



20-0652

TITLE: Consider/Discuss/Act on Fiscal Year 2020-21 Proposed Tax Rate, Take Record Vote and Set Public Hearing and Adoption Date

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

MEETING DATE: August 4, 2020

DEPARTMENT: Financial Services

CONTACT: Mark Holloway, Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Discuss FY2020-21 proposed tax rate.
- Provide a motion to propose the tax rate, schedule a public hearing, and announce the adoption date by stating the following:

"I move that the City of McKinney propose to adopt a Fiscal Year 2021 Total Tax Rate of \$0.51560, which is higher than the Fiscal Year 2021 no-new-revenue tax rate of \$0.508645, and call for a public hearing; the public hearing to be held on September 15, 2020 at 6:00 p.m. Further, a record vote on the tax rate adoption will be held on September 15, 2020 at 6:00 p.m. All meetings will be held in the McKinney City Hall Council Chambers at 222 North Tennessee Street, McKinney, TX 75069."

- Take record vote on proposed tax rate.

ITEM SUMMARY:

- The proposed tax rate ceiling is \$0.51560 based on 100% market ratio on each \$100 of all taxable property within the City.
- The rate for Maintenance and Operations (M&O) is \$0.361666 per \$100 valuation.
- The rate for Interest and Sinking Funds (I&S) is \$0.153934 per \$100 valuation.

- The tax rate ratio is 69% for M&O and 31% for I&S.
- The proposed tax rate of \$0.51560 is the same as the current tax rate; this rate exceeds the no-new-revenue tax rate of \$0.508645.
- The no-new-revenue tax rate is the relationship between taxes for the preceding year and for the current year; it will raise the same amount of property tax revenue from the same properties in both the preceding tax year and the current tax year.
- The voter-approval tax rate is the highest tax rate that an entity may adopt without holding an election to seek voter approval of the rate.

BACKGROUND INFORMATION:

- State law requires that an entity must vote to place a proposal to adopt the tax rate on the agenda of a future meeting as an action item. **This must be a record vote.**
- The no-new-revenue tax rate is \$0.508645 per \$100 valuation and the voter-approval tax rate is \$0.517652 per \$100 valuation.
- Once the record vote has passed, State law requires an entity must schedule and hold a public hearing before adopting a tax rate.

FINANCIAL SUMMARY:

- Estimated tax revenues will be determined by the adopted tax rate.

SUPPORTING MATERIALS: