



## **AGENDA MEMORANDUM**

Action Item for the City Council Meeting of September 15, 2015

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**DATE:** September 9, 2015

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

**FROM:** Constance P. Sanchez, Director of Financial Services  
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<b>Ordinance Adopting the Fiscal Year 2016 Property Tax Rate</b>
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**CAPTION:**

Ordinance setting a property tax rate of \$0.606264 per \$100 valuation which is effectively a 9.37% 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 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 \$0.606264 per \$100 valuation, which was the rate used to determine the ad valorem tax rate revenue included in the fiscal year 2015-2016 operating budget. This rate 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.

**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 August 18, 2015. Subsequently, two public hearings were held – one on September 1, 2015, and the second on September 8, 2015.

This agenda item is required to set the property tax rate for fiscal year 2015-2016. Since the property tax rate of \$0.606264 per \$100 valuation exceeds the effective tax rate of \$0.554300 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 (\$0.554300). 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 (\$0.356254). This is in compliance with the specific wording outlined in the Tax Code.

**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 14<sup>th</sup> day after the date of the second public hearing. Since the second public hearing was held on September 8<sup>th</sup>, and the 14<sup>th</sup> day after that date is September 15<sup>th</sup>, action could actually be taken September 22<sup>nd</sup>. However this date is too late for the Nueces County Tax Office to prepare and mail all property tax bills by October 1<sup>st</sup>.

**DEPARTMENTAL CLEARANCES:**

- Legal Department

**FINANCIAL IMPACT:**

☐ Not Applicable      ☐ Operating Expense      ☒ Revenue      ☐ CIP

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:**

n/a

**RECOMMENDATION:**

Staff recommends approval of the ordinance as presented.

**LIST OF SUPPORTING DOCUMENTS:**

- Ordinance