



City of Keller

Keller Town Hall
1100 Bear Creek Parkway
Keller, TX 76248
817-743-4000
www.cityofkeller.com

Legislation Text

File #: 19-403, **Version:** 1

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 2019-20 proposed budget was prepared based on a total tax rate of \$0.39990. The proposed rate is a decrease of \$0.01355 from the current rate and is the sixth 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 2019-20 effective rate is \$0.401949. 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 \$0.431064.

The proposed rate for FY 2019-20 is \$0.39990, which is a decrease of \$0.01355 from the current rate of \$0.41325. With the proposed rate decrease, the tax rate will have decreased by \$0.04229 over six years. In addition, Council approved an increase of the homestead exemption from 10% to 12%, which is the fourth increase in a row.

Financial Impact:

The proposed rate would create a levy of \$24,293,022. With the levy, the General Fund fund balance would be at 61.4% and minimum policy requires 25%. The Debt Service Fund fund balance would be 56.0% 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.