

REQUEST FOR COUNCIL ACTION

TO: Mayor via City Secretary

RCA #

SUBJECT: Place the proposed tax rate of \$0.631080/\$100 of value, which is lower than last year's tax rate, on the October 16th Agenda. Set dates for three public hearings on the proposed tax rate and publish analysis of anticipated increased revenues pursuant to Sec. 44-27 of the Houston Code of Ordinances.

Category #

Page 1 of 2

Agenda Item#

FROM: (Department or other point of origin):

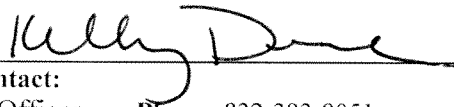
Kelly Dowe
Finance Department

Origination Date

September 10, 2014

Agenda Date

DIRECTOR'S SIGNATURE:



Council Districts affected:

All

For additional information contact:

Kelly Dowe, Chief Business Officer **Phone:** 832-393-9051
Thy-Huyen Ruiz, Division Manager **Phone:** 832-393-9075

Date and identification of prior authorizing Council Action:

September 4, 2013; Motion No. 2013 0612

RECOMMENDATION: (Summary) That the City Council approve a motion placing the proposed tax rate of \$0.631080/\$100 of value on the Agenda of City Council for Tuesday October 21, 2014. Set the public hearing dates on the proposed tax rate and publish analysis of anticipated increased revenues pursuant to Sec. 44-27 of the Houston Code of Ordinances.

Amount of Funding:

Not Applicable

Finance Budget:

SOURCE OF FUNDING:

General Fund Grant Fund Enterprise Fund
 Other (Specify)

SPECIFIC EXPLANATION:

State law sets forth detailed requirements for the process of setting ad valorem tax rates, including public hearings, newspaper publications, and actions of the governing body. A city ordinance sets additional requirements for this process. These requirements include minimum and maximum time periods for each step in the process.

Effective Tax Rate and Rollback Tax Rate

Section 26.04 (e) of the Tax Code requires that the Effective Tax Rate and the Rollback Tax Rate be reported to the governing body of each taxing unit. The Effective Tax Rate for Tax Year 2014 is \$0.603431/\$100 of assessed value and the Rollback Tax Rate is \$0.643206/\$100 of assessed value.

Public Hearings

Section 26.05(d) of the Tax Code requires the City of Houston to hold two public hearings before adopting a tax rate that exceeds the rollback rate or the effective tax rate, whichever rate is lower. In addition, the Houston Code of Ordinances, Sec. 44-27 requires the City of Houston to hold at least three public hearings before adopting a tax rate expected to increase the City of Houston's ad valorem property tax revenues for the current fiscal year in an amount greater than five percent more than the ad valorem property tax revenues collected during the immediately preceding fiscal year. The three hearings required under the Code of Ordinances may be combined with any hearings required by the Tax Code. The Code of Ordinances requires that two of the public hearings be held in the evening and one during the day. The Director of Finance must recommend dates and time for the required public hearings. It is recommended that City Council set the following dates and times for the hearings: September 23, 2014 at 6 PM; September 30, 2014 at 6 PM; and October 8, 2014 at 9 AM.

Newspaper Publications

Section 26.05(d) of the Tax Code requires the City of Houston to publish newspaper ads before adopting a tax rate, including notices of the dates and times of the public hearings and the Council action to set the tax rate. In addition, Section 44-27 of the Houston Code of Ordinances requires that an analysis of anticipated increased revenues be published in the major Houston newspaper, when the ad valorem tax rate proposed is expected to produce ad valorem property tax revenue collections during the current fiscal year of more than five percent the ad valorem property tax revenues collected in the immediately preceding fiscal year.

REQUIRED AUTHORIZATION

Other Authorization:

Other Authorization:

Other Authorization:

Date:	Subject : Place the proposed tax rate of \$0.631080/\$100 of value, which is lower than last year's tax rate, on the October 16th Agenda. Set dates for three public hearings on the proposed tax rate and publish analysis of anticipated increased revenues pursuant to Sec. 44-27 of the Houston Code of Ordinances.	Originator's Initials	Page 2 of 2
-------	---	-----------------------	-------------

Summary

City Council must pass a motion to place a specific proposed tax rate on a future City Council Agenda, set the dates and time for the public hearings and publish an analysis of anticipated increased revenues. The City Council meeting to vote on the proposed tax rate may not be earlier than the 10th day or later than the 14th day after the date of the last public hearing.

The proposed tax rate of \$0.631080/\$100 of assessed value must be apportioned between Maintenance and Operations (M&O) and Interest and Sinking Fund (I&S). The M&O rate is \$0.474635/\$100 of assessed value and the I&S rate is \$0.156445/\$100 of assessed value which, when combined, equal the total tax rate of \$0.631080/\$100 of assessed value.

It is therefore recommended that City Council pass a motion to place the proposed tax rate of \$0.631080/\$100 of value for tax year 2014 on the Agenda of City Council for Tuesday October 21, 2014, scheduling three public hearings on the proposed tax rate in City Council Chambers on September 23, 2014 at 6 PM; September 30, 2014 at 6 PM; and October 8, 2014 at 9 AM and publish analysis of anticipated increased revenues pursuant to Sec. 44-27 of the Houston Code of Ordinances.

cc: David M Feldman, City Attorney
Sameera Mahendru, Senior Assistant City Attorney
Marta Crinejo, Agenda Director