



AGENDA MEMORANDUM

Future Item for the City Council Meeting of August 21, 2012
Action Item for the City Council Meeting of August 28, 2012

DATE: August 28, 2012

TO: Ronald L. Olson, City Manager

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

Ordinance Adopting the Fiscal Year 2013 Property Tax Rate
--

CAPTION:

Ordinance setting a property tax rate of \$0.570557 per \$100 valuation which is effectively a 1.40% increase over the effective tax rate; and declaring an emergency.

PURPOSE:

The fiscal year 2012-2013 operating budget includes a tax rate of \$0.570557 in the determination of the ad valorem tax revenue for fiscal year 2012-2013. Although this is the same property tax rate as the prior year, Section 26.05(b) of the Property Tax Code mandates that since this rate exceeds the effective tax rate, the wording in the caption above must be utilized.

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 July 31, 2012. Subsequently, two public hearings were held – one on August 14, 2012, and the second on August 21, 2012.

This agenda item is required to set the property tax rate for fiscal year 2012-2013. Although the proposed property tax rate of \$0.570557 per \$100 valuation is the same tax rate as last year's rate, the tax rate exceeds the effective tax rate of \$0.562666, and

so specific wording is required in the motion to adopt the tax rate, as well as in the ordinance. It should be noted that two different percentage “increases” are noted in the ordinance. The first amount listed in the caption represents the difference between the total proposed tax rate (\$0.570557) and the total effective tax rate (\$0.562666). The second amount listed in the body of the ordinance represents the change in the maintenance and operations portion of the proposed tax rate (\$0.380339) to the maintenance and operations portion of the effective tax rate (\$0.371457). This, again, is the specific wording outlined in the Property Tax Code. However, the proposed tax rate of \$0.570557 per \$100 valuation is the same tax rate as the prior year’s rate.

ALTERNATIVES: n/a

OTHER CONSIDERATIONS: n/a

FINANCIAL IMPACT:

Not Applicable Operating Expense Revenue CIP

FISCAL YEAR:	Project to Date Exp. (CIP Only)	Current Year	Future Years	TOTALS
Budget	-	-	\$ 77,518,178	\$ 77,518,178
Encumbered/Expended amount of (date)	-	-	-	-
This item	-		\$ 77,518,178	\$ 77,518,178
BALANCE	-	-	\$ -	\$ -
FUND(S): General Fund \$51,282,246 Debt Service Fund \$26,235,932				

COMMENTS:

n/a

RECOMMENDATION:

Staff recommends approval of the motions as presented.

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 August 21st and the 14th day after that date is September 4th when there is no Council meeting scheduled, it is necessary to take action on this item on August 28th.

DEPARTMENTAL CLEARANCES:

- Legal Department

LIST OF SUPPORTING DOCUMENTS:

- Ordinance

cc: Lisa Aguilar, Assistant City Attorney
Eddie Houlihan, Assistant Director of Management and Budget
Margie C. Rose, Assistant City Manager