

REQUEST FOR COUNCIL ACTION

TO: Mayor via City Secretary

RCA #

SUBJECT: Place the proposed tax rate of \$0.638750 on each \$100 of taxable value, which is higher than last year's tax rate, on the October 18th 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. Publication of the proposed tax rate will be September 15th.

Category #

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Agenda Item#

FROM: (Department or other point of origin):
Kelly Dowe, Chief Business Officer and Director of Finance
Finance Department

Origination Date

September 13, 2017


Agenda Date

DIRECTOR'S SIGNATURE:



Council Districts affected:

All

For additional information contact:
Melissa Dubowski, Assistant Director  Phone: 832-393-9101
Alma Tamborello, Staff Analyst Phone: 832-393-9099

Date and identification of prior authorizing Council Action:
September 14, 2016; Motion No. 2016 0438

RECOMMENDATION: (Summary) That the City Council approve a motion placing the proposed tax rate of \$0.638750 on each \$100 of taxable value on the Agenda of City Council for October 18th. 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 2017 is \$0.600480 on each \$100 of taxable value and the Rollback Tax Rate is \$0.666566 on each \$100 of taxable value.

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 exceed the rollback rate or the effective rate, the public hearings are required.

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 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 26, 2017 at 6 PM; October 3, 2017 at 6 PM; and October 11, 2017 at 9 AM

REQUIRED AUTHORIZATION

Other Authorization:

Other Authorization:

Other Authorization:

Date:	Subject: Place the proposed tax rate of \$0.638750 on each \$100 of taxable value, which is higher than last year's tax rate, on the October 18 th 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. Publication of the proposed tax rate will be September 15 th .	Originator's Initials	Page 2 of 2
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Publications

Chapter 26 of the Tax Code requires the City of Houston to publish newspaper ads before adopting a tax rate. 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.

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.

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 \$0.638750 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 \$0.474767 on each \$100 of taxable value and the I&S rate is \$0.163983 on each \$100 of taxable value which, when combined, equal the total tax rate of \$0.638750 on each \$100 of taxable value.

It is therefore recommended that City Council pass a motion to place the proposed tax rate of \$0.63875/\$100 of value for tax year 2017 on the Agenda of City Council for Wednesday October 18, 2017, scheduling three public hearings on the proposed tax rate in City Council Chambers on September 26, 2017 at 6 PM; October 3, 2017 at 6 PM; and October 11, 2017 at 9 AM and publish analysis of anticipated increased revenues pursuant to Sec. 44-27 of the Houston Code of Ordinances.

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