

# Setting Preliminary Tax Rate

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August 3, 2021



CITY OF  
**Killeen**

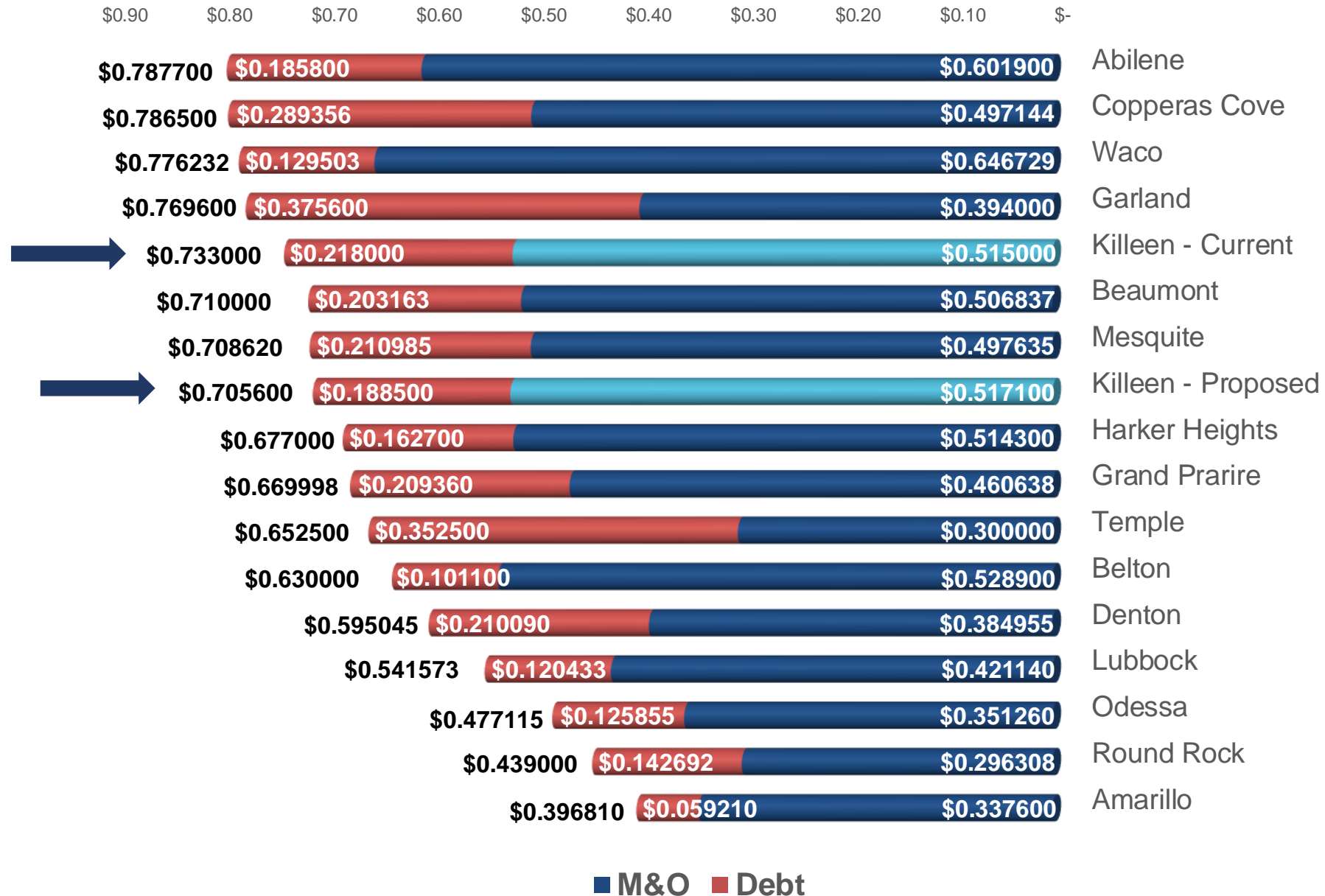
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<b>Fiscal Year</b>	<b>Tax Rate</b>	<b>Net Taxable Value</b>	<b>Exemption Value</b>	<b>Tax Levy</b>
2010	\$ 0.6950	\$ 4,597,388,192	\$ 481,935,337	\$ 31,931,424
2011	0.7428	4,600,996,317	535,751,159	34,075,719
2012	0.7428	4,732,551,512	553,300,701	35,040,072
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 <sup>1</sup>	0.7056	7,810,296,015	2,151,287,337	54,180,250

<sup>1</sup> - Proposed tax rate for FY 2022

## FY 2021 Peer City Benchmark Tax Rates



# Property Tax Rate Description

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- 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

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	<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

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	<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

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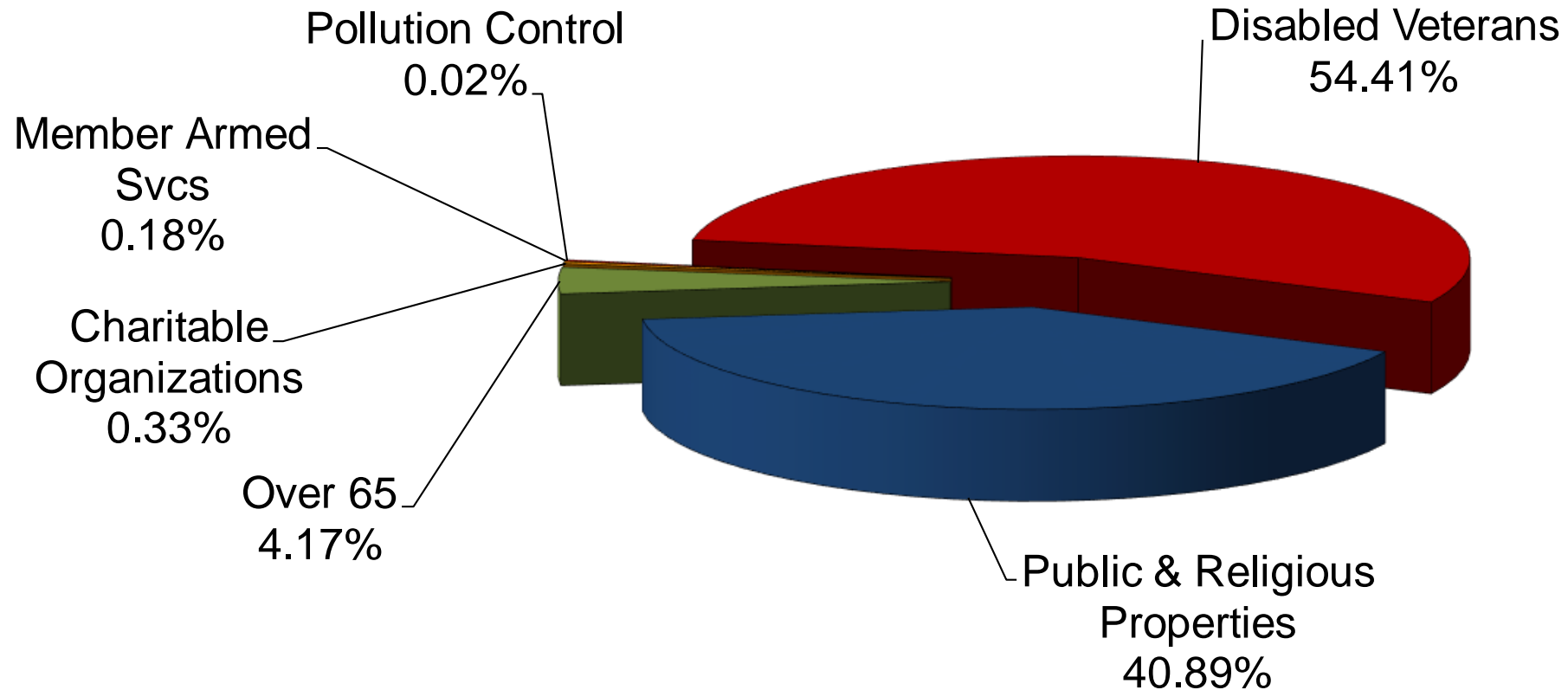
<b>Fiscal Year</b>	<b>Total Tax Rate</b>	<b>Net Taxable Value</b>	<b>Exemption Value</b>	<b>Exemptions % of Value</b>	<b>Value of Exemption</b>
2010	\$ 0.6950	\$ 4,597,388,192	\$ 481,935,337	10%	3,349,451
2011	0.7428	4,600,996,317	535,751,159	12%	3,979,560
2012	0.7428	4,732,551,512	553,300,701	12%	4,109,918
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
<b>2022 *</b>	<b>0.7056</b>	<b>7,810,296,015</b>	<b>2,151,287,337</b>	<b>28%</b>	<b>15,179,483</b>

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 <sup>(1)</sup>

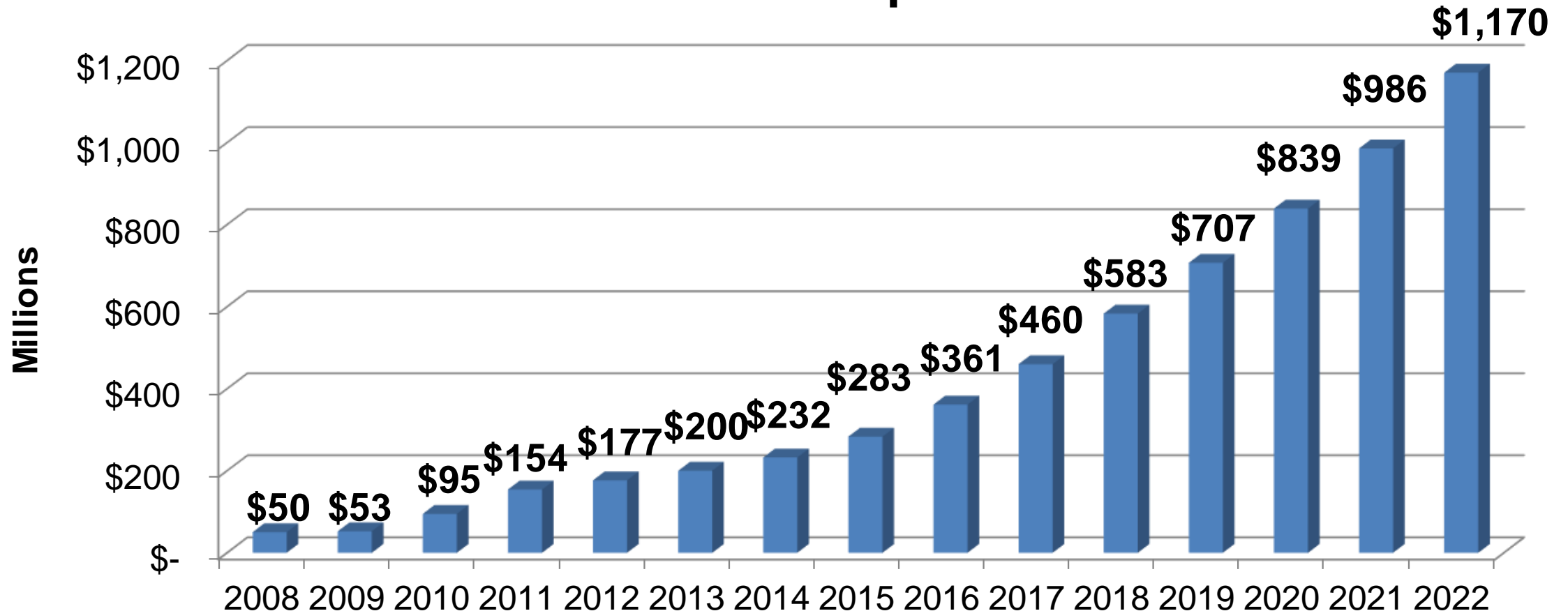


<sup>(1)</sup> Source Document: Tax Appraisal District of Bell County - July 15, 2021 Certified Tax Roll

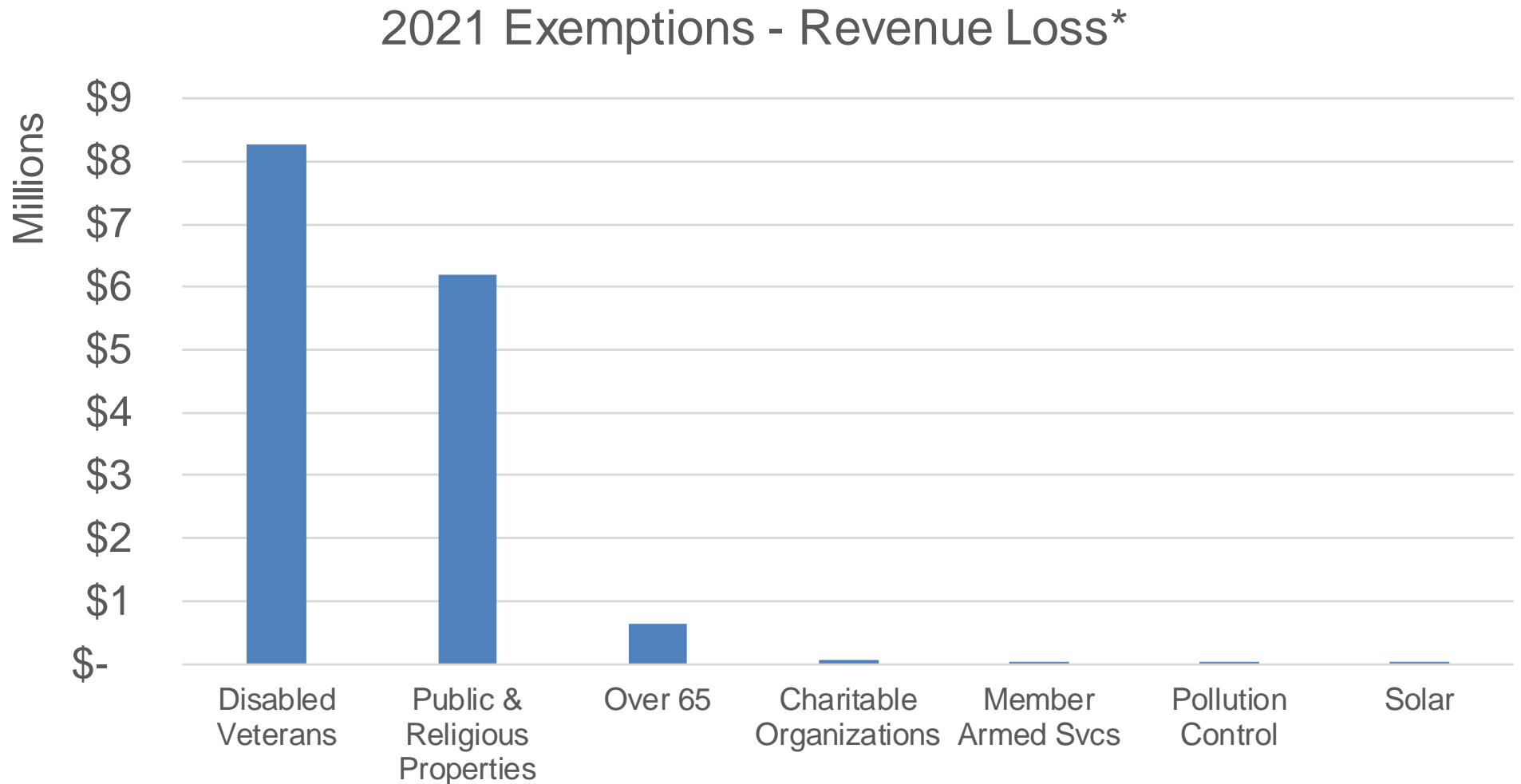
**Total Exemptions: \$2,157,287,337**

# Property Tax – Disabled Veteran's Exemptions

## Disabled Veteran Exemptions - Value

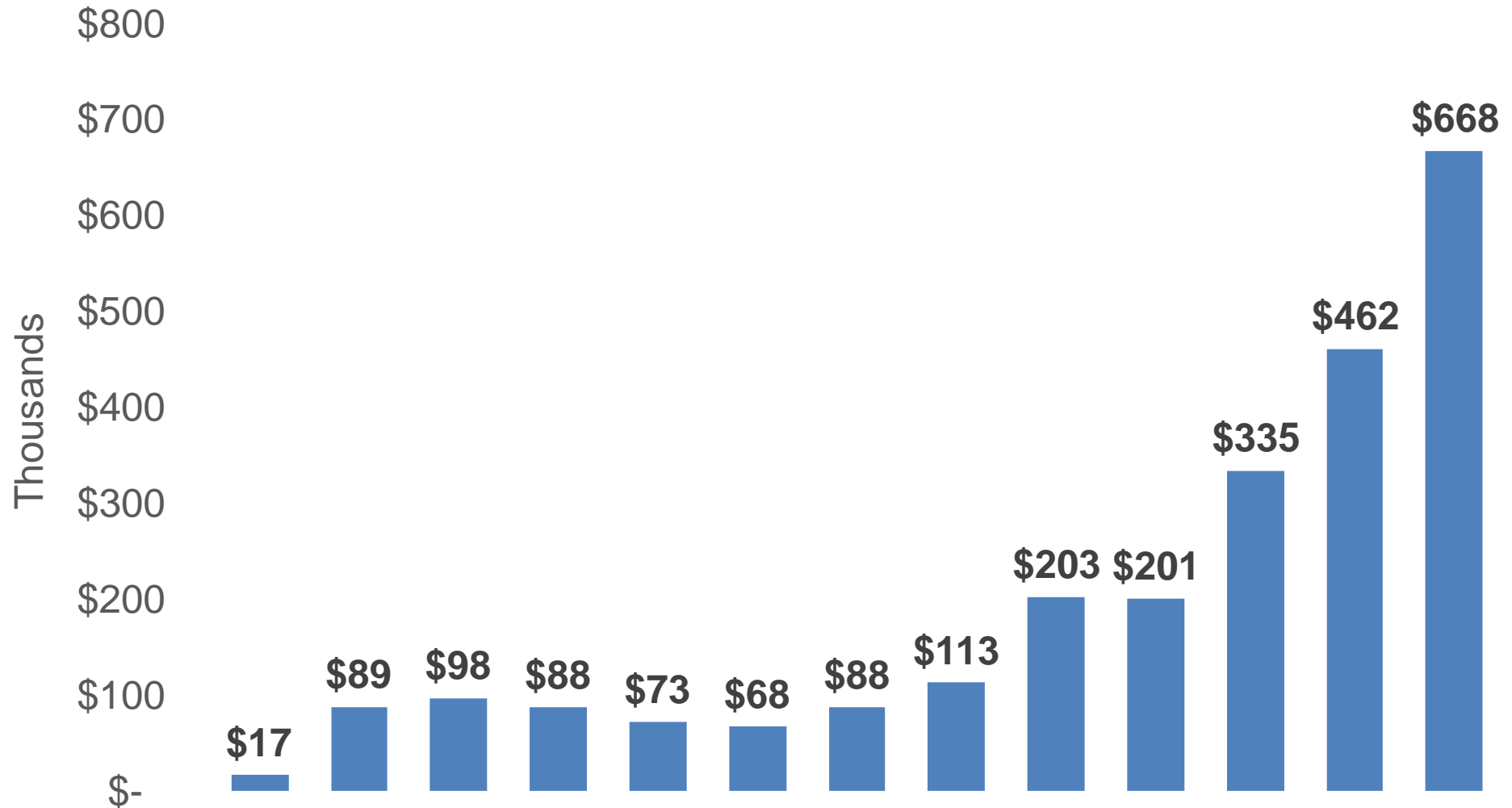


# Property Tax – Exemptions – Revenue Loss\*



\*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

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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 Hearing
  - September 14<sup>th</sup>
- Set the tax rate (may be lower than preliminary tax rate)
  - September 14<sup>th</sup>

# 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
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# Recommendation

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- Set the preliminary tax rate at \$0.7056

## Property Tax – Next Steps

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- 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