

Item H-4

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 (if rate exceeds the no new revenue rate):

- 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

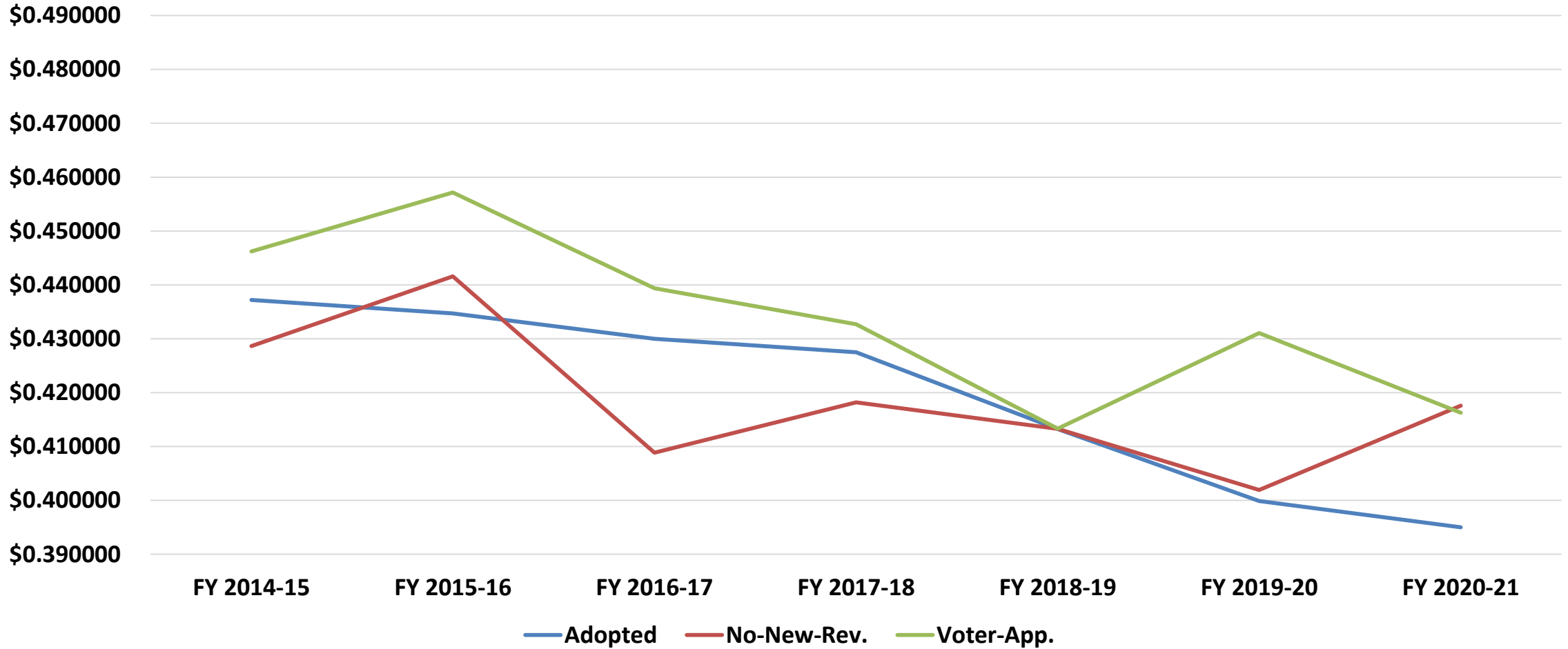
Total Tax Rate (Proposed \$0.39500/\$100)

- Operations and Maintenance Rate (O&M) – Rate for General Fund activity (\$0.32419)
- Interest and Sinking Rate (I&S) – Rate for Debt Service (\$0.07081)

No New Revenue Rate - Rate which creates levy on same properties as prior year (\$0.417588)

Voter Approval Rate - Effective O&M Rate * 1.035 + I&S Rate (\$0.416278)

Property Tax Rate History



Levy with Certification

	Current	June Estimate	Certification @ Current TR	Certification @ Proposed TR
Adjusted Value	6,089,788,184	6,222,058,171	6,008,353,326	6,008,353,326
No-New-Revenue	0.401949	N/A		0.417587
Voter-Approval	0.431064	N/A		0.416277
City Rate	0.3999	0.3999	0.3999	0.3950
Collection	\$24,170,415	\$24,187,510	\$23,833,961	\$23,582,462
Vs. FY 2019-20	-	17,095	(336,454)	(587,953)
New Levy	527,287	352,287	292,075	288,495
Existing Levy	(99,741)	335,852	(628,528)	(876,448)

- Value of \$0.0025/100 = \$149,256

Tax Rate Options

	Proposed Rate	Current Rate	<i>Voter Rate</i>
Tax Rate	\$0.3950	\$0.3999	\$0.416277
Avg. Home Tax Bill	\$ 1,390	1,407	\$ 1,465
Per Month	\$115.81	117.24	\$122.04
Increase from FY 2019-20 (\$)	(\$31.54)	(\$17.24)	\$43.32

Tax Mitigation Timeline

Fiscal Year	Tax Rate	Change from FY 2013-14	Homestead
FY 2013-14	\$0.44219	\$0.00000	1%
FY 2014-15	\$0.43719	\$0.00500	1%
FY 2015-16	\$0.43469	\$0.00750	1%
FY 2016-17	\$0.43000	\$0.01219	4%
FY 2017-18	\$0.42750	\$0.01469	8%
FY 2018-19	\$0.41325	\$0.02894	10%
FY 2019-20	\$0.39990	\$0.04229	12%
FY 2020-21	\$0.39500	\$0.04719	14%

Average Home Impact

	FY 2019-20	June Est.	Cert. @	Cert. @
Tax Rate	\$0.3999	\$0.3999	\$0.3999	\$0.3950
Exemption	12%	12%		14%
Avg. Home Value	355,395	362,656		351,817
Avg. Home Tax Bill	1,421	1,511	1,407	1,390
Per Month	118.44	125.97	117.24	115.81
At FY 14 Rate	1,572	1,604		1,556
At FY 15 Rate	1,554	1,585		1,538
At FY 16 Rate	1,545	1,576		1,529
At FY 17 Rate	1,528	1,559		1,513
At FY 18 Rate	1,519	1,550		1,504
At FY 19 Rate	1,469	1,499		1,454

\$0.39500 vs. FY 14 Rate = \$166 savings or ~1.5 month of services

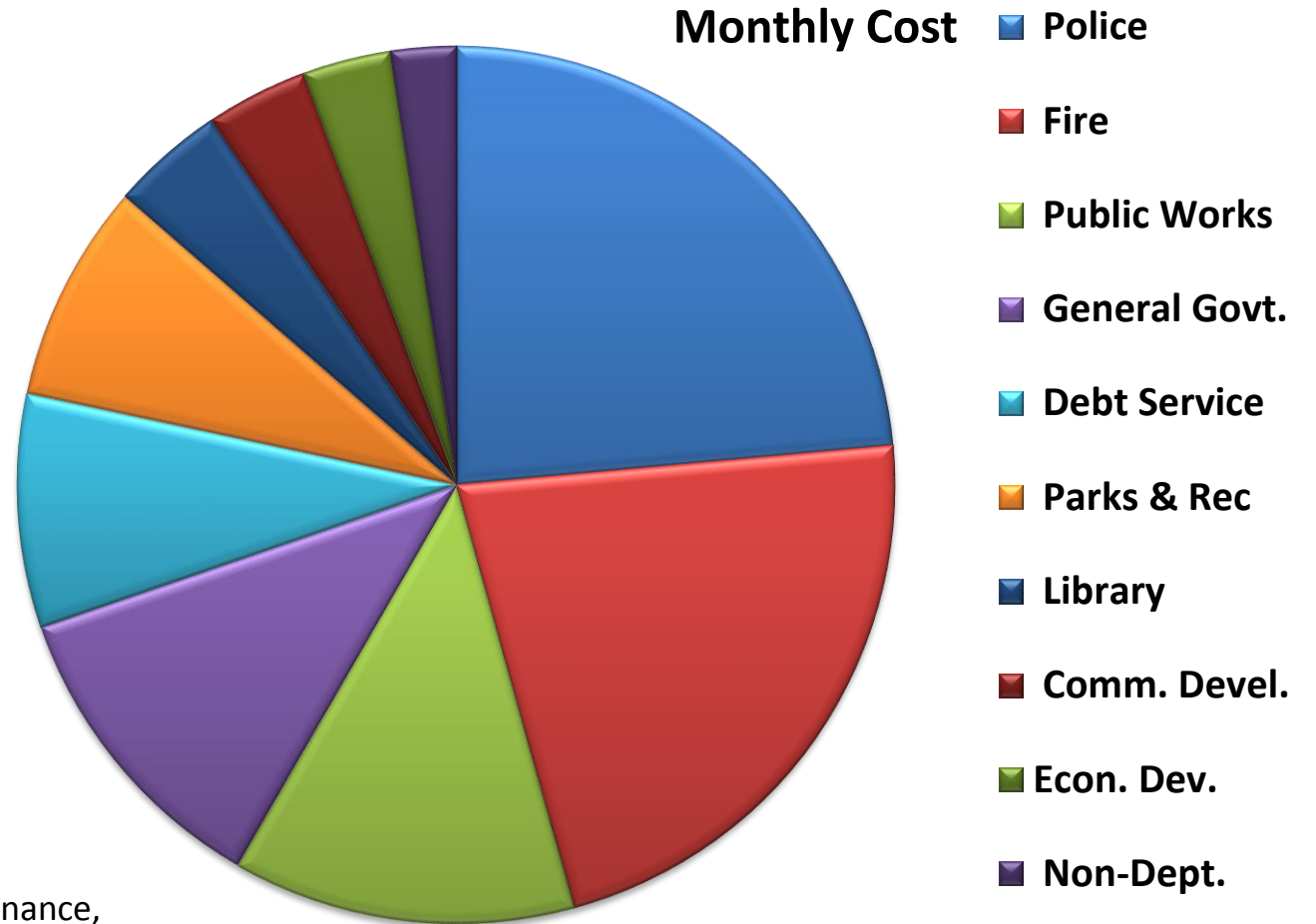
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Cost of City Services for Average Residential Taxpayer

Police	\$ 27.08
Fire	25.40
Public Works	15.41
General Govt.*	13.15
Debt Service	9.88
Parks & Rec	9.25
Library	4.82
Econ. Devel.	4.32
Comm. Devel.	3.74
Non-Dept.	2.75

Total \$ 115.81

*Administration, Town Hall Operations, Mayor & City Council, Finance, Municipal Court, and Human Resources



Budget Timeline – Next Steps

Calendar Item	Date(s)
Vote on Homestead Exemption (12% to 14%)	June 16
Proposed Budget Published	August 12
Vote on Max Tax Rate	August 18
Council Budget Work Session	August 26
First Public Hearing on Tax Rate	September 1
Second Public Hearing on Tax Rate	September 8 (SC)
Budget and Tax Rate Adoption	September 15
Fiscal Year Begins	October 1

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Action Needed

Approve a Resolution:

- Setting maximum rate of \$0.3950 – rate in proposed budget
- Setting a maximum rate of \$0.3999 – current rate
- Setting a maximum rate up to \$0.416276 – requires public hearings
- ~~• Setting a maximum rate at or above \$0.416277 – requires voter approval~~
- Approve another rate as maximum rate



Questions?

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