** n/a

**DEPARTMENTAL CLEARANCES:**

- Office of Management and Budget
- Legal Department

**FINANCIAL IMPACT:**

Operating Expense       Revenue       Capital       Not Applicable

<b>FISCAL YEAR:</b>	<b>Project to Date Exp. (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget	-	-	\$ 104,150,000	\$ 104,150,000
Encumbered/Expended amount of (date)	-	-	-	-
This item	-		\$ 104,150,000	\$ 104,150,000
BALANCE	-	-	\$ -	\$ -
FUND(S): General Fund \$64,800,000 Debt Service Fund \$39,350,000				

**COMMENTS:** The revenue stated in the table above is what would be raised by the \$0.606264 Tax Rate recommended by Staff for the FY 2016 Proposed Budget. Any revenue generated from a tax rate higher than \$0.606264 would be dedicated for a proposed residential street reconstruction program.

**RECOMMENDATION:**

Staff recommends approval of the motions as presented.

**LIST OF SUPPORTING DOCUMENTS:**

- None