



## **AGENDA MEMO**

### **8/7/2017 Agenda**

**TO:** Honorable Mayor and City Council

**FROM:** Thomas W. Tvardzik, Finance Director

**SUBJECT:** Approve a resolution adopting a maximum proposed property tax rate for FY2018; and set the dates for both the required tax rate hearings and the adoption of the final FY2018 property tax rate.

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#### **BACKGROUND:**

State law requires that all taxing units comply with “truth-in-taxation”, a concept embodied in both the Texas Constitution and the Tax Code. Truth-in-taxation requires the calculation and publication of the Effective Tax Rate, the “Rollback” Tax Rate and the current year Proposed Tax Rate. The Effective Tax Rate is the rate needed to provide the City with the same amount of revenue it received the prior year, based on properties taxed in both years. The Rollback Rate is simply the Effective Rate plus 8%. It is called the “Rollback” rate because if a taxing unit exceeds it, voters in the jurisdiction can petition for an election to “roll back” the higher rate.

The city’s tax collector, the Dallas County Tax Office, calculates the Effective Rate and the Rollback Rate for the City. The applicable tax rates for the 2017 tax year (FY2018) are as follows:

- 2017 ETR = 24.3419 cents per \$100 of taxable value
- 2017 RTR = 26.2892 cents per \$100 of taxable value

In order to maintain fiscal flexibility throughout the budget process, Council has traditionally adopted the prior year tax rate as a proposed maximum tax rate in the current year. This rate is as follows:

- 2016 Property Tax Rate = 24.8761 cents per \$100 of taxable value.
- 2017 Proposed Max Property Tax Rate = 24.8761 cents per \$100.

As the Proposed Tax Rate for 2017 will exceed the 2017 ETR, Council must adopt the rate by roll call vote and provide the public with notice and opportunity to be heard. Notice and opportunity can be accomplished by publishing notice of, and then holding two public hearings regarding the proposed rate.

To comply with state law, notice will be published in the paper of record, the Park Cities News on August 11, 2017. The first public hearing will be conducted at 5:00 p.m. during

the regular scheduled Council meeting of August 15, 2017 and take place at University Park City Hall, 3800 University Blvd., University Park, TX.

The second public hearing will take place at 5:00 p.m. during the regular scheduled Council meeting of September 5, 2017 and take place at University Park City Hall, 3800 University Blvd., University Park, TX.

At the conclusion of the second public hearing, Council must announce the date they will adopt the final 2017 Property Tax Rate. The adoption vote must be taken not less than three, nor more than fourteen days from the conclusion of the second hearing.

Accordingly, the vote to adopt the 2017 Property Tax Rate will be conducted during the regular scheduled Council meeting of September 19, 2017 and take place at University Park City Hall, 3800 University Blvd., University Park, TX.

Please note that ultimately Council may, as a result of deliberations, adopt a final 2017 Property Tax Rate at **or below** the Proposed Rate stated in the published notices.

#### **RECOMMENDATIONS:**

1. Approve the resolution adopting the maximum proposed property tax rate the Council will consider for FY2018 of 24.8761 cents per \$100 of taxable value and setting the date that the Council will adopt the final FY2018 property tax rate; and,
2. Schedule two tax rate public hearing as follows:
  - a. Tax Rate Public Hearing 1 – during the regularly scheduled City Council meeting of August 15, 2017, and
  - b. Tax Rate Public Hearing 2 – during the regularly scheduled City Council meeting of September 5, 2017.

#### **ATTACHMENTS:**

- Resolution adopting maximum proposed ad valorem tax rate and setting date of final adoption vote.
- 2017 Effective Tax Rate Worksheet
- 2017 Rollback Tax Rate Worksheet
- Specimen – Notice of 2017 Tax Year Proposed Property Tax Rate