



City of Killeen

Agenda

City Council

Tuesday, August 20, 2019

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	___ Jim Kilpatrick
___ Shirley Fleming	___ Butch Menking
___ Steve Harris	___ Debbie Nash-King
___ Gregory Johnson	___ Juan Rivera

Approval of Agenda

Resolutions

1. [RS-19-078](#) Consider a memorandum/resolution setting the preliminary tax rate for the FY 2020 Annual Budget and setting the dates to hold public hearings.

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 August 16, 2019.

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.

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City of Killeen

Legislation Details

File #: RS-19-078 **Version:** 1 **Name:** Setting Preliminary Tax Rate
Type: Resolution **Status:** Resolutions
File created: 8/6/2019 **In control:** City Council
On agenda: 8/20/2019 **Final action:**
Title: Consider a memorandum/resolution setting the preliminary tax rate for the FY 2020 Annual Budget and setting the dates to hold public hearings.
Sponsors:
Indexes:
Code sections:
Attachments: [Staff Report](#)
[Presentation](#)

Date	Ver.	Action By	Action	Result
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STAFF REPORT

DATE: August 20, 2019

TO: Ronald L. Olson, City Manager

FROM: Jonathan Locke, Executive Director of Finance

SUBJECT: Setting the preliminary tax rate for the FY 2020 Annual Budget and associated public hearing dates

BACKGROUND AND FINDINGS:

Truth-in-taxation laws require that a governing body publish notices and hold public hearings if a preliminary tax rate exceeds the lower of the effective tax rate or the rollback rate. The following tax rates per \$100 valuation are relevant to the proposed FY 2020 Budget:

Effective Tax Rate	0.6788
Current Tax Rate	0.7498
Notice and Hearing Tax Rate	>0.6788
Proposed Budget Tax Rate	0.7498
Rollback Tax Rate, Adjusted for Sales Tax	0.7588

The City Council must set a preliminary tax rate for the proposed FY 2020 Budget. The preliminary tax rate is the maximum tax rate that may be adopted for the FY 2020 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 0.6788, no additional meetings will be required, and the tax rate will be adopted on September 17, 2019.

If the preliminary tax rate exceeds 0.6788, the City Council must take a record vote and schedule two (2) public hearings on the preliminary tax rate. The FY 2020 Proposed Budget was prepared using the current tax rate of 0.7498. Setting the preliminary tax rate at the current tax rate of 0.7498 requires two public hearings, since it is higher than 0.6788.

The first publication must run at least seven (7) days prior to the public hearing on the tax rate. The first public hearing will be held on September 3, 2019. The second public hearing may not be held any earlier than the third day after the first hearing. The second public hearing will be held on September 10, 2019. The tax rate is scheduled to be adopted on September 17, 2019. State law requires that the tax rate be adopted no sooner than three (3) days (September 13, 2019), and no later than fourteen (14) days (September 24, 2019) after the second public hearing.

THE ALTERNATIVES CONSIDERED:

Setting the preliminary tax rate at:

1. Effective rate - 0.6788
2. Rollback rate - 0.7588
3. Current and Proposed Budget rate - 0.7498

Which alternative is recommended? Why?

Staff recommends that City Council set the preliminary tax rate greater than or equal to the current tax rate of 0.7498. The City Manager's proposed FY 2020 Budget is predicated on the current tax rate of 0.7498. The chart below illustrates the budget impact of setting the preliminary tax rate at the different alternatives:

	Tax Rate	Total Levy	Difference from Current Rate
Current Rate	\$ 0.7498	\$ 47,920,111	\$ -
Budgeted Rate	\$ 0.7498	\$ 47,920,111	\$ -
Effective Rate	\$ 0.6788	\$ 43,574,751	\$ (4,345,360)
Rollback Rate	\$ 0.7588	\$ 48,470,931	\$ 550,820

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:

Staff recommends that City Council set the preliminary tax rate greater than or equal to the current tax rate of 0.7498.

DEPARTMENTAL CLEARANCES:

Finance
City Attorney

ATTACHED SUPPORTING DOCUMENTS:

N/A



SETTING THE PRELIMINARY TAX RATE

RS-19-078

August 20, 2019

Property Tax History

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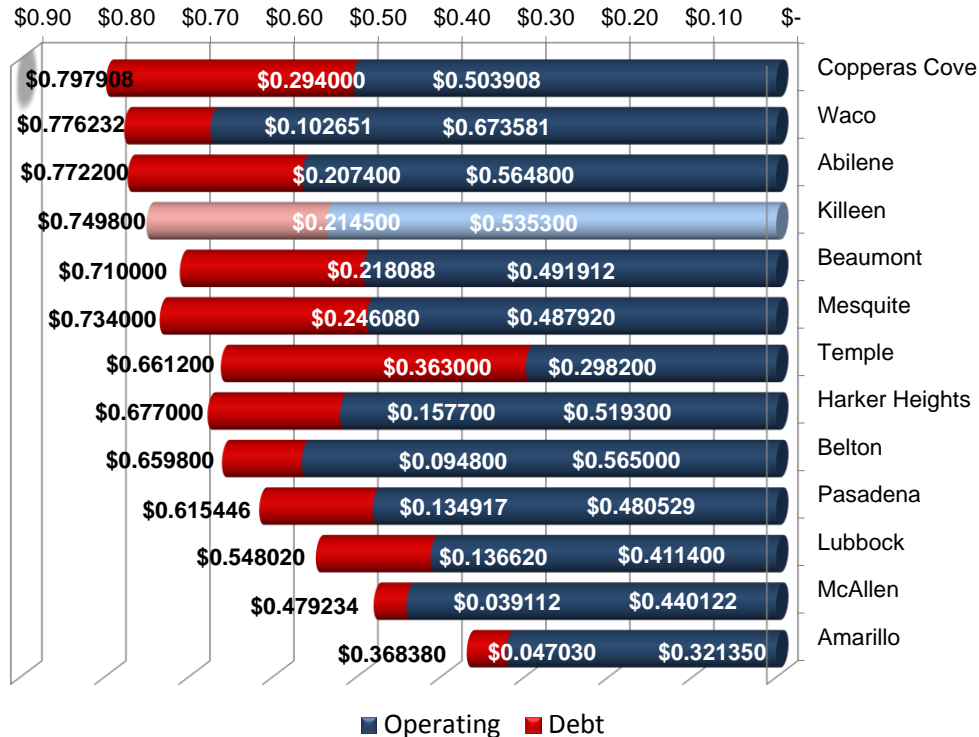
Fiscal Year	Tax Rate	Freeze Adjusted Taxable Value	Exemption Value	Tax Levy
2009	\$0.6950	\$ 4,400,933,543	\$ 389,272,462	\$ 30,586,488
2010	0.6950	4,393,080,749	481,935,337	31,931,424
2011	0.7428	4,395,993,060	535,751,159	34,075,719
2012	0.7428	4,520,459,969	553,300,701	35,040,072
2013	0.7428	4,599,097,718	606,059,551	35,663,378
2014	0.7428	4,795,024,710	662,109,123	37,110,950
2015	0.7498	4,811,164,418	755,476,941	37,579,399
2016	0.7498	4,943,248,641	840,029,405	38,659,704
2017	0.7498	5,105,756,819	943,288,983	39,950,656
2018	0.7498	5,495,220,469	1,110,668,560	42,948,762
2019	0.7498	5,558,236,084	1,319,944,348	43,412,298
2020 ¹	0.7498	6,146,321,192	1,495,394,748	47,920,111

¹ - Proposed tax rate for FY 2020

Property Tax Comparison to other Cities

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FY 2019 Tax Rate Comparison



Property Tax Rate Description

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- ❑ Current Rate – the tax rate levied for the current fiscal year.
 - ▣ FY 2019 - \$0.7498
- ❑ Budgeted Rate – the tax rate used to prepare the FY 2020 Proposed Budget.
 - ▣ FY 2020 - \$0.7498
- ❑ Effective 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 2020 - \$0.6788
- ❑ Rollback Rate – the tax rate that is calculated by increasing the maintenance and operation component of the Effective Rate by 8%.
 - ▣ FY 2020 - \$0.7588
 - ▣ Citizens can petition to hold an election if exceeded

Property Tax Levy Comparison

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	<u>Tax Rate</u>	<u>Total Levy</u>	<u>Difference from Current Rate</u>
Current Rate	\$ 0.7498	\$ 47,920,111	\$ -
Budgeted Rate	\$ 0.7498	\$ 47,920,111	\$ -
Effective Rate	\$ 0.6788	\$ 43,574,751	\$(4,345,360)
Rollback Rate	\$ 0.7588	\$ 48,470,931	\$ 550,820

Property Tax – Tax Rate Components

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	<u>FY 2019 Amount</u>	<u>FY 2019 Tax Levy</u>	<u>FY 2020 Amount</u>	<u>FY 2020 Tax Levy</u>
Operations	\$ 0.5353	\$ 30,985,735	\$ 0.5281	\$ 33,742,373
Debt	0.2145	12,426,563	0.2217	14,177,738
Total	<u>\$ 0.7498</u>	<u>\$ 43,412,298</u>	<u>\$ 0.7498</u>	<u>\$ 47,920,111</u>

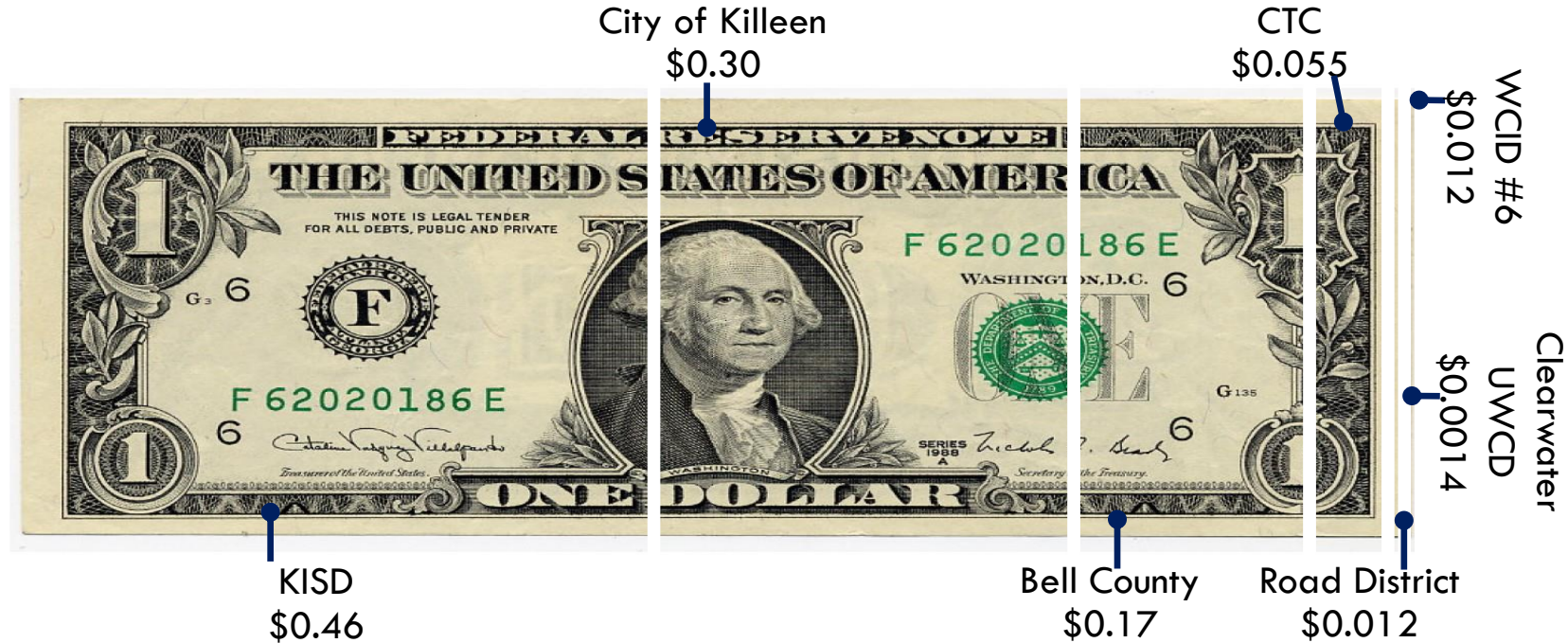


How the Property Tax Rate is Divided (FY 2020)

Total Property Tax Rate = \$2.53407 per \$100 Valuation

Killeen Property Tax Rate = \$0.7498 per \$100 Valuation

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*Not all properties are taxed by Bell County WCID #6

DRAFT

Property Tax -Average Taxable Homestead Value Comparison

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	Proposed FY 2020	Current FY 2019	Difference
Taxable Value	\$ 134,462	\$ 127,079	\$ 7,383
Tax Rate	0.7498	0.7498	-
Annual Tax Levy*	\$ 1,008.20	\$ 952.84	\$ 55.36
Monthly Cost	\$ 84.02	\$ 79.40	\$ 4.61



*Taxable Value/100 x Tax Rate (\$0.7498) = City Taxes Paid

Property Tax -Tax Equivalent of Exemptions

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Fiscal Year	Total Tax Rate	Freeze Adjusted Taxable Value	Exemption Value	Exemptions % of Value	Value of Exemption
2009	\$ 0.6950	\$ 4,400,933,543	\$ 389,272,462	9%	\$ 2,705,444
2010	0.6950	4,393,080,749	481,935,337	11%	3,349,451
2011	0.7428	4,395,993,060	535,751,159	12%	3,979,560
2012	0.7428	4,520,459,969	553,300,701	12%	4,109,918
2013	0.7428	4,599,097,718	606,059,551	13%	4,501,810
2014	0.7428	4,795,024,710	662,109,123	14%	4,918,147
2015	0.7498	4,811,164,418	755,476,941	16%	5,664,566
2016	0.7498	4,943,248,641	840,029,405	17%	6,298,540
2017	0.7498	5,105,756,819	943,288,983	18%	7,072,781
2018	0.7498	5,495,220,469	1,110,668,560	20%	8,327,793
2019	0.7498	5,558,236,084	1,319,944,348	24%	9,896,943
2020	0.7498	6,146,321,192	1,495,394,748	24%	11,212,470

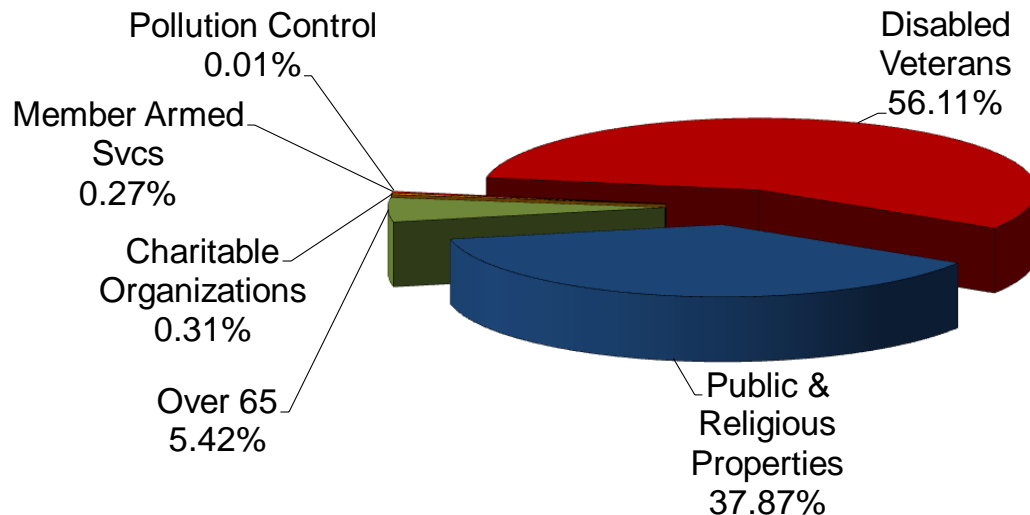
In FY 2020, preliminary exemption value lost equates to 18¢ per \$100 valuation

[Note: 1¢ = \$626,323 in revenue]

Property Tax - Killeen Exemptions

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City of Killeen FY 2020 Exemptions ⁽¹⁾

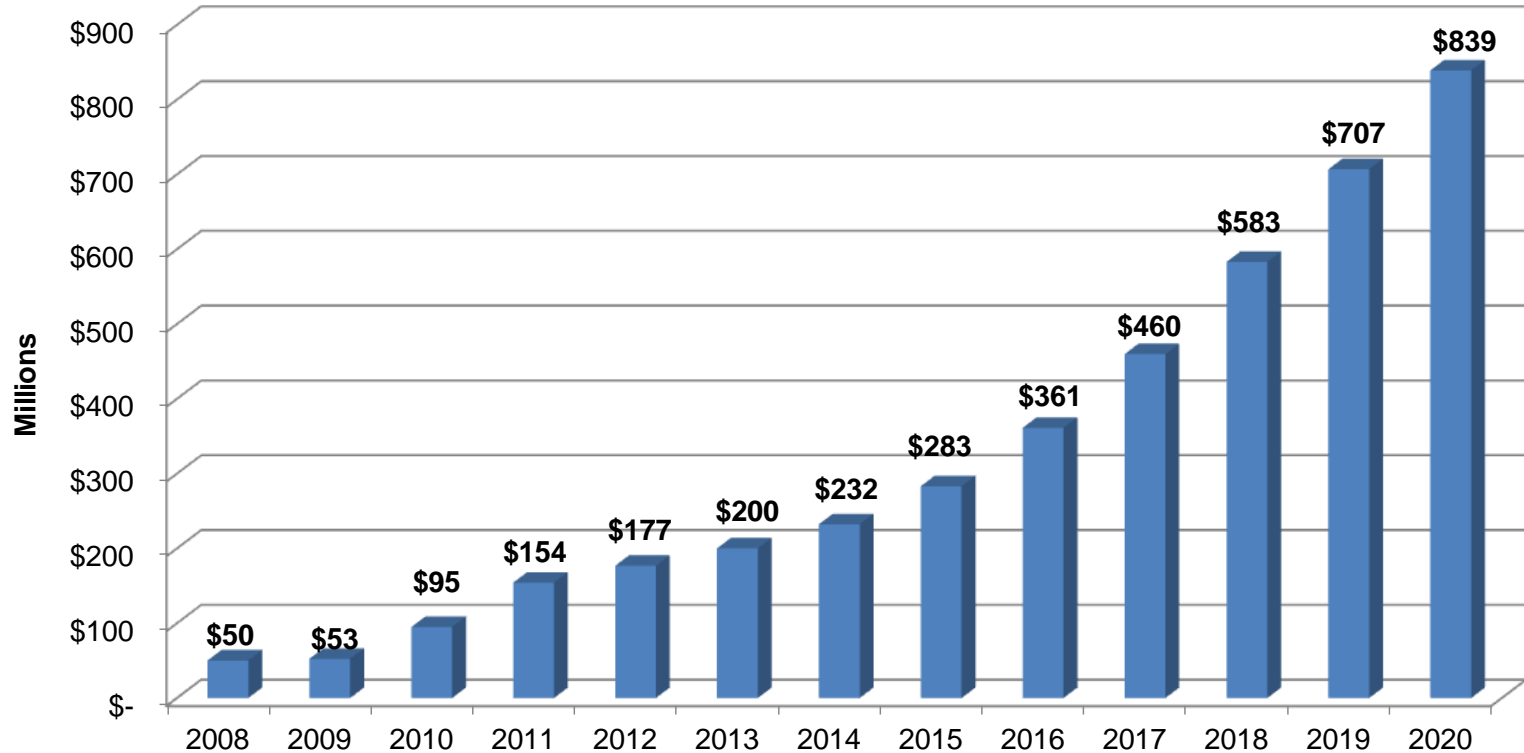


⁽¹⁾ Source Document: Tax Appraisal District of Bell County - July 16, 2019 Certified Tax Roll

Total Exemptions: \$1,495,394,748

Property Tax - Disabled Veteran's Exemptions

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Summary of Tax Rate Process

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- ❑ 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 Hearings
 - ▣ September 3rd
 - ▣ September 10th
- ❑ Set the tax rate (may be lower than preliminary tax rate)
 - ▣ September 17th

Alternatives

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	Difference from Current Rate		
	<u>Tax Rate</u>	<u>Total Levy</u>	
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Rollback Rate	\$ 0.7588	\$ 48,470,931	\$ 550,820

Recommendation

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Staff recommends that City Council set the preliminary tax rate at the current and budgeted tax rate of \$0.7498.

Property Tax - Next Steps

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- ❑ Set the preliminary tax rate
- ❑ Required to take a record vote
- ❑ Announce the date, time, and place of the tax rate public hearings and vote to set the tax rate:
 - ▣ First hearing on September 3, 2019
 - ▣ Second hearing on September 10, 2019
 - ▣ Vote to set tax rate on September 17, 2019