

CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** September 9, 2019
SUBJECT: Consider Ordinance No. 3599, adopting the tax rate for Tax Year 2019.
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 2019 at \$0.334938 and the debt service tax rate (I&S) at \$0.237062, for a combined total tax rate of \$0.572000 per \$100 of valuation.

GENERAL DESCRIPTION:

The proposed Tax Year 2019 (Fiscal Year 2019/2020) property tax rate for the city of North Richland Hills is \$0.572 per \$100 of valuation. This tax rate exceeds the effective tax rate of \$0.556143 but remains below the rollback rate. The proposed tax rate is distributed into two components as follows:

- \$0.334938 for the purpose of maintenance and operations; and
- \$0.237062 for the purpose of tax supported debt principal and interest payments.

Adopting Ordinance No. 3599 would set the tax rate for Tax Year 2019 at \$0.572 per \$100 of valuation. If adopted, the tax rate will be reduced by \$0.013 from the Tax Year 2018 tax rate of \$0.585 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 \$0.572 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 \$0.572 exceeds the effective tax rate of \$0.556143, state law 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 \$0.572 per \$100 of valuation, staff requests three separate motions and votes be made using the specific language provided in the recommendation.



RECOMMENDATION:

Vote to set the Tax Year 2019 tax rate of \$0.572 per \$100 of valuation by making the following three motions followed by separate Council votes.

1. "I move that the property tax rate for Maintenance and Operations be set at \$0.334938 per \$100 of valuation"
2. "I move that the property tax rate for Interest and Sinking be set at \$0.237062 per \$100 of valuation"
3. "I move to approve Ordinance No. 3599, and that the property tax rate be increased by the adoption of a tax rate of \$0.572, which is effectively a 2.85 percent increase in the tax rate."