

AGENDA



Wednesday, September 16, 2009

Budget
RECOMMENDATION FOR COUNCIL ACTION

Item No. 5

Subject: Ratify the property tax increase reflected in the Budget for Fiscal Year 2009-2010.

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

For More Information: Ed Van Eenoo, Budget Officer, 974-2638

Prior Council Action: August 27, 2009 – 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 2009-2010. The Budget will raise more total property taxes than last year's Budget by \$28,731,235 or 9.5%, and of that amount \$12,136,801 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 2009-2010 tax rate proposal of 42.09 cents per \$100 of assessed valuation. The City's Fiscal Year 2008-2009 tax rate (the current tax rate) is 40.12 cents per \$100 of assessed valuation.

The additional revenue will pay for some of the increased cost of the same City operations that were funded in Fiscal Year 2008-2009. 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 plan to reduce spending in order to propose a balanced budget. The revenue from the proposed tax rate, as well as reduced spending, helped avoid severe cuts to services such as police patrol, fire suppression, EMS services, park programs and library hours.

On August 27, 2009, the City Council announced that the maximum property (ad valorem) tax rate it would consider adopting for Fiscal Year 2009-2010 would be 42.09 cents per \$100 of taxable value.