



## CITY COUNCIL MEMORANDUM

**FROM:** The Office of the City Manager    **DATE:** September 10, 2018

**SUBJECT:** Consider ratifying an increase in property tax revenues reflected in the Fiscal Year 2018/2019 adopted budget.

**PRESENTER:** Robert Myers, Budget Director

**SUMMARY:**

State law requires that when adopting a budget that will raise more revenue from property taxes than in the previous year, a separate vote of the governing body is required to ratify the property tax increase reflected in the budget.

**GENERAL DESCRIPTION:**

When adopting a budget that generates more revenue from property taxes than in the previous year, state law requires the city to state the increase in property tax revenue, no matter what the cause; whether the increase is based on increased property values, new construction or an increased tax rate. The Fiscal Year 2018/2019 Budget includes a proposed tax rate of \$0.585 per \$100 of valuation, which is a decrease of \$0.005 from the prior fiscal year. An increase in certified taxable values, and the addition of new construction values, results in increased total property tax revenues for the city. The language required to appear as a cover page to the budget document by state law is as follows:

This budget will raise more total property taxes than last year's budget by \$2,331,674 or 7.92 percent, and of that amount \$454,771 is tax revenue to be raised from new property added to the tax roll this year.

As a result of the additional total property tax revenue, the aforementioned legislation requires the governing body to ratify the property tax increase reflected in the adopted budget. The vote to ratify this property tax increase must be a record vote and separate from the vote to adopt the budget and the vote to set the tax rate.

**RECOMMENDATION:**

Ratify the increase in property tax revenues.