



City of Killeen

Agenda

City Council

Tuesday, August 3, 2021

5:00 PM

City Hall
Council Chambers
101 N. College Street
Killeen, Texas 76541

SPECIAL CITY COUNCIL MEETING

Call to Order and Roll Call

___ Jose Segarra, Mayor	___ Nina Cobb
___ Debbie Nash-King	___ Jessica Gonzalez
___ Michael Boyd	___ Ken Wilkerson
___ Mellisa Brown	___ Rick Williams

Approval of Agenda

Citizen Comments

This section allows members of the public to address the Council regarding any item(s), other than a public hearing item, on the agenda for Council's consideration. Each person shall sign up in advance, may speak only one time, and such address shall be limited to three (3) minutes. The Presiding Officer may allow a one (1) minute extension, if requested at the end of the original three (3) minute period. No other extensions will be allowed.

Resolutions

1. [RS-21-106](#) Consider a memorandum/resolution setting the preliminary tax rate for the FY 2022 Annual Budget and setting the date to hold a public hearing.

Attachments: [Staff Report](#)
[Presentation](#)

Adjournment

I certify that the above notice of meeting was posted on the Internet and on the bulletin boards at Killeen City Hall and at the Killeen Police Department on or before 5:00 p.m. on July 30, 2021.

Lucy C. Aldrich, City Secretary

The public is hereby informed that notices for City of Killeen meetings will no longer distinguish between matters to be discussed in open or closed session of a meeting. This practice is in accordance with rulings by the Texas Attorney General that, under the Texas Open Meetings Act, the City Council may convene a closed session to discuss any matter listed on the agenda, without prior or further notice, if the matter is one that the Open Meetings Act allows to be discussed in a closed session.

This meeting is being conducted in accordance with the Texas Open Meetings Law [V.T.C.A., Government Code, § 551.001 et seq.]. This meeting is being conducted in accordance with the Americans with Disabilities Act [42 USC 12101 (1991)]. The facility is wheelchair accessible and handicap parking is available. Requests for sign interpretive services are available upon requests received at least 48 hours prior to the meeting. To make arrangements for those services, please call 254-501-7700, City Manager's Office, or TDD 1-800-734-2989.

Notice of Meetings

The Mayor and/or City Council have been invited to attend and/or participate in the following meetings/conferences/events. Although a quorum of the members of the City Council may or may not be available to attend this meeting, this notice is being posted to meet the requirements of the Texas Open Meetings Act and subsequent opinions of the Texas Attorney General's Office. No official action will be taken by Council.

- TML Annual Conference, October 6-8, 2021, Houston, Texas
- AUSA Annual Meeting, October 9-13, 2021, Washington, DC

Dedicated Service -- Every Day, for Everyone!



City of Killeen

Legislation Details

File #: RS-21-106 **Version:** 1 **Name:** Setting Preliminary Tax Rate
Type: Resolution **Status:** Resolutions
File created: 7/14/2021 **In control:** City Council
On agenda: 8/3/2021 **Final action:**
Title: Consider a memorandum/resolution setting the preliminary tax rate for the FY 2022 Annual Budget and setting the date to hold a public hearing.
Sponsors: Finance Department
Indexes: Tax Rate
Code sections:
Attachments: [Staff Report](#)
[Presentation](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------



STAFF REPORT

DATE: August 3, 2021

TO: Kent Cagle, City Manager

FROM: Jonathan Locke, Executive Director of Finance

SUBJECT: Setting the preliminary tax rate and public hearing date for the FY 2022 Annual Budget

BACKGROUND AND FINDINGS:

Truth-in-taxation laws require the governing body to publish notice and hold a public hearing if a proposed tax rate exceeds the lower of the no-new-revenue tax rate or the voter-approval rate. The following tax rates per \$100 valuation are relevant to the proposed FY 2022 Budget:

No-New-Revenue Rate	0.6713
Notice and Hearing Rate	>0.6713
Proposed Budget Rate	0.7056
Current Rate	0.7330
Voter-Approval Rate	0.8357

The City Council must set a preliminary tax rate for the proposed FY 2022 Budget. The preliminary tax rate is the maximum tax rate that may be adopted for the FY 2022 Budget. The final tax rate may be equal to or lower than the preliminary tax rate. The final tax rate may not be higher than the preliminary tax rate.

If the preliminary tax rate is equal to or less than 0.6713, the City Council must take a record vote and a public hearing on the preliminary tax rate is not required.

If the preliminary tax rate exceeds 0.6713, the City Council must take a record vote and schedule a public hearing on the preliminary tax rate. The City Manager's proposed FY 2022 Budget is predicated on the proposed budget rate of 0.7056. Setting the preliminary tax rate at the 0.7056 requires a public hearing since it is higher than 0.6713.

If City Council decides to issue bonds for street reconstruction that will be repaid with property taxes, the preliminary tax rate will need to be set higher than the proposed budget rate of 0.7056 in order to fund the programs and services in the proposed FY 2022 Budget. For example, a \$24 million bond issue repaid with property taxes will require the preliminary tax rate to be set at 0.7169.

The Notice of Public Hearing must run at least five (5) days prior to the public hearing on the tax rate. The public hearing is scheduled for September 14, 2021, and the tax rate is scheduled to be adopted the same day. In accordance with State law, the governing body may vote on the

proposed tax rate at the public hearing and requires that the tax rate be adopted no later than seven (7) days after the public hearing.

THE ALTERNATIVES CONSIDERED:

Setting the preliminary tax rate at:

1. No-New-Revenue Rate - 0.6713
2. Proposed Budget Rate - 0.7056
3. Proposed Rate to support \$24 million bond issue - 0.7169
4. Current Rate - 0.7330
5. Voter-Approval Rate - 0.8357

Which alternative is recommended? Why?

City Council set the preliminary tax rate equal to the proposed budget rate of 0.7056. If City Council is considering a bond issue that will be repaid with property taxes, the preliminary tax rate should be set at the amount necessary to cover repayment. The City Manager's proposed FY 2022 Budget is predicated on the proposed budget rate of 0.7056. The chart below illustrates the budget impact of setting the preliminary tax rate at the different alternatives:

	Tax Rate	Property Tax Revenue	Difference from Budgeted Rate
No-New-Revenue Rate	\$0.6713	\$50,902,612	(\$2,462,396)
Proposed Budget Rate	\$0.7056	\$53,365,008	\$ -
Rate to include \$24M Bond	\$0.7169	\$54,179,609	\$814,601
Current Rate	\$0.7330	\$55,336,619	\$1,971,611
Voter-Approval Rate	\$0.8357	\$62,717,047	\$9,352,039

CONFORMITY TO CITY POLICY:

This recommendation 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?

Not applicable.

Is this a one-time or recurring expenditure?

Not applicable.

Is this expenditure budgeted?

Not applicable.

If not, where will the money come from?

Not applicable.

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

Not applicable.

RECOMMENDATION:

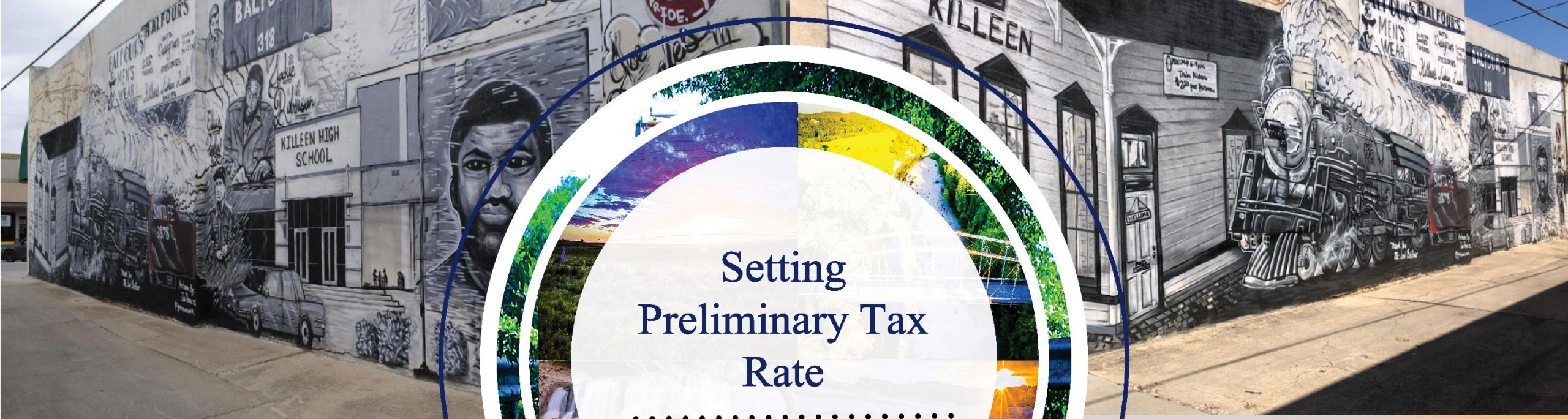
City Council set the preliminary tax rate at \$0.7056.

DEPARTMENTAL CLEARANCES:

Finance
City Attorney

ATTACHED SUPPORTING DOCUMENTS:

N/A



Setting Preliminary Tax Rate

.....
August 3, 2021



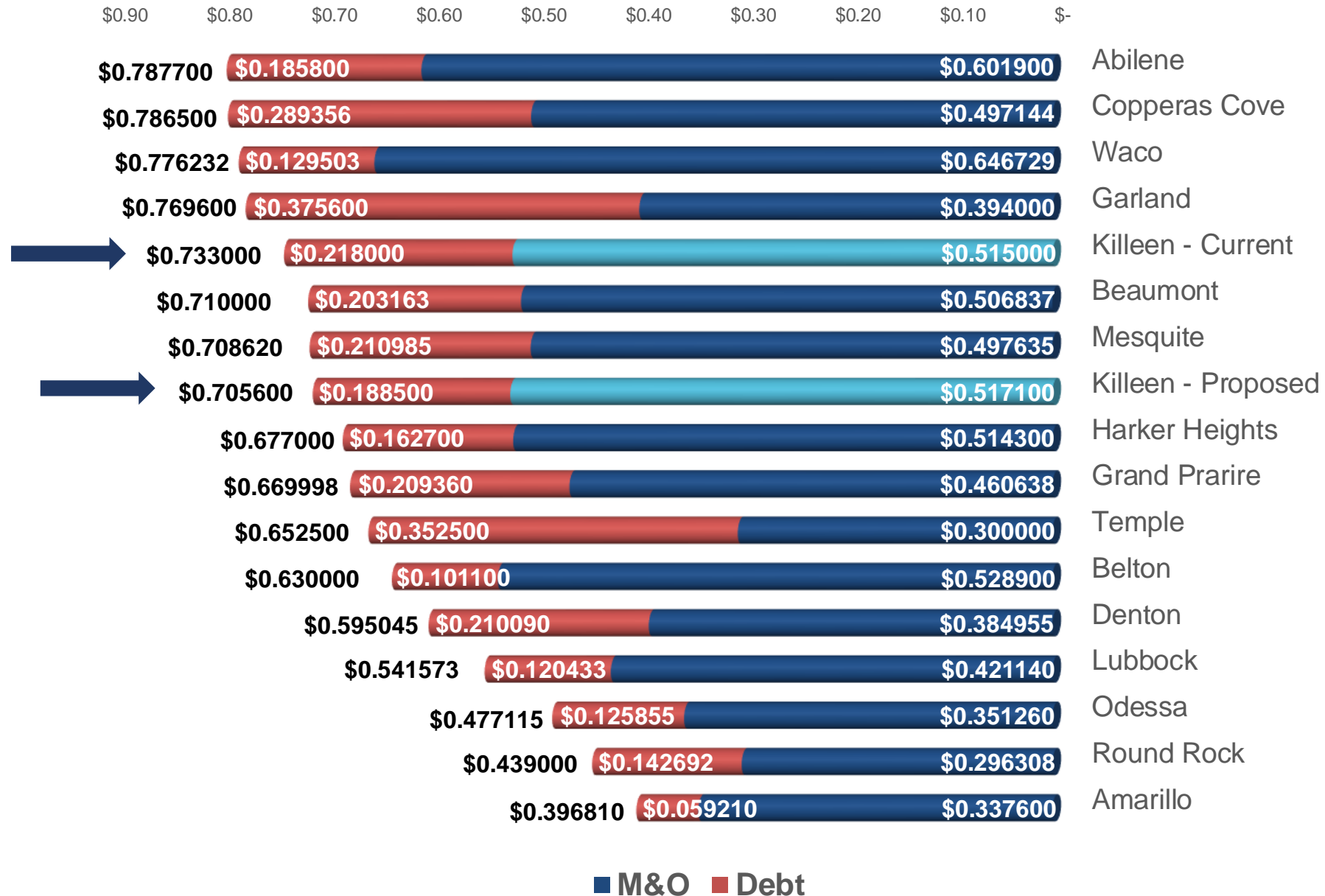
CITY OF
Killeen

Dedicated Service - Every Day for
Everyone!

Fiscal Year	Tax Rate	Net Taxable Value	Exemption Value	Tax Levy
2010	\$ 0.6950	\$ 4,597,388,192	\$ 481,935,337	\$ 31,931,424
2011	0.7428	4,600,996,317	535,751,159	34,075,719
2012	0.7428	4,732,551,512	553,300,701	35,040,072
2013	0.7428	4,818,504,794	606,059,551	35,663,378
2014	0.7428	5,012,906,385	662,109,123	37,110,950
2015	0.7498	5,028,425,890	755,476,941	37,579,399
2016	0.7498	5,175,292,421	840,029,405	38,659,704
2017	0.7498	5,352,339,761	943,288,983	39,950,656
2018	0.7498	5,772,164,539	1,110,668,560	42,948,762
2019	0.7498	5,834,474,313	1,319,944,348	43,412,292
2020	0.7498	6,461,868,238	1,495,394,748	47,920,111
2021	0.7330	6,942,146,436	1,664,950,466	50,184,181
2022 ¹	0.7056	7,810,296,015	2,151,287,337	54,180,250

¹ - Proposed tax rate for FY 2022

FY 2021 Peer City Benchmark Tax Rates



Property Tax Rate Description

- No-New-Revenue Rate – the tax rate that will generate the same amount of tax revenue as the previous fiscal year on properties taxed in both fiscal years
 - FY 2022 - \$ 0.6713
- Budgeted Rate – the tax rate used to prepare the FY 2022 Proposed Budget
 - FY 2022 - \$0.7056
- Rate with \$24M Bond Issue – the tax rate to include debt service for a street maintenance bond issue supported by property tax
 - FY 2022 - \$0.7169
- Current Rate – the tax rate levied for the current fiscal year
 - FY 2021 - \$0. 7330
- Voter-Approval Rate – the tax rate that is calculated by increasing the maintenance and operation component of the No-New-Revenue Rate by 3.5% plus any unused increment rate
 - FY 2022 - \$ 0.8357
 - Automatic election if exceeded

Property Tax Levy Comparison

	<u>Tax Rate</u>	<u>Property Tax Revenue</u>	<u>Difference from Budgeted Rate</u>
No-New-Revenue Rate	\$ 0.6713	\$ 50,902,612	\$ (2,462,396)
Revised Proposed Rate*	\$ 0.7056	\$ 53,365,008	\$ -
Rate w/\$24M Bond Issue	\$ 0.7169	\$ 54,179,609	\$ 814,601
Current Tax Rate	\$ 0.7330	\$ 55,336,619	\$ 1,971,611
Voter-Approval Rate	\$ 0.8357	\$ 62,717,047	\$ 9,352,039

*2.74¢ decrease in tax rate after receipt of certified tax roll on July 16, 2021 and tax rate calculations on July 20, 2021

Property Tax - Tax Rate Comparison

	<u>FY 2021 Amount</u>	<u>FY 2022 Amount</u>	<u>Increase/ (Decrease)</u>
Operations	\$ 0.5150	\$ 0.5171	\$ 0.0021
Debt	0.2180	0.1885	(0.0295)
Total	<u>\$ 0.7330</u>	<u>\$ 0.7056</u>	<u>\$ (0.0274)</u>

Property Tax – Average Taxable Homestead Value Comparison

	Proposed FY 2022	Current FY 2021	Difference
Taxable Value	\$ 158,338	\$ 143,171	\$ 15,167
Tax Rate	0.7056	0.7330	(0.0274)
Annual Tax Levy*	\$1,117.23	\$ 1,049.44	67.79
Monthly Cost	\$ 93.10	\$ 87.45	5.65

*Taxable Value / 100 x Tax Rate = City Taxes Paid

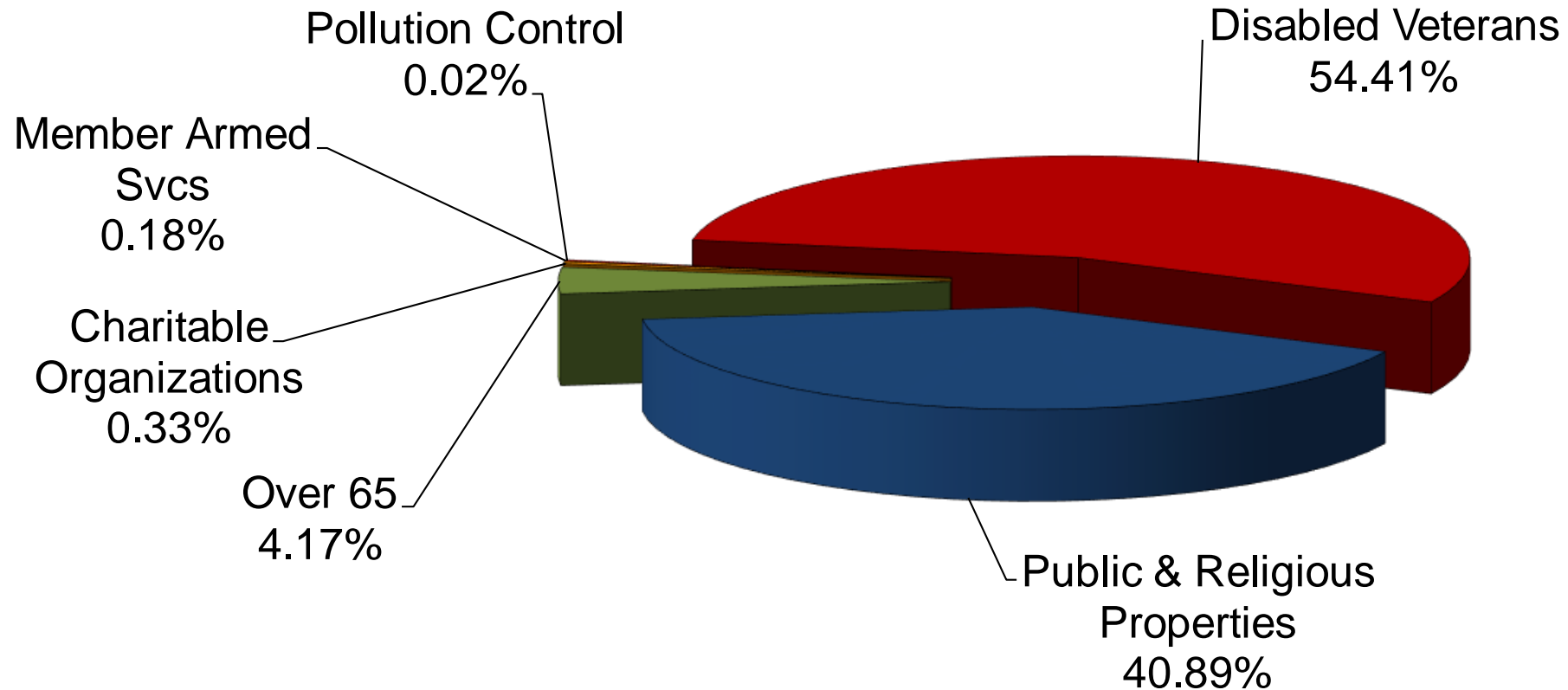
8

Fiscal Year	Total Tax Rate	Net Taxable Value	Exemption Value	Exemptions % of Value	Value of Exemption
2010	\$ 0.6950	\$ 4,597,388,192	\$ 481,935,337	10%	3,349,451
2011	0.7428	4,600,996,317	535,751,159	12%	3,979,560
2012	0.7428	4,732,551,512	553,300,701	12%	4,109,918
2013	0.7428	4,818,504,794	606,059,551	13%	4,501,810
2014	0.7428	5,012,906,385	662,109,123	13%	4,918,147
2015	0.7498	5,028,425,890	755,476,941	15%	5,664,566
2016	0.7498	5,175,292,421	840,029,405	16%	6,298,540
2017	0.7498	5,352,339,761	943,288,983	18%	7,072,781
2018	0.7498	5,772,164,539	1,110,668,560	19%	8,327,793
2019	0.7498	5,834,474,313	1,319,944,348	23%	9,896,943
2020	0.7498	6,461,868,238	1,495,394,748	23%	11,212,470
2021	0.7330	6,942,146,436	1,664,950,466	24%	12,204,087
2022 *	0.7056	7,810,296,015	2,151,287,337	28%	15,179,483

In FY 2022, exemption value lost equates to 20¢ per \$100 valuation
 [Note: 1¢ = \$756,343 in revenue]

* - Proposed Tax Rate

City of Killeen FY 2021 Exemptions ⁽¹⁾

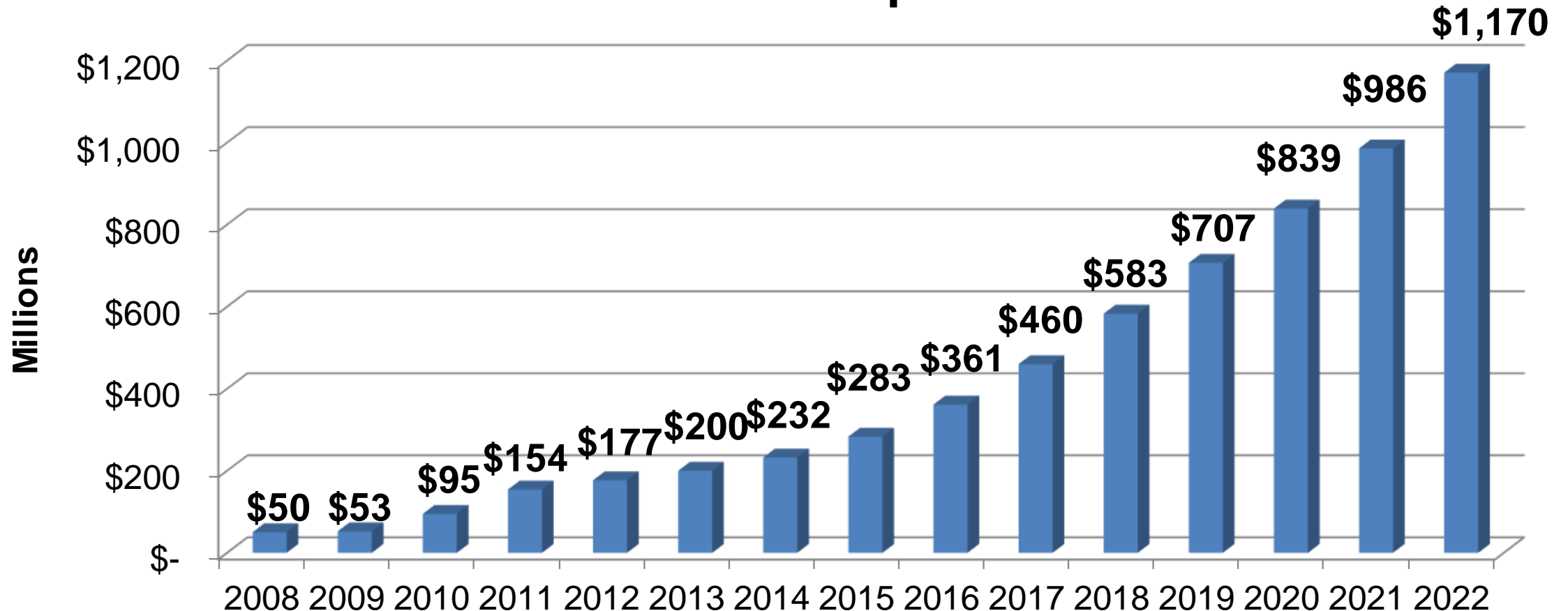


⁽¹⁾ Source Document: Tax Appraisal District of Bell County - July 15, 2021 Certified Tax Roll

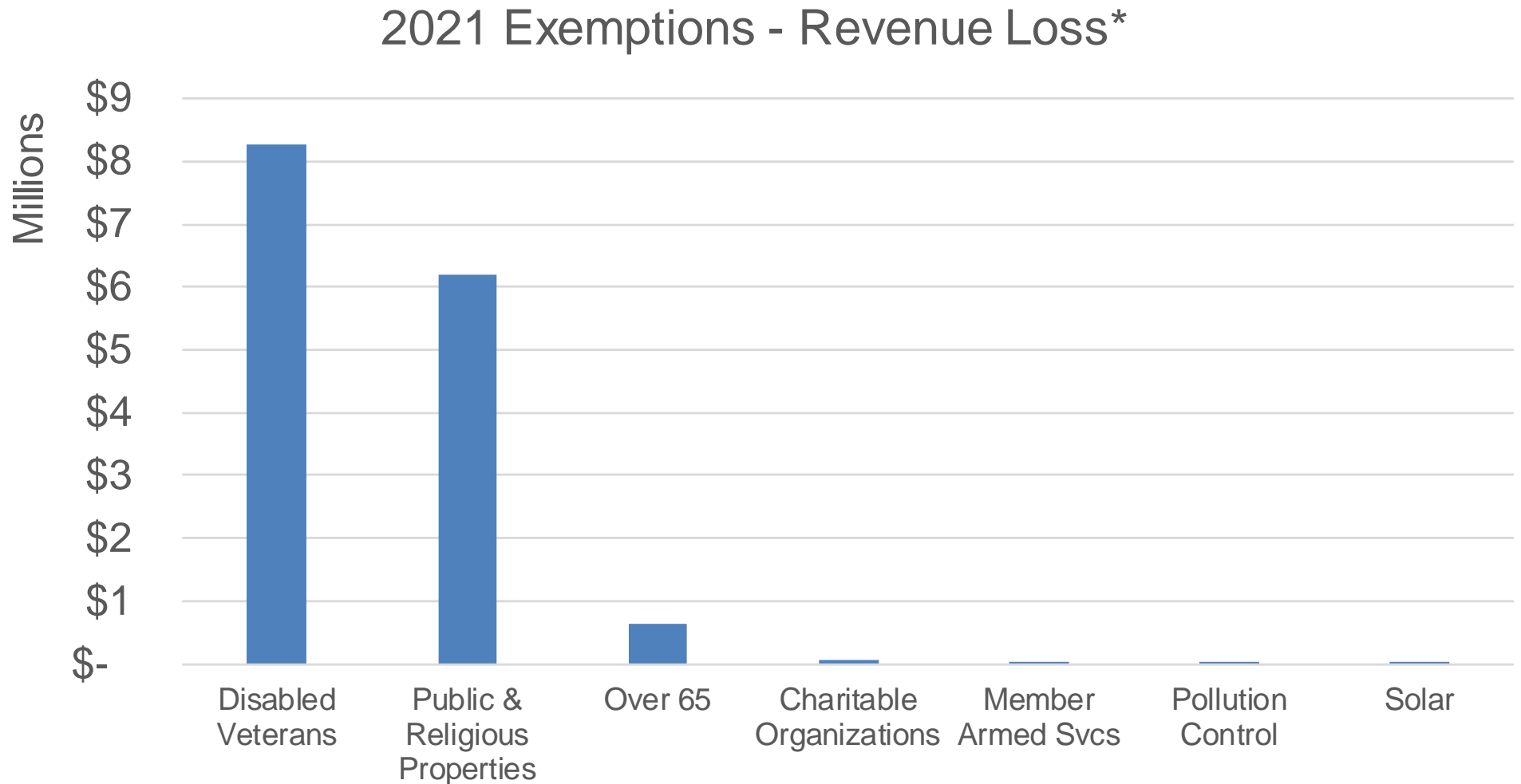
Total Exemptions: \$2,157,287,337

Property Tax – Disabled Veteran's Exemptions

Disabled Veteran Exemptions - Value

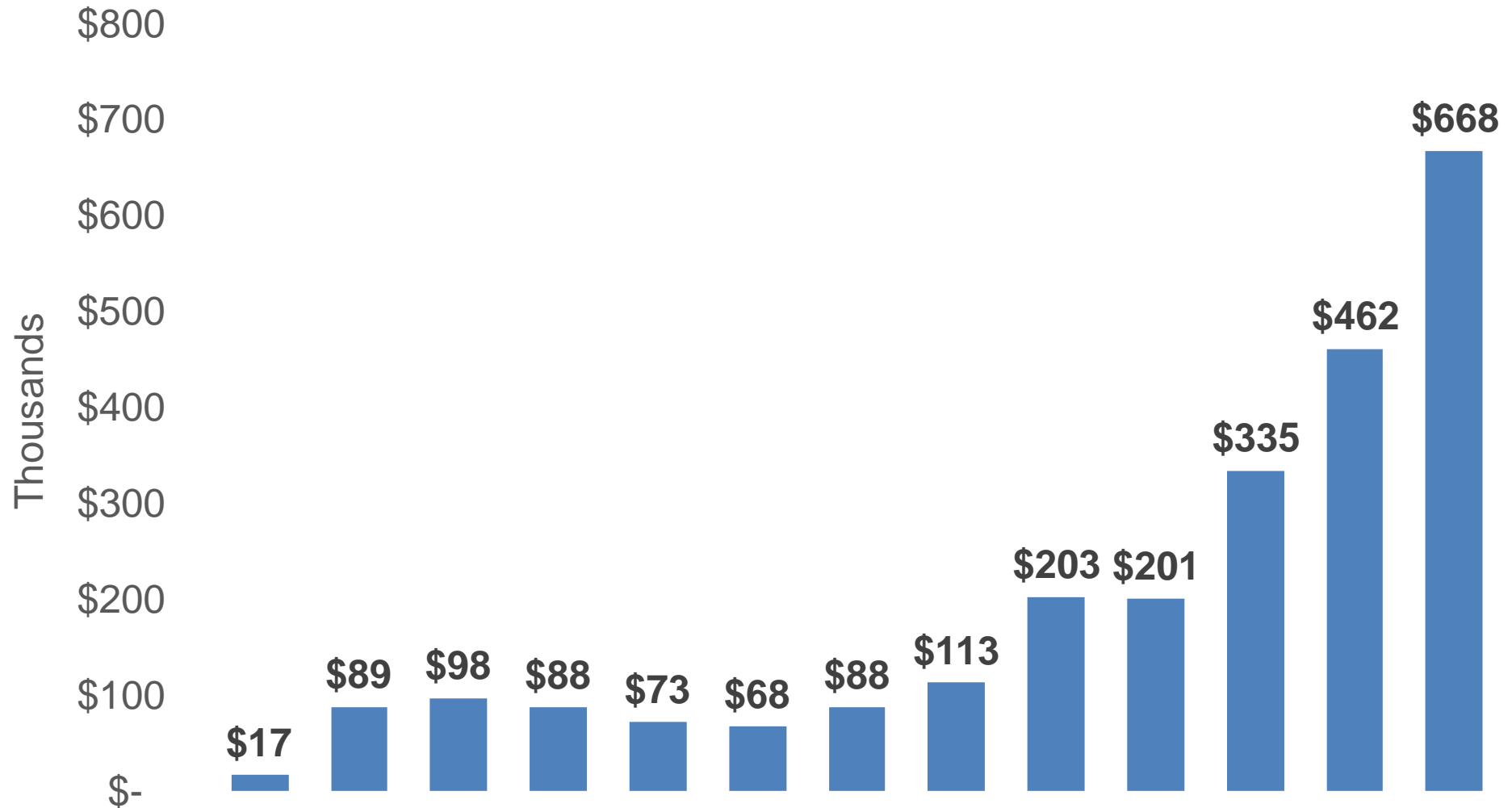


Property Tax – Exemptions – Revenue Loss*



*Gross revenue loss, does not include \$2.9M reimbursement from the State

Property Tax – Revenue Loss from Frozen Taxable Values



Summary of Tax Rate Process

- City Council sets a preliminary tax rate
 - This establishes a “ceiling” for the tax rate
 - Adopted tax rate cannot exceed preliminary tax rate
- Tax Rate Public Hearing
 - September 14th
- Set the tax rate (may be lower than preliminary tax rate)
 - September 14th

Alternatives

	<u>Tax Rate</u>	<u>Property Tax Revenue</u>	<u>Difference from Budgeted Rate</u>
No-New-Revenue Rate	\$ 0.6713	\$ 50,902,612	\$ (2,462,396)
Revised Proposed Rate*	\$ 0.7056	\$ 53,365,008	\$ -
Rate w/\$24M Bond Issue	\$ 0.7169	\$ 54,179,609	\$ 814,601
Current Tax Rate	\$ 0.7330	\$ 55,336,619	\$ 1,971,611
Voter-Approval Rate	\$ 0.8357	\$ 62,717,047	\$ 9,352,039

*2.74¢ decrease in tax rate after receipt of certified tax roll on July 16, 2021 and tax rate calculations on July 20, 2021

Recommendation

- Set the preliminary tax rate at \$0.7056

Property Tax – Next Steps

- Set the preliminary tax rate
- Required to take a record vote
- Set the date, time, and place of the tax rate public hearing and vote to set the tax rate:
 - Public hearing and vote to set tax rate on September 14, 2021