



Legislation Text

File #: 2016-3699, Version: 2

Consider an ordinance adopting the 2016 Property Tax Rate for the City of Round Rock. (Second Reading)

This ordinance sets the ad valorem tax rate for the tax year 2016. The rate is based on net taxable property value at January 1, 2016, to assess taxes for collection during fiscal year 2016/17. **The proposed tax rate for 2016 is \$0.42500 per \$100 valuation.**

The 2016 proposed tax rate of \$0.42500 exceeds the effective tax rate of \$0.39428. The increase in the proposed rate over the effective rate is to provide funding for additional fire and police staff, operations of two new fire stations, transportation improvements, operations for a new multipurpose field complex, and additional funding for staff compensation & benefit cost increases. Under this proposal, total City taxes on the average home with an appraised value of \$240,179 will be \$1,021 per year, an increase of \$74 annually over the effective tax rate, the rate required to collect the same amount of taxes as in 2015.

The proposed tax rate provides adequate funding for the proposed FY 2016/17 City Manager's Budget.

STATE LAW REQUIRES THAT THE MOTION TO ADOPT THE ORDINANCE BE STATED AS FOLLOWS:

"I move that the property tax rate be increased by the adoption of the tax rate of \$0.42500, which is effectively a 7.79 percent increase in the tax rate. The total rate of \$0.42500 consists of a Maintenance and Operations rate of \$0.27187 and a debt rate of \$0.15313."

Summary of Proposed Tax Rate:

| | |
|----------------------------------|------------------|
| Maintenance & Operations portion | \$0.27187 |
| <u>Debt portion</u> | <u>\$0.15313</u> |
| Proposed 2016 Tax Rate | \$0.42500 |
| 2015 Tax Rate | \$0.41465 |
| 2016 Effective Tax Rate | \$0.39428 |
| 2016 Rollback Tax Rate | \$0.42961 |

A second public hearing and first reading regarding the tax rate are being held tonight. The tax rate will be presented for second reading and final adoption on September 8, 2016.

Senate Bill 1760 went into effect January 1, 2016 and changed the tax rate legislation such that 60% or 5 votes of the City Council must vote in favor of the tax ordinance increasing the tax rate.

1) requires at least 60 percent of the members of the governing body of a city to vote in favor of an ordinance setting a property tax rate that exceeds the effective tax rate;

2) requires a city that proposes a tax rate that exceeds the lower of the effective tax rate or the rollback rate to include a sentence describing the proposed use of the additional revenue attributable to the tax rate increase. (This information has been added to the City's notice.)

Staff recommends approval.