



AGENDA MEMORANDUM

Action Item for the City Council Meeting of September 12, 2017

DATE: August 31, 2017

TO: Margie C. Rose, City Manager

THRU: Sylvia Carrillo-Treviño, Assistant City Manager

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

Ordinance Adopting the Fiscal Year 2018 Property Tax Rate
--

CAPTION:

Ordinance setting a property tax rate of \$0.606264 per \$100 valuation which is effectively a 3.11% increase over the effective tax rate; and declaring an emergency.

PURPOSE:

Chapter 26.05 of the 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 Tax Code and will set the tax rate at \$0.606264 per \$100 valuation, which was the rate used to determine the ad valorem tax rate revenue included in the fiscal year 2017-2018 operating budget. This rate is the same rate in effect for fiscal year 2016-2017.

BACKGROUND AND FINDINGS:

If a proposed property tax rate exceeds the effective tax rate, 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. This vote was taken on July 25, 2017. Subsequently, two public hearings were held – one on August 22, 2017, and the second on August 29, 2017.

This agenda item is required to set the property tax rate for fiscal year 2017-2018. Since the property tax rate of \$0.606264 per \$100 valuation exceeds the effective tax rate of \$0.587958 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 (\$0.606264) and the total effective tax rate (\$0.587958). 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 (\$0.359940). This is in compliance with the specific wording outlined in the Tax Code.

In addition, Chapter 26.05(b) of the Tax Code specifies that for a taxing unit other than a school district, the vote on the ordinance setting a tax rate that exceeds the effective tax rate must be a record vote and at least 60 percent of the members of the governing body must vote in favor of the ordinance. The motion to adopt the ordinance setting a tax rate that exceeds the effective tax rate must be made in the following form (customized with the City of Corpus Christi’s property tax information):

“I move that that the property tax rate be increased by the adoption of a tax rate of \$0.606264 per \$100 valuation, which is effectively a 3.11% increase in the tax rate.”

Therefore, at the September 12, 2017 City Council meeting, prior to the vote on the tax rate being taken, a City Council member will need to make the motion noted above using the exact wording. Once the motion is seconded, then at least 6 members of the City Council and Mayor will need to vote in favor of the motion for the motion to pass.

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 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 August 29th, the 14th day after that date is September 12th - the date of the vote on the property tax rate.

DEPARTMENTAL CLEARANCES:

- City Attorney’s Office

FINANCIAL IMPACT:

☐ Not Applicable ☐ Operating Expense ☒ Revenue ☐ CIP

FISCAL YEAR:	Project to Date Exp. (CIP Only)	Current Year	Future Years	TOTALS
Budget	-	-	\$ 113,193,005	\$ 113,193,005
Encumbered/Expended amount of (date)	-	-	-	-
This item	-		\$ 113,193,005	\$ 113,193,005
BALANCE	-	-	\$ -	\$ -
FUND(S): General Fund \$70,351,865 Debt Service Fund \$42,841,140				

COMMENTS:

n/a

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

- Ordinance