



City of Keller

Keller Town Hall
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Legislation Text

File #: 16-436, **Version:** 1

To: Mark R. Hafner, City Manager

From: Aaron Rector, Director of Finance

Subject:

PUBLIC HEARING: Consider a proposal to adopt a tax rate of \$0.42750 per \$100 of taxable valuation, and announce the vote on the tax rate will be held at 7:00 p.m. on September 19, 2017 at Keller Town Hall, 1100 Bear Creek Parkway, Keller, Texas; in accordance with Chapter 26.06 of the Texas Tax Code.

Action Requested:

This is a public hearing only. No action is being requested or required.

Background:

On August 15, 2017, the Mayor and City Council unanimously (7-0) approved Resolution No. 3912 to consider the adoption of a tax rate exceeding the lower of the effective tax rate or the rollback rate. The tax rate proposed by the Mayor and City Council was \$0.42750.

The 2017-18 proposed budget was prepared with a proposed tax rate of \$0.42750. The proposed rate is a decrease of \$0.0025 from the current rate of \$0.43000. This is the fourth tax rate decrease in a row, and the proposed rate is the lowest tax rate since at least FY 1994. However, the proposed rate exceeds the lower of the effective tax rate (\$0.418194) or the rollback rate (\$0.432694), so the Texas Tax Code requires the City Council to hold two public hearings.

The second public hearing is scheduled for 6 p.m. on Tuesday, Sept. 12, 2017, at Keller Town Hall, 1100 Bear Creek Parkway, Keller, Texas and is a special called City Council meeting. The vote to adopt the tax rate is scheduled for 7 p.m. on Tuesday, Sept. 19, 2017, at Keller Town Hall.

Budget Impact:

The proposed rate would create a levy of \$23,132,822. With the levy, the General Fund fund balance would be at 136 days and minimum policy requires 70 days. The Debt Service Fund fund balance would be 56.4% of bond payments, and policy requires a minimum of 10%. If the effective rate were adopted, the total levy would be \$22,682,565 and General Fund fund would be out of balance by \$458,268 based upon proposed expenditures.

Financial Considerations:

Adopting the effective rate would result in approximately \$450,257 less revenue from property taxes.

A comparison of average residential levy based on the 2017 average residential taxable value of \$329,840 is provided below:

Current tax rate of \$0.43000 = \$1,418

Proposed budget tax rate of \$0.42750 = \$1,410
Effective tax rate of \$0.418194 = \$1,379

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:

Public Hearing only, no action to be taken at this time.