



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** September 10, 2018
SUBJECT: Consider Ordinance No. 3530, adopting the tax rate for Tax Year 2018.
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 2018 at \$0.327088 and the debt service tax rate (I&S) at \$0.257912, for a combined total tax rate of \$0.585 per \$100 of valuation.

GENERAL DESCRIPTION:

The proposed Tax Year 2018 (Fiscal Year 2018/2019) property tax rate for the city of North Richland Hills is \$0.585 per \$100 of valuation. This tax rate exceeds the effective tax rate of \$0.553160 but remains below the rollback rate. The proposed tax rate is distributed into two components as follows:

- \$0.327088 for the purpose of maintenance and operations; and
- \$0.257912 for the purpose of tax supported debt principal and interest payments.

Adopting Ordinance No. 3530 would set the tax rate for Tax Year 2018 at \$0.585 per \$100 of valuation. If adopted, the tax rate will be reduced by \$0.005 from the Tax Year 2017 tax rate of \$0.59 per \$100 of 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 \$0.585 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 \$0.585 exceeds the effective tax rate of \$0.553160, 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 case of a tie, the Mayor counts toward Council membership in regard to calculating the required 60%. In order for the ordinance to pass, 5 members of the City Council must vote in favor of the ordinance. If Council chooses to adopt the proposed tax rate of \$0.585, staff requests the following three motions be made, each followed by a Council vote:



1. "I move that the property tax rate for Maintenance and Operations be set at 32.7088 cents per \$100 of valuation"
2. "I move that the property tax rate for Interest and Sinking be set at 25.7912 cents per \$100 of valuation"
3. "I move to approve Ordinance No. 3530, and that the property tax rate be increased by the adoption of a tax rate of 58.5 cents, which is effectively a 5.76 percent increase in the tax rate."

RECOMMENDATION:

Vote to set the Maintenance and Operations component of the tax rate at \$0.327088, vote to set the Interest and Sinking component of the tax rate at \$0.257912, and approve Ordinance No. 3530, setting the combined Tax Year 2018 tax rate at \$0.585.