



## **AGENDA MEMORANDUM**

Future Item for the City Council Meeting of March 10, 2015

Action Item for the City Council Meeting of March 24, 2015

**DATE:** February 26, 2015

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

**FROM:** Tom Tagliabue, Director, Intergovernmental Relations  
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**Resolution in opposition to a Revenue Cap and Legislative interference with  
Local Services**

**CAPTION:**

Resolution of the City of Corpus Christi, Texas, in opposition to a Revenue Cap and Legislative interference with Local Services

**PURPOSE:**

On October 21, 2014, the City Council adopted its legislative agenda for the 84<sup>th</sup> Regular Session of the Texas Legislature. Included in the recommendations was opposition to legislation that:

- Undermine the principle of home rule and local control by the City.
- Results in the loss of revenue or negatively impacts potential revenue growth to the City.
- Diminishes the authority of cities to regulate and manage their growth and development.

The resolution will formalize the City's position on revenue cap legislation. Once adopted, the resolution will be distributed to members of the Coastal Bend legislative delegation and other members of the Texas Legislature in hopes of influencing members of the House and Senate to defeat any revenue cap bills that come up in committee and make it to the floor of either chamber. The Senate Finance Committee is expected to take up revenue cap legislation the first week of March, although it will take several weeks before the full Senate acts on the bill and makes it way to the House for consideration.

**BACKGROUND AND FINDINGS:**

Bills have been filed during the 84<sup>th</sup> Regular Session of the Texas Legislature to cap the amount of property tax revenue cities can collect each year in a misguided effort to

reduce the property tax burden on homeowners and businesses. Currently, if a Texas city increases property tax collections by more than eight percent over the previous year, voters can petition for an election to rollback the increase. Bills have been introduced to replace that eight percent “rollback rate” with a hard cap of four percent and require mandatory elections on an increase over four percent – all with the false claim that this would provide property tax relief.

According to the state comptroller’s latest survey of property tax rates in 1,002 cities in Texas, 67 percent of cities raised their property taxes by **less than four percent** from 2012 to 2013 and 37 percent of cities actually reduced their property taxes. That means property owners in at least 669 Texas cities would have seen **no reduction in their city property taxes** if the four percent cap had been in effect.

Cities collect just 16 percent of the property taxes levied in Texas. Most of the property taxes paid by Texans (55 percent) go to school districts. According to the comptroller’s report, the total amount of property taxes collected by cities rose by 3.61 percent between 2012 and 2013, while school district tax collections rose by more than twice that rate or 7.72 percent. School property taxes have been rising because the legislature continues to reduce the state’s share of funding for schools which forces districts to get more revenue from property taxes.

The Texas Municipal League recently contracted with the respected firm of Baseline and Associates, Inc. to conduct a statewide poll to determine which level of government citizens trust to make decisions about how much money local governments spend on local services. Almost 80 percent of respondents said they believe city and county governments would do a better job of making those funding decisions than state government. According to the survey, 63 percent of respondents expressed opposition to legislatively-mandated revenue cap schemes that limit a city’s or county’s ability to generate revenue to provide local services.

**ALTERNATIVES:**

The Council can choose to:

1. Adopt the resolution.
2. Not adopt the resolution.
3. Make revisions to the resolution.

**OTHER CONSIDERATIONS:**

n/a

**CONFORMITY TO CITY POLICY:**

n/a

**EMERGENCY / NON-EMERGENCY:**

This is a non-emergency item.

**DEPARTMENTAL CLEARANCES:**

Deputy City Manager  
City Attorney  
City Manager

**FINANCIAL IMPACT:**

Operating       Revenue       Capital      X Not applicable

<b>Fiscal Year: 2014-2015</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Year FY 15</b>	<b>TOTALS</b>
Line Item Budget				
Encumbered / Expended Amount				
This item				
BALANCE				

**Comments:** None

**RECOMMENDATION:**

Staff recommends adoption of the resolution.

**LIST OF SUPPORTING DOCUMENTS:**

Resolution