



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 19-0660, **Version:** 1

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.