

CITY COUNCIL MEMORANDUM

AGENDA ITEM

Preliminary Tax Rate for the FY 2017

ORIGINATING DEPARTMENT

Finance

BACKGROUND INFORMATION

Truth-in-taxation laws require that a governing body 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 per \$100 valuation are relevant to the proposed FY 2017 Budget:

| | |
|-----------------------------|--------|
| Effective Tax Rate | .7368 |
| Current Tax Rate | .7498 |
| Notice and Hearing Tax Rate | >.7368 |
| Preliminary Budget Tax Rate | .7498 |
| Rollback Tax Rate | .8425 |

The City Council must set a preliminary tax rate for the proposed FY 2017 Budget. The preliminary tax rate is the maximum tax rate that may be adopted for the FY 2017 Budget. 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 .7368, no additional meetings will be required, and the tax rate will be adopted on September 13, 2016.

If the preliminary tax rate exceeds .7368, 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 prior to the public hearing on the tax rate. The first public hearing will be held on August 30, 2016. The second public hearing may not be held any earlier than the third day after the first hearing. The second meeting will be held on September 6, 2016. The tax rate is scheduled to be adopted on September 13, 2016. State law requires that the tax rate be adopted no sooner than three (3) days (September 9, 2016), and no more than 14 days (September 20, 2016) 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 2017 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 2017 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 2017 Budget. The Council may elect to lower the preliminary tax rate at a later date; however, it may not be raised.