



## STAFF REPORT

**DATE:** September 10, 2019  
**TO:** Ronald L. Olson, City Manager  
**FROM:** Jonathan Locke, Executive Director of Finance  
**SUBJECT:** Preliminary Tax Rate Public Hearing 2 of 2

### **BACKGROUND AND FINDINGS:**

On August 20, 2019, City Council set the preliminary tax rate at \$0.7498 per \$100 valuation and adopted a resolution scheduling the adoption of the tax rate for September 17, 2019, and setting public hearings for September 3, 2019, and September 10, 2019, on the preliminary tax rate for the FY 2020 Proposed Annual Budget.

The effective tax rate for FY 2020 is \$0.6788. The rollback tax rate adjusted for sales tax for FY 2020 is \$0.7588. Since the preliminary tax rate was set above the effective tax rate, Texas Property Tax Code requires that two public hearings be held prior to the adoption of the final tax rate.

On September 3, 2019, the City Council held the first of two public hearings required by Texas Property Tax Code.

### **THE ALTERNATIVES CONSIDERED:**

#### **Which alternative is recommended? Why?**

In accordance with Texas Property Tax Code Section 26.05(d), the governing body of a taxing unit other than a school district may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate calculated as provided by this chapter until the governing body has held two public hearings on the proposed tax rate and has otherwise complied with Section 26.06 and Section 26.065.

### **CONFORMITY TO CITY POLICY:**

Meets truth-in-taxation laws as set forth in the Texas Property Tax Code.

### **FINANCIAL IMPACT:**

#### **What is the amount of the expenditure in the current fiscal year? For future years?**

N/A

**Is this a one-time or recurring expenditure?**

N/A

**Is this expenditure budgeted?**

N/A

**If not, where will the money come from?**

N/A

**Is there a sufficient amount in the budgeted line-item for this expenditure?**

N/A

**RECOMMENDATION:**

Staff recommends the City Council conduct the second of two public hearings to receive comments on the preliminary tax rate of \$0.7498 per \$100 valuation for the fiscal year beginning October 1, 2019, and ending September 30, 2020, and announce the meeting to adopt the tax rate on September 17, 2019.

**DEPARTMENTAL CLEARANCES:**

Finance  
City Attorney

**ATTACHED SUPPORTING DOCUMENTS:**

N/A