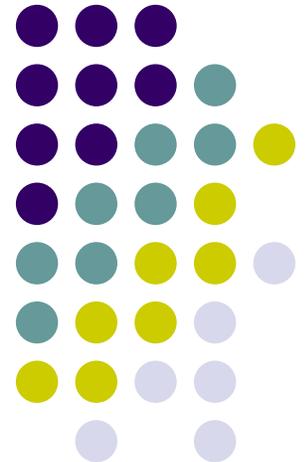


# Property Tax Rate Legal Options and Discussion

**City Council Budget Briefing**  
**Monday, August 27, 2007**



# Taxation Law



- **State Law requires public notice of tax rate calculations**
- **Allows taxpayers to roll back or limit tax increase in certain cases**

# Effective Tax Rate



- **The effective rate is the rate that generates the same amount of revenue in the new fiscal year on taxable property that was taxed in the previous fiscal year**
- **New construction not included in calculation**
- **FY 2007-08 Effective Rate = 68.72¢**

# Rollback Tax Rate



- **The rollback tax rate divides the overall property taxes into two categories:**
  - **General fund**
  - **Debt service**
- **The rollback rate includes an 8 percent increase on general fund taxes**

# Rollback Tax Rate (Continued)



- **The rollback rate is: The effective general fund rate plus 8%, plus the tax rate required to pay debt service**
- **The calculated rollback rate is:**
  - **General Fund**                    **55.1705¢**
  - **Debt Service**                    **23.0239¢**
  - 78.1944¢**
- **If the Debt Service rate changes (as a result of Council amendments to the budget), the rollback rate changes**

# Notice and Hearing Rate



- **The notice and hearing rate is the lower of either the effective or the rollback rate**
- **FY2007-08 notice and hearing rate = 68.72¢**

# Notice and Hearing Rate Requirements



- **In order for a taxing unit to adopt a rate above the Notice and Hearing rate the following requirements must be met:**
  - **Take a record vote for or against consideration of a specific tax rate higher than the notice and hearing tax rate;**
  - **Publish notice of the date and time for the 2 public hearings and the results of the record vote;**
  - **Hold 2 public hearings;**
  - **Publish notice of when the tax rate will be set;**
  - **Vote on the tax rate**

# Tax Rates



- **Current = 72.92¢**
- **Effective = 68.72¢**
- **Notice and Hearing = 68.72¢**
- **Proposed = 75.09¢**
- **Rollback = 78.19¢**
  
- **If the tax rate were**
  - **Set at the Notice and Hearing Rate, revenues would decrease by \$52,222,963**
  
  - **Set at the Rollback Rate, revenues would increase by \$25,414,629**
  
- **1¢ = \$8,198,267**

# Voter Options if the Adopted Tax Rate Exceeds the Rollback Rate



- **Petition for an election**
- **At least 10% of the registered voters shown on the City's most recent official voter list must sign the petition**
- **Petition must be submitted to the City within 90 days of the tax rate adoption**

# City Responsibility After Receiving A Petition For Rollback Election



- **Determine if the petition is valid and pass a resolution regarding its validity within 20 days of receipt**
- **Set a rollback election date 30 to 90 days after the governing body rules on the validity of the petition**
- **If the rollback election fails, the adopted tax rate stands**

## City Responsibility After Receiving A Petition For Rollback Election (cont.)



- **If the rollback election passes, a city must reduce its tax rate for the current year to the rollback rate (78.19¢)**
- **If the rollback election passes, the assessor must:**
  - prepare and mail new tax bills
  - refund any taxes paid under original rate
  - postpone the delinquency date by the number of days between the date original bills were mailed and the date the corrected bills were mailed

# Schedule



- **August 27**
  - Take record vote to consider a specific tax rate that exceeds the notice and hearing rate
  - Call public hearings on the tax rate for Wednesday, September 12 and Monday September 17

# Schedule (cont'd)



## August 27 (continued)

- If the Council wishes to consider a different rate than the recommended rate, the resolution could be amended (from the floor) to consider any tax rate
- The tax rate considered in today's resolution becomes the maximum tax rate the Council could set on Wednesday, September 26
- If no action to consider a tax rate is taken today, the maximum rate allowed for FY 2007-08 would be 68.72¢

# Schedule (cont'd)



- **Wednesday, September 5**
  - Publish the notice of public hearings and results of the record vote on the tax rate
- **Wednesday, September 12 (11 a.m.)**
  - Hold 1<sup>st</sup> public hearing (City Council Chambers)
- **Monday, September 17 (9 a.m.)**
  - Hold 2<sup>nd</sup> public hearing (City Hall Room 6ES)
- **Wednesday, September 19**
  - Publish notice of when the tax rate will be set
- **Wednesday, September 26**
  - Vote on tax rate
  - Ratify increase in taxes in separate vote