_____

DATE: August 5, 2014

TO: Ronald L. Olson, City Manager

FROM: Constance P. Sanchez, Director of Financial Services
                ConstanceP@cctexas.com
                (361) 826-3227

Action to Schedule Two Public Hearings Related
To Fiscal Year 2015-2016 Property Tax

CAPTION:

Motion setting a public hearing on the ad valorem tax rate for September 1, 2015 and a second public hearing for September 8, 2015 during the City Council meeting beginning at 11:30 a.m. at City Hall, 1201 Leopard Street, Corpus Christi, Texas.

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 2015-2016.   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.

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. The proposed rate decided at the August 18th City Council meeting 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 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   X Revenue   □ Capital   □Not Applicable

FISCAL YEAR:	Project to Date Exp. (CIP Only)	Current Year	Future Years	TOTALS
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 the amount of property tax rate revenue included in the fiscal year 2016 proposed operating budget based on a tax rate of $0.606264 per $100 valuation tax. Any additional revenue generated from a tax rate that is higher than $0.606264 would be dedicated for a proposed residential/local street reconstruction program.

RECOMMENDATION:

Staff recommends approval of the motions as presented.

LIST OF SUPPORTING DOCUMENTS:
- None