



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 18-774, Version: 1

Consider/Discuss/Act on an Ordinance Adopting a Tax Rate for Fiscal Year 2018-19

COUNCIL GOAL: Financially Sound Government
(4A: Provide Funding and Organizational Framework to Ensure Continual Economic Improvements)

MEETING DATE: September 17, 2018

DEPARTMENT: Financial Services

CONTACT: Mark Holloway, Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Provide a motion to adopt the tax rate ordinance with the following:

“I move that the property tax rate be increased by the adoption of a tax rate of 0.525170, which is effectively a 3.73 percent increase in the tax rate.”

- Conduct a record vote to adopt the tax rate

ITEM SUMMARY:

- The proposed tax rate is \$0.525170 based on 100% market ratio on each \$100 of all taxable property within the City. The proposed tax rate is 0.015029 cents lower than last year.
- 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 2.94 percent and will raise taxes for maintenance and operations on a \$100,000 home by approximately \$-13.22.
- The rate for Maintenance and Operations (M&O) is \$0.362389 per \$100 valuation.
- The rate for Interest and Sinking Funds (I&S) is \$0.162781 per \$100 valuation.
- The tax rate ratio is 69% for M&O and 31% for I&S.
- The proposed tax rate exceeds the effective tax rate of \$0.506288.
- The proposed tax rate will raise more taxes for M&O than last year's tax rate.
- The amount of taxes imposed this year on the average home value of \$342,263 would be \$1,797.
- State law requires a specific caption to adopt the tax rate. Since the City will receive a larger amount of tax revenue from the proposed tax rate, the City has to announce that there is a tax increase.

BACKGROUND INFORMATION:

- State law requires an entity to hold two public hearings before adopting a tax rate. **The tax rate adoption must be a record vote.**
- On August 6, 2018, the City Council took a roll call vote on the tax rate and announced the public hearing dates and the adoption date.
- The two public hearings were held on August 21, 2018 and September 4, 2018.
- The tax rate adoption date is September 17, 2018, which must be a record vote, and at least 60 percent of the members of the governing body must vote in favor of the Ordinance.

FINANCIAL SUMMARY:

- Estimated maintenance and operations tax revenues of \$77,190,131 (100% collection rate) for FY 2018-19 are based on this tax rate.