



## AGENDA MEMORANDUM

Action Item for the City Council Meeting of September 17, 2019

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**DATE:** August 30, 2019

**TO:** Peter Zanoni, City Manager

**THRU:** Constance P. Sanchez, Chief Financial Officer

**FROM:** Alma I. Casas, Interim Director of Finance and Business Analysis  
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Ordinance Adopting the Fiscal Year 2020 Property Tax Rate

### **CAPTION:**

Ordinance setting a property tax rate of \$0.646264 per \$100 valuation which is effectively a 6.55% increase over the effective tax rate; and declaring an emergency.

### **SUMMARY:**

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 60<sup>th</sup> 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 \$0.646264 per \$100 valuation, which is an increase of two cents from the prior year's property tax rate with the additional two cents for a total of four cents to be used for residential streets as approved by the citizens on November 8, 2016.

### **BACKGROUND AND FINDINGS:**

This agenda item is required to set the property tax rate for fiscal year 2019-2020. Since the property tax rate of \$0.646264 per \$100 valuation exceeds the effective tax rate of \$0.606528 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 (\$0.646264) and the total effective tax rate (\$0.606528). 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 (\$0.426806) to the maintenance and operations portion of the effective tax rate

(\$0.393847). 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 \$0.646264 per \$100 valuation, which is effectively a 6.55% increase in the tax rate."*

Therefore, at the September 17, 2019 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.

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 14<sup>th</sup> day after the date of the second public hearing. Since the second public hearing was held on September 6<sup>th</sup>, the latest a vote could be taken is September 20<sup>th</sup>, and the September 17, 2019 City Council meeting is the latest meeting within this time frame. Since City ordinances require two readings by City Charter, this item is being declared an emergency so that it can be approved in one ready and comply with the Truth in Taxation requirements.

Additionally, the Nueces County Tax Office informed City staff that September 12<sup>th</sup> would be the last day they would accept property tax rates from taxing jurisdictions to be included in one consolidated tax statement to be mailed out to property owners in October. Any approvals after that date would require a separate tax statement to be mailed with the entire cost for the separate mailing to be borne by the taxing jurisdiction adopting their tax rate after the deadline. However, City staff spoke with the Tax Assessor-Collector regarding the City's budget calendar and he agreed to the September 17, 2019 date.

### **FISCAL IMPACT:**

Adoption of the FY 2020 ad valorem tax rate is budgeted to generate \$130,194,718 of property tax revenue. Of this amount, \$77,924,963 will be recorded in the General Fund; \$44,211,456 in the Debt Service Fund; and \$8,058,299 in the Residential Street Fund.

### **RECOMMENDATION:**

Staff recommends approval of the ordinance as presented.

### **LIST OF SUPPORTING DOCUMENTS:**

Ordinance