



# CITY OF MCKINNEY, TEXAS

## Legislation Details (With Text)

<b>File #:</b>	19-0660	<b>Name:</b>	FY20 Proposed Tax Rate Record Vote (Sets Ceiling)
<b>Type:</b>	Agenda Item	<b>Status:</b>	Approved
		<b>In control:</b>	City Council Regular Meeting
<b>On agenda:</b>	8/5/2019	<b>Final action:</b>	8/5/2019
<b>Title:</b>	Consider/Discuss/Act on Fiscal Year 2019-20 Proposed Tax Rate, Take Record Vote and Set Public Hearing and Adoption Dates		
<b>Indexes:</b>			
<b>Attachments:</b>	1. Tax Rate Record Vote		

Date	Ver.	Action By	Action	Result
8/5/2019	1	City Council Regular Meeting	Approved	Pass

Consider/Discuss/Act on Fiscal Year 2019-20 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 5, 2019

**DEPARTMENT:** Financial Services

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

### RECOMMENDED CITY COUNCIL ACTION:

- Discuss FY2019-20 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 2020 Total Tax Rate of \$0.525170, which is higher than the Fiscal Year 2020 Effective Tax Rate of \$0.508664, and call for two public hearings; the first public hearing to be held on August 20, 2019 at 6:00 p.m. and the second public hearing to be held on September 3, 2019 at 6:00 p.m. Further, a record vote on the tax rate adoption will be held on September 17, 2019 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 \$0.525170 based on 100% market ratio on each \$100 of all taxable property within the City.
- The rate for Maintenance and Operations (M&O) is \$0.364963 per \$100 valuation.
- The rate for Interest and Sinking Funds (I&S) is \$0.160207 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 \$0.508664.
- 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 \$0.51560.

#### **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 \$0.508664 per \$100 valuation and the rollback tax rate is \$0.539293 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.