

## CITY COUNCIL MEMORANDUM

### AGENDA ITEM

Consider a memorandum/resolution setting the preliminary tax rate for the FY 2016 Annual Budget and Plan of Municipal Services and setting the dates to hold public hearings on the proposed tax increase, if a proposed tax increase is approved.

### ORIGINATING DEPARTMENT

Finance

### BACKGROUND INFORMATION

Truth-in-taxation laws require that a governing body must publish notices and hold public hearings if a proposed tax rate exceeds the lower of the effective tax rate or the rollback rate. The following tax rates are relevant to the proposed FY 2016 Budget. These proposed tax rates are per \$100 valuation.

Effective Tax Rate	.7400
Current Tax Rate	.7498
Notice and Hearing Tax Rate	>.7400
Preliminary Budget Tax Rate	.7498
Rollback Tax Rate	.8290

The City Council now must set a preliminary tax rate for the proposed FY 2016 Budget. The preliminary tax rate is the maximum tax rate that can be adopted for the FY 2016 Budget. On the other hand, the preliminary tax rate can be lowered when the final tax rate is set. If the preliminary tax rate is equal to or less than .7400, no additional meetings will be required, and the tax rate will be adopted on September 8, 2015.

If the preliminary tax rate exceeds .7400, the Council must take a record vote and schedule two (2) public hearings on the preliminary tax rate. The first publication must run at least seven (7) days before the public hearing on the tax rate. The first public hearing will be held on August 25, 2015. The second public hearing cannot be held any earlier than the third day after the first hearing. The second meeting will be held on September 1, 2015, in order to adopt the tax rate at the September 8, 2015, City Council meeting. The tax rate must be adopted no sooner than three (3) days, (September 5, 2015) and no more than 14 days (September 15, 2015) after the second public hearing.

### DISCUSSION/CONCLUSION

The preliminary tax rate needs to be set. The tax rate reflected in the City Manager's proposed FY 2016 Budget is 0.7498.

## **RECOMMENDATION**

The City Council set a preliminary tax rate at 0.7498 per \$100 valuation. This rate represents the preliminary tax rate for the FY 2016 Annual Budget and Plan of Municipal Services. Once set, this preliminary tax rate will be the maximum tax rate allowed by law for the FY 2016 Budget. The Council may elect to lower the preliminary tax rate at a later date; however, it cannot be raised.