



AGENDA MEMO

9/6/2016 Agenda

TO: Honorable Mayor and City Council

FROM: Thomas W. Tvardzik, Director of Finance

SUBJECT: Second Public Hearing: on proposed FY2017 tax rate

BACKGROUND:

The Texas Tax Code (Section 26, Truth-in-Taxation) requires the calculation and publication of the effective tax rate (ETR), a number intended to “enable the public to evaluate the relationship between taxes for the preceding year and for the current year, based on a tax rate that would produce the same amount of taxes if applied to the same properties taxed in both years” (*2012 Truth-in-Taxation Guide*, Texas State Comptroller). These rates are calculated by the city’s tax collector, the Dallas County Tax Office.

Texas statutes further require that cities provide notice and hold at least two public hearings before adopting an annual property tax rate that exceeds either the ETR or the “rollback rate” (RTR, which is ETR plus 8%).

The applicable tax rates for the 2016 tax year (FY2017) are as follows:

- 2016 ETR = 24.0447 cents per \$100 of taxable value
- 2016 RTR = 25.9682 cents per \$100 of taxable value
- 2015 University Park property tax rate = 25.893 cents per \$100 of taxable value.

At its meeting of August 8, 2016, the City Council adopted a 2016 maximum proposed tax rate of 25.893 cents per \$100 of taxable value. As this rate exceeds the ETR, public hearings must be held. Accordingly, notice of the hearings was placed in the August 12, 2016 edition of The Park Cities News, the newspaper of record.

As noted in the published item, the maximum proposed rate should be considered a “not-to-exceed” rate. City Council may adopt a final tax rate at or below (but not higher than) the rate in the notice.

RECOMMENDATION:

Hold the second public hearing on the proposed tax rate and invite public comments. At the conclusion of the hearing, inform the public of the date, time and place the final tax rate will be adopted (September 20, 2016).

ATTACHMENTS: Notice of 2016 Tax Rate