



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 17-930, Version: 1

Consider/Discuss/Act on an Ordinance Adopting a Tax Rate for Fiscal Year 2017-18

COUNCIL GOAL: Financially Sound Government

MEETING DATE: September 19, 2017

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 0.540199, which is effectively a 2.56 percent increase in the tax rate.”

- Conduct a record vote to adopt the tax rate.

ITEM SUMMARY:

- The proposed tax rate is \$0.540199 based on 100% market ratio on each \$100 of all taxable property within the City. The proposed tax rate is 0.032801 cents lower than last year.
- The rate for Maintenance and Operations (M&O) is \$0.375611 per \$100 valuation.
- The rate for Interest and Sinking Funds (I&S) is \$0.164588 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 \$0.526703.
- 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 \$324,636 would be \$1,754.
- **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 1.92 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$-26.16.**

- 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 July 31, 2017, 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 15, 2017 and September 5, 2017.
- The tax rate adoption date is September 19, 2017, 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 \$72,467,604 (100% collection rate) for FY 2017-18 are based on this tax rate.