



## **AGENDA MEMORANDUM**

Public Hearing and First Reading for the City Council Meeting of September 8, 2020

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**DATE:** August 26, 2020

**TO:** Peter Zanoni, City Manager

**FROM:** Heather Hurlbert, Director of Finance and Business Analysis  
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Public Hearing and First Reading on Fiscal Year 2020-2021 Ad Valorem Tax Rate
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### **CAPTION:**

Ordinance setting a property tax rate of \$0.646264 per \$100 valuation which is effectively a 2.16% increase over the no-new-revenue tax rate.

### **SUMMARY:**

The section 26.05(d) of the Local Government Code requires that one public hearing be held when a taxing unit proposes a tax rate that exceeds either the no-new-revenue tax rate or the voter-approval tax rate, whichever is lower.

### **BACKGROUND AND FINDINGS:**

The City of Corpus Christi is proposing a tax rate of \$0.646264 per \$100 valuation for Fiscal Year (FY) 2020-2021. This tax rate is the same as the FY 2019-2020 tax rate. While this rate will produce more tax revenue due to increased appraised values, the tax rate remains the same.

As this rate exceeds either the no-new-revenue tax rate (formally the effective tax rate) of \$0.632600 per \$100 valuation, or the voter-approval tax rate (formally the roll-back tax rate) of \$0.654743 per \$100 valuation, the Property Tax Code requires that the governing body schedule one public hearing on the proposal. The public hearing for the FY 2020-2021 proposed tax rate, as well as the first reading of the ordinance for adoption of the FY2020-2021 tax rate will be held on September 8, 2020 during the regular City Council meeting beginning at 11:30 am. The vote for the final adoption of the tax rate will be held at the September 15, 2020 City Council meeting.

**ALTERNATIVES:**

Per section 26.05(d) of the local government code, a public hearing is required when the proposed tax rate exceeds the no-new-revenue rate. If the choice is made to not hold a public hearing, the no-new-revenue rate of \$0.632600 or a lower rate must be adopted.

**FISCAL IMPACT:**

We anticipate generating estimated total tax revenues of \$130,949,745 for the City. Of this total amount, \$44,467,848 is first allocated for debt service or Interest and Sinking (I&S) and the difference of \$86,481,897 is allocated to the General Fund for Maintenance and Operations (M&O). Of the amount allocated to the General Fund, \$8,105,031, the equivalent of \$.04 of the tax rate, will be transferred from the General Fund to the Streets Fund for Residential Streets.

**RECOMMENDATION:**

Staff recommends approval of the FY 2020-2021 Ad Valorem Tax Rate of \$0.646264 per \$100 valuation on September 15, 2020.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance