

REQUEST FOR COUNCIL ACTION

TO: Mayor via City Secretary

RCA #

SUBJECT: Place the proposed tax rate of \$0.586420 on each \$100 of taxable value, which is lower than last year's tax rate, on the September 21st Agenda.

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FROM: (Department or other point of origin):

Kelly Dowe, Director
Finance Department

Origination Date	Agenda Date
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September 14, 2016

DIRECTOR'S SIGNATURE:



Council Districts affected:

All

For additional information contact:

Tantri Emo, Deputy Director **Phone:** 832-393-9076
Thy-Huyen Ruiz, Division Manager **Phone:** 832-393-9075

Date and identification of prior authorizing Council Action:

September 9, 2015; Motion No. 2015 0620

RECOMMENDATION: (Summary) That the City Council approve a motion placing the proposed tax rate of \$0.586420 on each \$100 of taxable value on the Agenda of City Council for September 21st.

Amount of Funding:

Not Applicable

Finance Budget:

SOURCE OF FUNDING:

<input type="checkbox"/> General Fund	<input type="checkbox"/> Grant Fund	<input type="checkbox"/> Enterprise Fund
<input type="checkbox"/> 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. 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 2016 is \$0.596507 on each \$100 of taxable value and the Rollback Tax Rate is \$0.605867 on each \$100 of taxable value.

No 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. Since the City of Houston proposed a tax rate that does not exceed the rollback rate or the effective rate, the public hearings are not required.

Publications

Section 140.010 of the Local Government code requires the City of Houston to publish the effective and rollback tax rates before adopting a tax rate. Publication is required in a newspaper and Internet website of the municipality.

REQUIRED AUTHORIZATION

Other Authorization:

Other Authorization:

Other Authorization:

Date:	Subject : Place the proposed tax rate of \$0.586420 on each \$100 of taxable value, which is lower than last year's tax rate, on the September 21 st Agenda.	Originator's Initials	Page 2 of 2
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Summary

City Council must pass a motion to place a specific proposed tax rate on a future City Council Agenda. The City Council meet to vote on the proposed tax rate may occur following the publication on September 16th but may not be later than October 26th.

The proposed tax rate of \$0.586420 on each \$100 of taxable value must be apportioned between Maintenance and Operations (M&O) and Interest and Sinking Fund (I&S). The M&O rate is \$0.454458 on each \$100 of taxable value and the I&S rate is \$0.131962 on each \$100 of taxable value which, when combined, equal the total tax rate of \$0.586420 on each \$100 of taxable value.

It is therefore recommended that City Council adopt the recommendation of the Director of the Finance Department that the Effective Tax Rate for Tax Year 2016 is \$0.596507 on each \$100 of taxable value and the Rollback Tax Rate is \$0.605867 on each \$100 of taxable value and place the proposed tax rate of \$0.586420 of each \$100 of taxable value for Tax Year 2016 on the Agenda of City Council for September 21st.

cc: Ronald Lewis, City Attorney
Sameera Mahendru, Assistant City Attorney
Marta Crinejo, Agenda Director