



## **AGENDA MEMORANDUM**

Action Item for the City Council Meeting of September 18, 2018

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**DATE:** August 31, 2018

**TO:** Keith Selman, Interim City Manager

**THRU:** Sylvia Carrillo-Treviño, CPM, Assistant City Manager

**FROM:** Constance P. Sanchez, Director of Financial Services  
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<b>Ordinance Adopting the Fiscal Year 2019 Property Tax Rate</b>
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**CAPTION:**

Ordinance setting a property tax rate of \$0.626264 per \$100 valuation which is effectively a 6.63% 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 \$0.626264 per \$100 valuation, which is an increase of two cents from the prior year's property tax rate with the additional two cents to be used for residential streets as approved by the citizens on November 8, 2016.

**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 14, 2018. Subsequently, two public hearings were held – one on August 28, 2018, and the second on September 11, 2018.

This agenda item is required to set the property tax rate for fiscal year 2018-2019. Since the property tax rate of \$0.626264 per \$100 valuation exceeds the effective tax rate of \$0.587321 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 (\$0.626264) and the total effective tax rate (\$0.587321). 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 (\$0.406806) to the maintenance and operations portion of the effective tax rate (\$0.359160). 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 \$0.626264 per \$100 valuation, which is effectively a 6.63% increase in the tax rate.”*

Therefore, at the September 18, 2018 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 because the Nueces County Tax Office has informed us that September 18<sup>th</sup> is the last day they will 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 September 18<sup>th</sup> 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.

**DEPARTMENTAL CLEARANCES:**

- City Attorney’s Office

**FINANCIAL IMPACT:**

☐ Not Applicable    ☐ Operating Expense    ☒ Revenue    ☐ CIP

<b>FISCAL YEAR:</b>	<b>Project to Date Exp. (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget	-	-	\$ 120,873,385	\$ 120,873,385
Encumbered/Expended amount of (date)	-	-	-	-
This item	-		\$ 120,873,385	\$ 120,873,385
BALANCE	-	-	\$ -	\$ -
FUND(S): General Fund \$74,656,296 Debt Service Fund \$42,356,947 Residential Street Fund \$3,860,142				

**COMMENTS:**

n/a

**RECOMMENDATION:**

Staff recommends approval of the ordinance as presented.

**LIST OF SUPPORTING DOCUMENTS:**

- Ordinance