

## Item G-2

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 effective and rollback tax rates; and providing an effective date.

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### 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<sup>th</sup>

#### **Tax Rate Adoption - Texas Tax Code (if rate is over effective):**

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

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### Tax Rate Terminology

Total Tax Rate (Proposed \$0.39990/\$100)

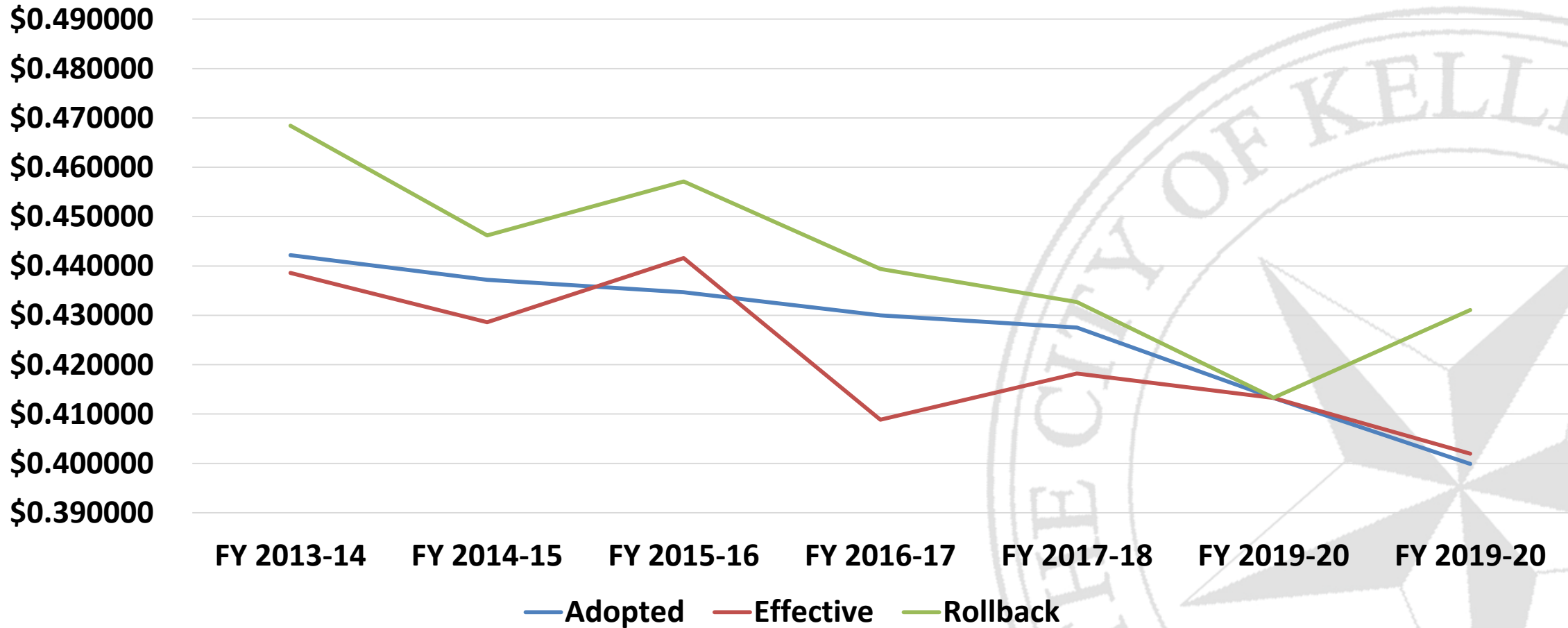
- Operations and Maintenance Rate (O&M) – Rate for General Fund activity (\$0.3182761)
- Interest and Sinking Rate (I&S) – Rate for Debt Service (\$0.0816239)

Effective Rate - Rate which creates levy on same properties as prior year (\$0.401949)

Rollback Rate - Effective O&M Rate \* 1.08 + I&S Rate (\$0.431064)

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# Property Tax Rate History



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# Levy with Certification

	Current	June Estimate	Certification @ Current TR	Certification @ Proposed TR
Adjusted Value	5,788,817,005	6,119,201,907	<b>6,089,788,184</b>	<b>6,089,788,184</b>
Effective	0.413279	N/A	<b>0.401949</b>	
Rollback	0.413302	N/A	<b>0.431064</b>	
City Rate	0.413250	0.413250	0.413250	<b>0.39990</b>
Collection	\$23,742,869	\$25,097,945	\$24,872,907	<b>\$24,170,415</b>
Vs. FY 2018-19	-	1,355,076	1,130,038	<b>427,546</b>
New Levy	537,008	590,938	544,889	<b>527,287</b>
Existing Levy	73,038	764,137	585,149	<b>(99,741)</b>

- Value of \$0.0025/100 = \$151,103

## Item G-2 Tax Rate Options

	Proposed Rate	Effective Rate
Tax Rate	<b>\$0.3999</b>	\$0.401949
Avg. Home Tax Bill	<b>\$ 1,421</b>	\$ 1,429
Per Month	<b>\$118.44</b>	\$119.04
Increase from FY 2018-19 (\$)	<b>\$18.81</b>	\$26.09
Increase from FY 2018-19 (%)	<b>1.34%</b>	1.86%
Additional Sidewalk Maint.	<b>\$ 151,694</b>	\$ 259,514
Total Levy Increase	<b>\$427,546</b>	\$535,367
Existing Levy	<b>\$(99,741)</b>	\$5,379
New Property Levy	<b>\$527,287</b>	\$529,988

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**Tax Mitigation Timeline**

<b>Fiscal Year</b>	<b>Tax Rate</b>	<b>Change from FY 2013-14</b>	<b>Homestead</b>
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%

## Item G-2 Average Home Impact

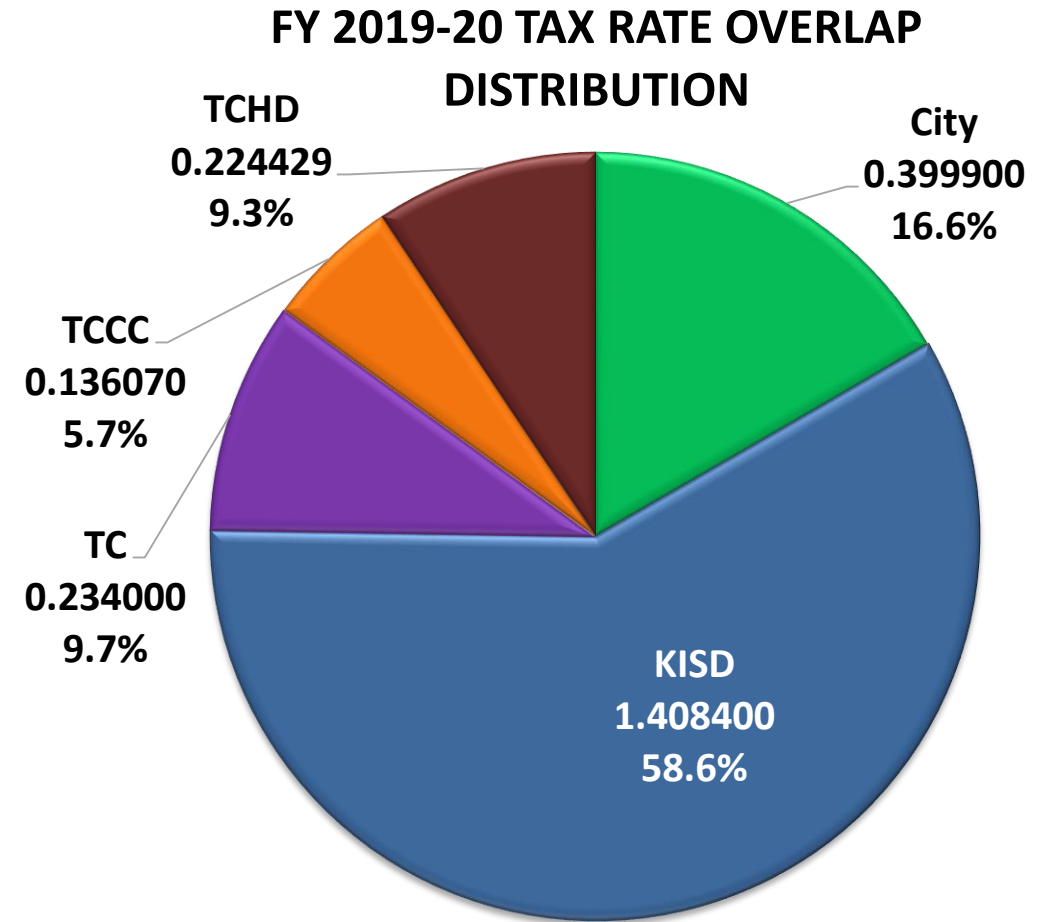
	FY 2018-19	June Est.	Cert. @	Cert. @
Tax Rate	\$0.41325	\$0.41325	<b>\$0.413250</b>	<b>\$0.3999</b>
Exemption	10%	10%		<b>12%</b>
Avg. Home Value	339,361	365,798		<b>355,394</b>
Avg. Home Tax Bill	1,402	1,511	1,468	<b>1,421</b>
Per Month	116.87	125.97	122.39	<b>118.44</b>
At FY 14 Rate	1,501	1,618		1,571
At FY 15 Rate	1,484	1,599		1,554
At FY 16 Rate	1,475	1,590		1,545
At FY 17 Rate	1,459	1,573		1,528
At FY 18 Rate	1,451	1,564		1,519

**\$0.39990 vs. FY 14 Rate = \$150 savings or ~1 month of services**



## Item G-2 Overlapping Tax Rate - Estimated

Entity	2019 Levy	2020 Levy	Estimated
KISD	5,124	\$ 5,005	\$119
Keller	1,402	1,421	19
Tarrant County	794	832	38
TCHD	762	798	36
TCCC	462	484	22
<b>Total</b>	<b>\$8,544</b>	<b>\$ 8,539</b>	<b>(\$5)</b>



# Budget Timeline – Next Steps

Calendar Item	Date(s)
<del>Vote on Homestead Exemption (8% to 10%)</del>	<del>June 18</del>
<del>Proposed Budget Published</del>	<del>August 13</del>
<b>Vote on Max Tax Rate</b>	<b>August 20</b>
Council Budget Work Session	August 27
<del>First Public Hearing on Tax Rate</del>	<del>September 3</del>
<del>Second Public Hearing on Tax Rate</del>	<del>September 10 (SC)</del>
Budget and Tax Rate Adoption	September 14
Fiscal Year Begins	October 1

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# Action Needed

Approve a Resolution:

- Setting maximum rate of \$0.39990
- Approve maximum rate at Effective Rate (\$0.401949)
- Approve maximum rate at Rollback Rate (\$0.431064) – requires postings and public hearings
- Approve maximum rate at Current Rate (\$0.41325) – requires postings and public hearings; is over the rollback rate
- Approve another rate as maximum rate



**Questions?**

Aaron Rector

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