

Item H-6

Consider a resolution of the City Council of the City of Keller, Texas, to consider a proposal to adopt a tax rate that will be lower than the no new revenue and voter-approval tax rates; and providing an effective date.

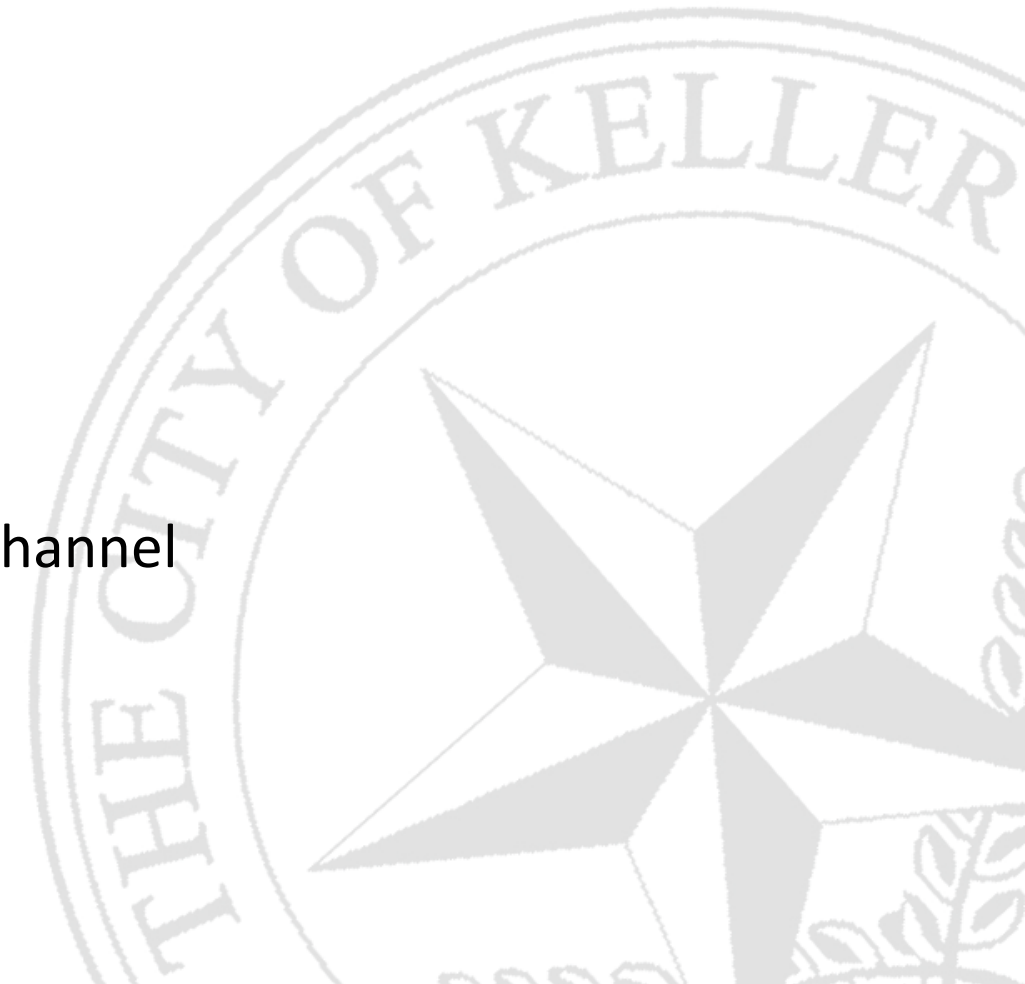
Requirements to Adopt Budget & Tax Rate

Budget Adoption - Keller Charter/ Local Government Code:

- Proposed Budget be filed on or before August 15
- Post notice of proposed budget
- Hold public hearing
- Adopt by September 27

Tax Rate Adoption - Texas Tax Code:

- Consider a proposed tax rate
- Post the rate notice: newspaper, website and PEG Channel
- ~~• Hold public hearing prior to adoption~~
- Adopt budget
- ~~• Motion to approve tax revenue increase in budget~~
- Adopt tax rate



Tax Rate Terminology

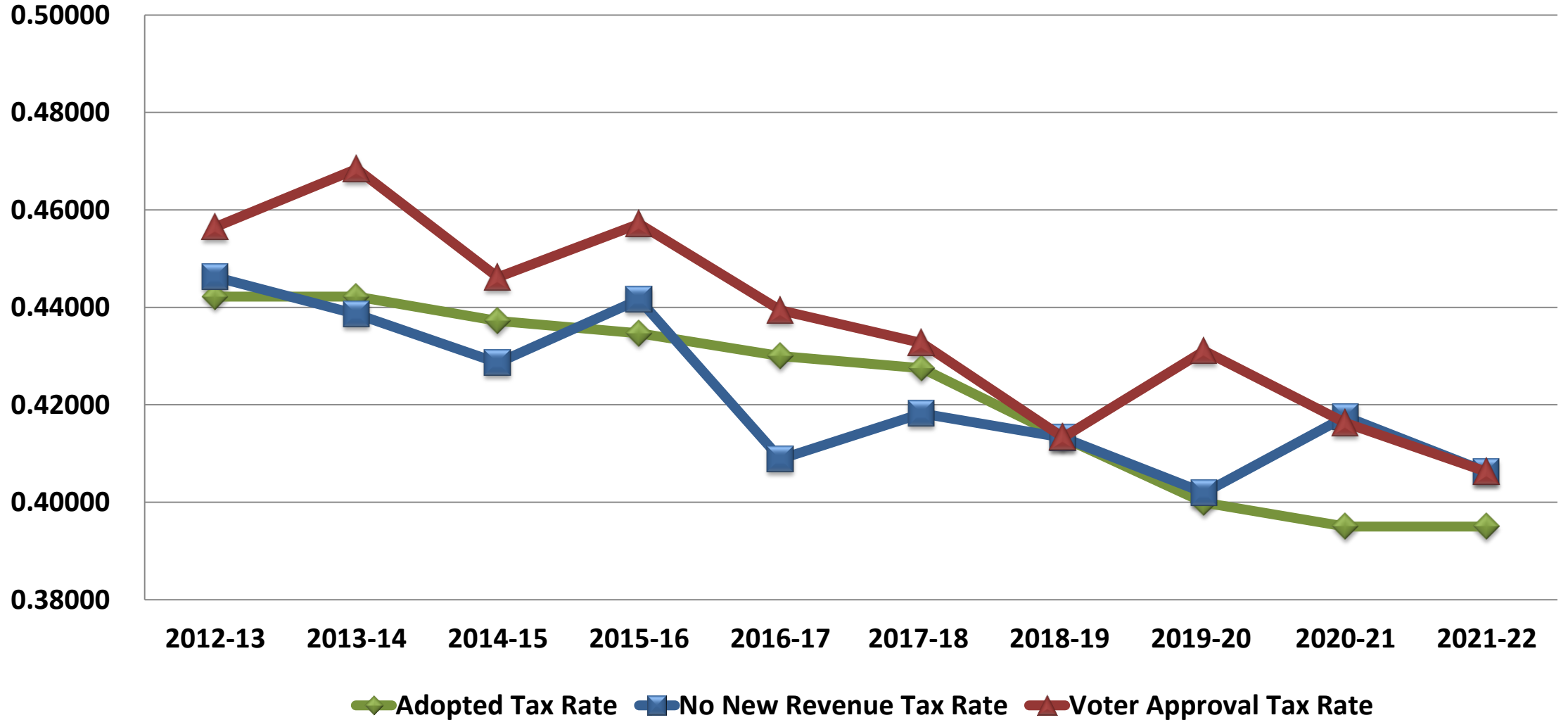
Total Tax Rate (Proposed \$0.39500/\$100)

- Operations and Maintenance Rate (O&M) – Rate for General Fund activity (\$0.336030)
- Interest and Sinking Rate (I&S) – Rate for Debt Service (\$0.058970)

No New Revenue Rate - Rate which creates levy on same properties as prior year (\$0.406220)

Voter Approval Rate - Effective O&M Rate * 1.035 + I&S Rate (\$0.406262)

Property Tax Rate History



Levy with Certification

	Current	June Estimate	Certification
Adjusted Value	6,008,353,326	6,222,058,171	6,045,915,406
No-New-Revenue	0.41759	N/A	0.406220
Voter-Approval	0.41628	N/A	0.406262
City Rate	0.3950	0.3950	0.3950
Collection	\$23,582,462	\$24,205,688	\$23,706,216
Vs. FY 2020-21	-	623,225	123,754
New Levy	290,303	330,320	281,397
Existing Levy	(878,257)	292,905	(157,644)

Value of \$0.0025/100 = \$150,043

Tax Rate Options

	FY 2020-21 Rate	FY 2021-22 Rate	No New Revenue Rate	Voter- Approval Rate	Voter- Approval w/ Incremental Rate
Tax Rate	\$0.3950	\$0.3950	\$0.406220	\$0.406260	\$0.427533
Average Taxable Home	\$351,817	\$347,898	\$347,898	\$347,898	\$347,898
Avg. Home Tax Bill	1,390	1,374*	\$ 1,412	\$1,413	\$1,487
Per Month	115.81	114.52	\$117.69	\$117.78	\$123.95
Change from FY 2020-21 (\$)	\$ -	(\$15.48)	\$23.55	\$23.70	\$97.70

***Lowest average bill since FY 2016-17**

Tax Mitigation Timeline

Fiscal Year	Tax Rate	Change from FY 2013-14	Homestead	Avg. Home Tax Bill without Mitigation
FY 2013-14	\$0.44219	\$0.00000	1%	1,904
FY 2014-15	\$0.43719	(\$0.00500)	1%	1,882
FY 2015-16	\$0.43469	(\$0.00750)	1%	1,871
FY 2016-17	\$0.43000	(\$0.01219)	4%	1,795
FY 2017-18	\$0.42750	(\$0.01469)	8%	1,710
FY 2018-19	\$0.41325	(\$0.02894)	10%	1,617
FY 2019-20	\$0.39990	(\$0.04229)	12%	1,530
FY 2020-21	\$0.39500	(\$0.04719)	14%	1,477
FY 2021-22	\$0.39500	(\$0.04719)	20%	1,374

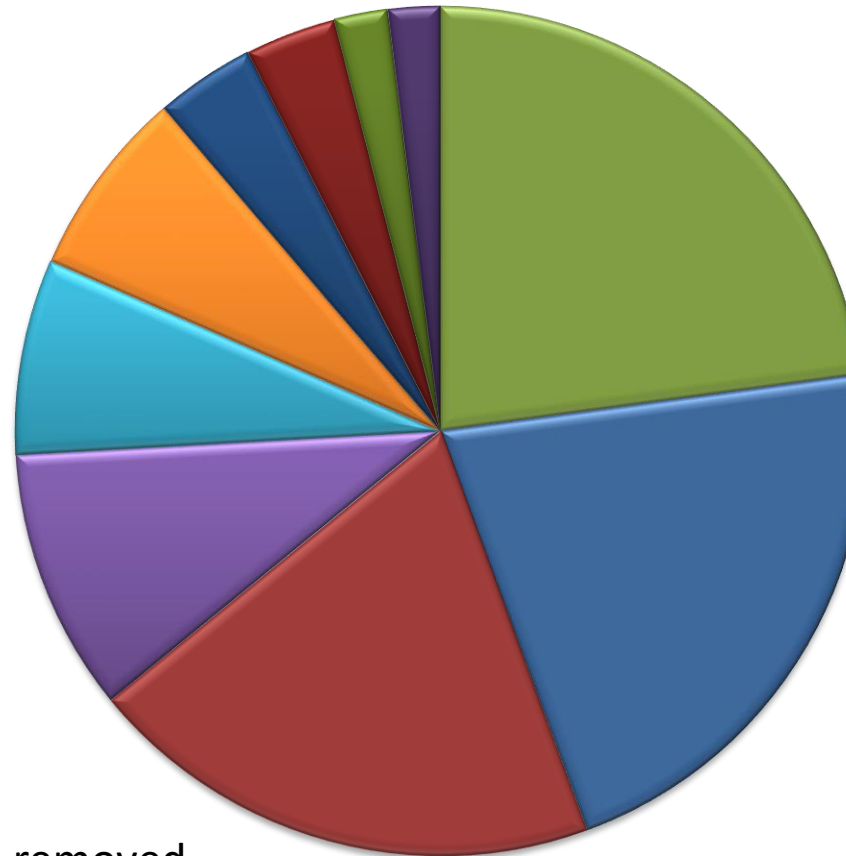
\$0.3950 & 20% Homestead Exemption vs. FY 14 Rate & 1% HS = \$529 savings or ~4.6 month of services

Cost of City Services for Average Residential Taxpayer

<i>Public Works</i>	26.18
Police	24.65
Fire	22.59
General Govt.	11.45
Debt Service	8.50
Parks & Rec	8.24
Library	4.33
Comm. Devel.	3.97
Non-Dept.	2.33
Econ. Dev.	2.27

Total \$ 114.52

Monthly Cost



- Public Works
- Police
- Fire
- General Govt.
- Debt Service
- Parks & Rec
- Library
- Comm. Devel.
- Non-Dept.
- Econ. Dev.

Public Works = \$8.67 w/ one-time expenditures removed

Budget Timeline – Next Steps

Calendar Item	Date(s)
Vote on Homestead Exemption (14% to 20%)	June 15
Proposed Budget Published	August 10
Vote on Max Tax Rate	August 17
Council Budget Workshop	August 26
First Public Hearing on Tax Rate	September 7
Second Public Hearing on Tax Rate	September 14 (SC)
Budget and Tax Rate Adoption	September 21
Fiscal Year Begins	October 1

Action Needed

Approve a Resolution:

- Setting maximum rate of \$0.3950 – current rate & used for proposed budget
- Setting a maximum rate up to \$0.406220 – requires public hearings
- ~~Setting a maximum rate at or above \$0.406262 – requires voter approval~~
- Approve another rate below \$0.406262 as maximum rate



Questions?
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