



## CITY COUNCIL MEMORANDUM

**FROM:** The Office of the City Manager   **DATE:** September 11, 2017

**SUBJECT:** Consider Ordinance No. 3476, adopting the tax rate for Tax Year 2017.

**PRESENTER:** Robert Myers, Budget Director

**SUMMARY:**

The City Council is requested to consider the adoption of an ordinance setting the maintenance and operations (M&O) tax rate for Tax Year 2017 at \$0.328640 and the debt service tax rate (I&S) at \$0.261360, for a combined total tax rate of \$0.59 per \$100 of valuation.

**GENERAL DESCRIPTION:**

The proposed Tax Year 2017 (Fiscal Year 2017/2018) property tax rate for the city of North Richland Hills is \$0.59 per \$100 of property valuation. This tax rate exceeds the effective tax rate of \$0.575137 but remains below the rollback rate. The proposed tax rate is distributed into two components as follows:

- \$0.328640 for the purpose of maintenance and operations; and
- \$0.261360 for the purpose of tax supported debt principal and interest payments.

Adopting Ordinance No. 3476 would set the tax rate for Tax Year 2017 at \$0.59 per \$100 of property valuation. If adopted, the tax rate will be reduced by \$0.02 from the Tax Year 2016 tax rate of \$0.61 per \$100 of property valuation.

State law requires specific language to be included in the ordinance adopting the tax rate if the ordinance sets a tax rate that will impose an amount of taxes for maintenance and operations that exceeds the taxes imposed for that purpose in the preceding year. If adopted, the \$0.59 tax rate would impose more total property taxes for the purpose of maintenance and operations, which makes the additional language mandatory.

Since the proposed tax rate of \$0.59 exceeds the effective tax rate of \$0.575137, new legislation requires 60% of the members of the City Council to vote in favor of the ordinance setting the property tax rate for it to pass. Although only voting in the cast of a tie, the Mayor counts toward Council membership in regard to calculating the required 60%. In order for the ordinance pass, 5 members of the City Council must vote in favor



of the ordinance. If Council chooses to adopt the proposed tax rate of \$0.59, the following motions need to be read into the record.

**RECOMMENDATION:**

“I move that the property tax rate for Maintenance and Operations be set at 0.328640 cents per \$100 of valuation”

“I move that the property tax rate for Interest and Sinking be set at 0.261360 cents per \$100 of valuation”

“I move that the property tax rate be increased by the adoption of a tax rate of 0.59 cents, which is effectively a 2.58 percent increase in the tax rate.”