



# CITY OF MCKINNEY, TEXAS

## Legislation Text

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**File #:** 18-669, **Version:** 1

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Consider/Discuss/Act on Fiscal Year 2018-19 Proposed Tax Rate, Take Record Vote and Set Public Hearing and Adoption Dates

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

**MEETING DATE:** August 6, 2018

**DEPARTMENT:** Financial Services

**CONTACT:** Mark Holloway, Chief Financial Officer

**RECOMMENDED CITY COUNCIL ACTION:**

- Discuss FY2018-19 proposed tax rate.
- Provide a motion to propose the tax rate, schedule the public hearings and announce the adoption date by stating the following:

*"I move that the City of McKinney propose to adopt a Fiscal Year 2019 Total Tax Rate of \$0.540199, which is higher than the Fiscal Year 2019 Effective Tax Rate of \$0.506288, and call for two public hearings; the first public hearing to be held on August 21, 2018 at 6:00 p.m. and the second public hearing to be held on September 4, 2018 at 6:00 p.m. Further, a Record Vote on the tax rate adoption will be held on September 17, 2018 at a Special City Council Meeting at 5:30 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 \$0.540199 based on 100% market ratio on each \$100 of all taxable property within the City.
- The rate for Maintenance and Operations (M&O) is \$0.377418 per \$100 valuation.
- The rate for Interest and Sinking Funds (I&S) is \$0.162781 per \$100 valuation.
- The tax rate ratio is 70% for M&O and 30% for I&S.
- The proposed tax rate exceeds the effective tax rate of \$0.506288.
- The effective tax rate is the relationship between taxes for the preceding year and for the current year.
- City Manager's recommended tax rate will be significantly lower. The tax rate recommended in

the budget will be \$0.525170.

**BACKGROUND INFORMATION:**

- State law requires an entity that will propose a tax rate that exceeds the lower of the rollback or effective tax rate, the entity must vote to place a proposal to adopt the rate on the agenda of a future meeting as an action item. **This must be a record vote.**
- The effective tax rate is \$0.506288 per \$100 valuation and the rollback tax rate is \$0.542983 per \$100 valuation.
- Once the record vote has passed, State law requires an entity must schedule and hold two public hearings before adopting a tax rate.

**FINANCIAL SUMMARY:**

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