

AGENDA



Monday, September 8, 2008

Budget
RECOMMENDATION FOR COUNCIL ACTION

Item No. 4

Subject: Ratify the property tax increase reflected in the Budget for Fiscal Year 2008-2009.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Greg Canally, Deputy Chief Financial Officer, 974-2609

Prior Council Action: August 7, 2008 – Council proposed a tax rate above the effective tax rate, and set dates for Public Hearings on the tax rate and dates for approval of the tax rate.

By this action, the City Council will ratify the property tax increase reflected in the Budget for Fiscal Year 2008-2009. The Budget will raise more total property taxes than last year's Budget by \$31,369,272 or 11.5%, and of that amount \$10,502,539 is tax revenue to be raised from new property added to the tax roll this year.

This action complies with the property tax ratification requirements mandated by the Legislature in 2007 and set forth in Local Government Code Section 102.007(c).

The amounts above are based on the maximum Fiscal Year 2008-2009 tax rate proposal of 40.12 cents per \$100 of assessed valuation. The City's Fiscal Year 2007-2008 tax rate (the current tax rate) is 40.34 cents per \$100 of assessed valuation.

The additional revenue will pay for the increased cost of the same operations that were funded in Fiscal Year 2007-2008. Overall projected General Fund revenue is not sufficient to cover the full amount of projected cost increases. As a result, the City has implemented a savings plan to reduce spending by approximately \$20 million, in order to propose a balanced budget.

On August 7, 2008, the City Council announced that the maximum property (ad valorem) tax rate it would consider adopting for Fiscal Year 2008-2009 would be \$0.4012 per \$100 of taxable value.