



## Legislation Text

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File #: ORD-3465, Version: 1

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### **Consider adopting Ordinance No. 3465 to levy and adopt the tax rate for Fiscal Year 2017-18 and take appropriate action.**

#### BACKGROUND:

Property owners have the right to know about increases in their properties' appraised value and to be notified of the estimated taxes that could result from the new value. This is accomplished by following Truth-in-Taxation requirements to ensure the public is informed of any increases. Truth-in-taxation is a concept embodied in the Texas Constitution and the Tax Code that requires local taxing units make taxpayers aware of tax rate proposals. The City of Farmers Branch has complied with all aspects of the truth-in-taxation process.

#### DISCUSSION:

On July 28, 2017, City Administration submitted the Proposed 2017-18 Fiscal Year Operating & Capital Budget to the City Council, which was developed with no change to the current tax rate.

City Administration developed and presented a budget that maintains the current tax rate of \$0.602267. The proposed tax rate exceeds the calculated total effective tax rate (for maintenance and operations plus debt service) by 0.31%; will effectively raise more taxes for maintenance and operations than last year's tax rate by 1.14%; and, will raise taxes for maintenance and operations on a \$100,000 home by approximately \$2.43. The proposed tax rate of \$0.602267 will be distributed as follows: \$0.517699 for general fund maintenance and operations and \$0.084568 for debt service distribution, per \$100 assessed value.

Property Tax Code Section 26.05(b) and Texas Local Government Code, Chapters 102, 111 and 140, have a required motion and notice requirement if a proposed property tax rate exceeds the lower of the effective tax rate or the rollback tax rate and requires a specific statement in the ordinance setting the rate if the property tax levy to fund maintenance and operations expenditures exceeds the prior year's maintenance and operations tax levy. In addition, Chapter 26.05(b) of the Property Tax Code also requires that the vote on the ordinance setting a tax rate that exceeds the effective tax rate must be a record vote and at least 60% of the members of the governing body must vote in favor of the ordinance.

State law requires that this ordinance be passed after the passage of the City's fiscal year budget. This ordinance supports the City's guiding principle for financial stewardship.

#### RECOMMENDATION:

Recommended motion by City Administration that the City Council adopt Ordinance No. 3465 to levy the tax rate for the 2017 tax year (2017-18 fiscal year) at \$0.602267 per \$100 of assessed value, which represents no change in the current tax rate.

#### POSSIBLE COUNCIL ACTION:

1. I move to approve Ordinance No. 3465 to levy and adopt the tax rate for 2017-18. In adopting this ordinance, the City Council must state (**the proposed rate may not exceed the advertised proposed maximum rate of \$0.602267**):

- a) To adopt the current tax rate of \$0.602267: I move that the property tax rate be increased by the adoption of a tax rate of \$0.602267, which is effectively a 0.31% increase in the tax rate.

(Note: This exact statement is required for Truth in Taxation compliance. Legislation also requires that at least 60% of the members of the governing body vote in favor of the ordinance setting a tax rate that exceeds the effective tax rate before the ordinance becomes effective.)

2. I move to approve Ordinance No. 3465, with modifications. (Note: Any alternate motion made must be made in the same form as Number 1 above. The alternate rate may not exceed \$0.602267 and 60% of the members of the governing body must vote in favor of the alternate rate in order for the ordinance to become effective. *If an alternate proposed rate is at or below the effective rate of \$0.600386, no specific motion is required.*) [To calculate the percent of rate increase or decrease for a motion made under this section that exceeds \$0.600386, subtract \$0.600386, which is the lesser of the calculated effective and rollback rate, from the proposed rate, then divide the calculated difference by \$0.600386 and multiply the resulting amount by 100 to determine the percentage increase/decrease. Use this percentage amount to make the motion in the same manner as in number 1 above.]

3. I move to table the issue for further study or take no action.

ATTACHMENTS:

1. Ordinance No. 3465