



## STAFF REPORT

**DATE:** September 18, 2018

**TO:** Ronald L. Olson, City Manager

**FROM:** Jonathan Locke, Executive Director of Finance

**SUBJECT:** Ratifying the Property Tax Revenue Increase as Required by the Local Government Code.

### **BACKGROUND AND FINDINGS:**

In accordance with Local Government Code Section 102.007(c), adoption of a budget that will require raising more revenue from property taxes than in the previous year requires a separate vote of the governing body to ratify the property tax revenue increase reflected in the budget.

This budget will raise more revenue from property taxes than last year's budget by an amount of \$463,535, which is a 1.08 percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$980,149.

The growth in exempted property value offset a large portion of the increase in assessed value and new property value added to the tax roll. A reconciliation is provided below:

	<b>Property Value</b>	<b>Tax Levy</b>
Increase in Assessed Value	\$ 140,901,225	\$ 1,056,478
New Taxable Value	130,721,412	980,149
Increase in Tax Exemptions	209,275,788	(1,569,150)
Frozen Tax Levy		<u>(3,942)</u>
<b><i>Property Taxes Raised in Excess of Last Year's Budget</i></b>	<b>\$</b>	<b><u><u>463,535</u></u></b>

### **THE ALTERNATIVES CONSIDERED:**

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

Staff recommendation is to approve the memorandum/resolution as presented, which meets the requirements set forth by the Local Government Code.

**CONFORMITY TO CITY POLICY:**

The memorandum/resolution ratifying the tax revenue increase conforms with Local Government Code Section 102.007(c).

**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 recommendation is to ratify the property tax revenue increase reflected in the Annual Budget and Plan of Municipal Services for the fiscal year October 1, 2018, through September 30, 2019.

**DEPARTMENTAL CLEARANCES:**

Finance  
City Attorney

**ATTACHED SUPPORTING DOCUMENTS:**

N/A