

Date: September 3, 2020

To: Mark D. Israelson, City Manager

From: Karen Rhodes-Whitley, Director of Budget & Research

Subject: FY 2020-21 Tax Rate, Budget & CIP Adoption

On the evening of Monday, September 14, 2020, the City Council will have five (5) agenda items regarding the adoption of the FY 2020-21 Property Tax Rate, Operating Budget and Community Investment Program. Listed below is a brief description regarding each agenda item.

1. Public Hearing on Property Tax Rate – Chapter 26 of the Property Tax Code requires a municipality to hold an in person public hearing on the proposed property tax rate if the proposed property tax rate exceeds the lower of the voter approval tax rate or no new revenue tax rate. This year's no new revenue tax rate is \$0.4454 cents per \$100 of assessed property value. Our proposed tax rate is \$0.4482 cents per \$100 of assessed property value which is 2.97% over the no new revenue tax rate. Therefore, a public hearing is required and was posted in the newspaper along with the City's website and PTV network.
2. Ordinance to approve and adopt the Operating Budget and set appropriations for FY 2020-21 – The FY 2020-21 Operating Budget totals \$605.1 million. Updated fund summaries are provided in your packet. Public Hearings were held on August 10, 2020 and August 15, 2020. The FY 2020-21 Operating Budget effective date is October 1, 2020 and terminating September 30, 2021.
3. Ordinance to approve and adopt the Community Investment Program and set appropriations for FY 2020-21 – The FY 2020-21 Community Investment Program totals \$298.6 million. An updated combined fund summary is provided in your packet. Public Hearings were held on August 10, 2020 and August 15, 2020. The FY 2020-21 Community Investment Program effective date is October 1, 2020 and terminating September 30, 2021.
4. Ordinance to approve and adopt the Property Tax Rate for FY 2020-21 – The proposed tax rate is \$0.4482 cents per \$100 of assessed property valuation, which is the same tax rate as FY 2019-20. The O&M portion of the tax rate will remain at \$0.3372 cents with debt remaining at \$0.1110 cents per \$100 of assessed property valuation. Public Hearing on the proposed tax rate will be held prior to the adoption of this ordinance.

Chapter 26 of the Property Tax Code requires on the cover page of the agenda item the acknowledgment of the difference between the Maintenance & Operation (M&O) no new revenue rate and the M&O proposed tax rate on a \$100,000 house. The agenda item includes this statement in adherence to the tax code. *The tax rate will effectively be raised by 0.63% and will raise taxes for maintenance and operations on a \$100,000 house by approximately \$2.80.* However, this statement is only alerting the taxpayers of the difference between the no new revenue rate and the proposed tax rate. In fact, the average home value is projected to decrease from \$379,629 down to \$375,000 for a decrease of \$16 annually at the proposed rate of \$0.4482 cents.

5. Ordinance to ratify the Property Tax Revenue – Chapter 26 of the Property Tax Code requires that if a municipality raises even \$1 more in revenue than the prior year, an ordinance must be passed recognizing the property tax revenue increase in the budget. This is called the Ratification Ordinance. The FY 2020-21 Budget will raise more total property taxes than last year's budget by \$6,007,235 or 2.97% and of that amount \$3,717,634 is tax revenue to be raised from new property added to the tax roll this year.