



Legislation Details (With Text)

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Title: Consider an ordinance adopting the 2019 Property Tax Rate for the City of Round Rock. (Second Reading)

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Attachments: 1. Ordinance, 2. FY 2020 Budget Highlights, 3. FY 2020 Budget in Brief

Date	Ver.	Action By	Action	Result
9/26/2019	2	City Council	approve	Pass
9/12/2019	1	City Council	approve	Pass

Consider an ordinance adopting the 2019 Property Tax Rate for the City of Round Rock. (Second Reading)

This ordinance sets the ad valorem tax rate for the tax year 2019. The rate is based on net taxable property value at January 1, 2019, to assess taxes for collection during fiscal year 2019/20. **The proposed tax rate for 2019 is \$0.439000 per \$100 valuation.** The proposed rate will yield the tax revenues required to fund the 2019/20 Annual Budget as proposed to Council and adopted at the first reading on August 22, 2019.

The 2019 proposed tax rate of \$0.439000 exceeds the effective tax rate of \$0.401615. The increase in the proposed rate over the effective rate is to provide funding for rising operating costs for public safety and city services, public safety equipment, and new debt payments for the road expansion program. Under this proposal, total City taxes on the median valued home with an appraised value of \$255,198 will be \$1,120.

The proposed tax rate provides adequate funding for the proposed FY 2019/2020 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 \$0.439000, which is effectively a 9.3 percent increase in the tax rate."

Summary of Proposed Tax Rate:

Maintenance & Operations (M&O) portion	\$0.313509
<u>Debt Portion</u>	<u>\$0.125491</u>
Proposed 2019 Tax Rate	\$0.439000
2018 Tax Rate	\$0.420000
2019 Effective Tax Rate	\$0.401615
2019 Rollback Tax Rate	\$0.441338

State law further requires that a tax rate above the effective tax rate requires a 60% approval by the governing body. For the City of Round Rock, that means five of seven council members must vote yes to approve this item.

If the ordinance sets a tax rate that will impose an amount of taxes to fund M&O expenditures of the taxing unit that exceeds the amount of taxes imposed for that purpose in the preceding year, the taxing unit must include specific wording in a specific format in the tax rate ordinance and on the website of the taxing unit.

The effective M&O rate for fiscal year 2019/20 is \$0.281689 and the proposed M&O tax rate is \$0.313509. Based on the proposed tax rate, the following statements must be included in the ordinance adopting the tax rate. These statements and calculations are required, but *the net impact to a tax payer is only a 9.3 percent total increase and the proposed rate is below the 8% rollback limit* for maintenance and operations. The rollback limit is calculated on a different basis than the required methodology for the statement below.

THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE. THE TAX RATE WILL EFFECTIVELY BE RAISED BY 11.3 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$31.82.

A first public hearing and first reading regarding the tax rate are being held on September 12, 2019. The tax rate will be presented for a second public hearing on September 19, 2019 and a second reading and final adoption on September 26, 2019.

Additional information on the budget and this proposed tax rate are available on the City's website.

