



Legislation Details (With Text)

File #: 18-220 Version: 1
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File created: 8/13/2018 In control: City Council
On agenda: 8/21/2018 Final action:
Title: 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.
Attachments: 1. 082118_Max Tax Rate_Resolution 4028, 2. Presentation

Table with 5 columns: Date, Ver., Action By, Action, Result. Row 1: 8/21/2018, 1, City Council

To: Mark R. Hafner, City Manager
From: Aaron Rector, Director of Administrative Services

Subject: 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.

Action Requested: Consider approval of the proposed resolution to set a maximum tax rate lower than the effective and rollback tax rates.

Background: The Fiscal Year 2018-19 proposed budget was prepared based on a total tax rate of \$0.4132500. The proposed rate is a decrease of \$0.0142500 from the current rate and is the fifth rate decrease in a row. In addition, the proposed rate is lower than the effective and rollback tax rates and therefore, no tax notice publication or public hearings are required prior to tax rate adoption.

Generally, the effective tax rate is the tax rate that would generate the same total amount of property tax revenue as the prior year, when comparing properties taxed in both years. The FY 2018-19 effective rate is \$0.413279. The rollback tax rate is defined as the sum of the maximum effective maintenance and operations rate, and the debt service rate. The rollback tax rate is \$0.413302.

The proposed rate for FY 2018-19 is \$0.413250, which is a decrease of \$0.0142500 from the current rate of \$0.427500. With the proposed rate decrease, the tax rate will have decreased by \$0.02894 over five years. In addition, Council approved an increase of the homestead exemption from 8% to 10%, which is the third increase in a row.

Financial Impact: The proposed rate would create a levy of \$23,742,869. With the levy, the General Fund fund balance would be at 167 days and minimum policy requires 70 days. The Debt Service Fund fund balance would be 64.9% of bond payments, and policy requires a minimum of 10%. With the approval of the

resolution, the tax rate can only be adopted at the proposed rate or lower. Any decrease to the tax rate would result in a decrease to the proposed levy.

Citizen Input/Board Review:

Not Applicable.

Legal Review:

Not Applicable.

Alternatives:

City Council has the following alternatives:

- Approve as submitted
- Approve with changes
- Denial

Council Action:

Consider approval of the proposed resolution as presented.