



AGENDA MEMO
8/15/2017 Agenda

TO: Honorable Mayor and City Council

FROM: Thomas W. Tvardzik, Director of Finance

SUBJECT: PUBLIC HEARING: on proposed FY2018 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 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
- 2016 University Park property tax rate = 24.8761 cents per \$100 of taxable value.

At its meeting of August 7, 2017, the City Council adopted a 2017 maximum proposed tax rate of 24.8761 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 11, 2017 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 first public hearing on the proposed tax rate and invite public comments.

ATTACHMENTS:

- 2017 Effective Tax Rate Worksheet
- 2017 Rollback Tax Rate Worksheet
- Notice of Proposed Tax Rate and Hearings