



CITY COUNCIL AGENDA
CITY OF PEARLAND
PUBLIC HEARING
TUESDAY, SEPTEMBER 8, 2015, 6:30 P.M.
COUNCIL CHAMBERS | PEARLAND CITY HALL | 3519 LIBERTY DRIVE
281.652.1600

- I. Call to Order**
- II. Purpose of Hearing** – Second Public Hearing on the Proposed 2015 Tax Rate for the 2015-2016 Budget.
- III. Staff Review** – Proposed 2015 Tax Rate for the 2015 – 2016 Budget.
- IV. Citizen Comments**
- V. Council/Staff discussion**
- VI. Adjournment**

This site is accessible to disabled individuals. For special assistance, please call Young Lorfing at 281-652-1840 prior to the meeting so that appropriate arrangements can be made.

All agenda supporting documents are available at pearlandtx.gov

**AGENDA REQUEST
BUSINESS OF THE CITY COUNCIL
CITY OF PEARLAND, TEXAS**

AGENDA OF: 9/8/2015	ITEM NO.: Public Hearing
DATE SUBMITTED: 9/1/2015	DEPARTMENT OF ORIGIN: Finance
PREPARED BY: Tara Kilpatrick	PRESENTOR: Tara Kilpatrick
REVIEWED BY: Jon R. Branson	REVIEW DATE: September 1, 2015
SUBJECT: Second Public Hearing on the Proposed 2015 Tax Rate for the 2015-2016 Budget	
EXHIBITS: PowerPoint Presentation	
EXPENDITURE REQUIRED: N/A	AMOUNT BUDGETED: N/A
AMOUNT AVAILABLE: N/A	PROJECT NO.: N/A
ACCOUNT NO.: N/A	
ADDITIONAL APPROPRIATION REQUIRED: N/A	
ACCOUNT NO.: N/A	
PROJECT NO.: N/A	
To be completed by Department:	
<input checked="" type="checkbox"/> Finance <input type="checkbox"/> Legal <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution	

EXECUTIVE SUMMARY

BACKGROUND

Pursuant to truth-in-taxation laws, taxing unit's must hold two public hearings and provide for a publication stating the dates, time and place of the public hearing before adopting a tax rate that exceeds the rollback rate or the effective tax rate, whichever is lower. The proposed City tax rate for the tax year 2015 of \$0.7053 per \$100 valuation, exceeds the effective tax rate of \$0.66037, yielding a 6.8% increase over the effective rate. As such, the City of Pearland is required to hold two public hearings. The notice was placed in the city newspaper of record, published August 20th, as well as placed on the City website and municipal channel. The effective tax rate is the tax rate that would be needed to generate the same amount of revenues in the preceding year on the same properties.

The first public hearing was held on August 31, 2015. This is the second of the required two public hearings.

The first reading of the ordinance to adopt the tax rate is scheduled for September 14th, with the second and final reading scheduled for September 21, 2015.

POLICY CONSIDERATION

Property Tax Code; the Truth-in-Taxation process.
Fiscally Responsible

FINANCIAL INFORMATION

The tax rate is split into two components; operating and debt service. The proposed operating tax rate is \$0.2225, an increase of \$0.0004 from the current year, and the proposed debt service tax rate is \$0.4828, a decrease of \$0.0072 from the current year. Sixty-eight percent of the tax rate is allocated to debt service and thirty-two percent allocated to operations.

The operating component funds public services such as police, fire, streets, traffic, parks, and general government functions. The debt component funds the annual debt payments, similar to a residential mortgage payment, for capital improvements such as roads, drainage, parks and facilities.

In total, the proposed tax rate of \$0.7053 is \$0.0068 lower than the current tax rate of \$0.7121. Based on the 2014 average residential taxable value of \$187,787, if a homeowner see no increase in value, one's city tax bill would decrease by \$13. If a homeowner's value increases by 6.37%, which is the estimated average residential re-valuation, the tax bill would increase by \$72 for the year, or about 20 cents a day. Twenty cents a day provides for increased public safety with the opening of 2 24/7 staffing fire stations, additional police staffing, and access to two new parks in addition to other city services.

RECOMMENDED ACTION

Conduct second public hearing on the proposed tax rate for the 2015-2016 budget.

Building MOMENTUM



CITY OF PEARLAND, TEXAS

FISCAL YEAR
2015-2016

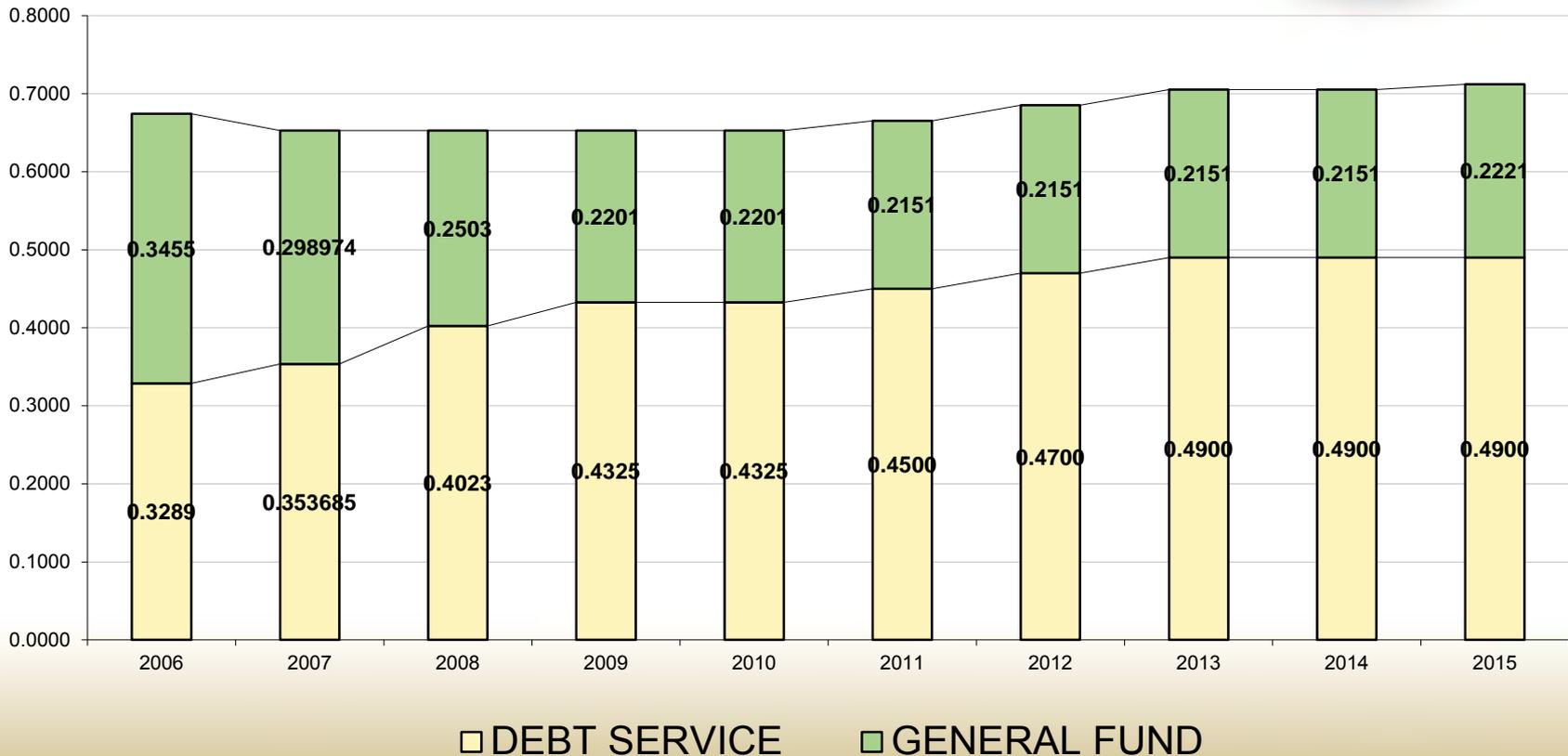
PROPOSED BUDGET
SECOND PUBLIC HEARING
ON THE TAX RATE

SEPTEMBER 8, 2015

Historical Tax Rate Allocation FY 2006 – FY 2015



History of City Property Tax Rate





Tax Rate

City Council Voted on a Proposed Tax Rate of \$0.7053 on August 17th, 2015, a reduction of \$.0068 cents from the current tax rate of \$0.7121.

The proposed rate exceeds the lower of the effective tax rate or the rollback rate, requiring two public hearings to be held on the proposed tax rate prior to adoption of the tax rate.

The notice of proposed tax rate was published in The Journal and put on the web-site and municipal channel so that citizens could attend and provide public comment.



Tax Rate

Tax Rate is Adopted in Two Components

O&M – funds public services such as Public Safety, Parks, Streets, Traffic, Engineering, General Government activities

Debt – tax rate needed to fund annual debt service payments, similar to a household mortgage, for capital improvements

Proposed Property Tax Rate and Allocation



	Previous 2014	Current 2015	Proposed 2016
O&M	.2151	.2221	.2225
Debt	<u>.4900</u>	<u>.4900</u>	<u>.4828</u>
Total	<u>.7051</u>	<u>.7121</u>	<u>.7053</u>
DS %	69.5%	68.8%	68.5%
O&M %	30.5%	31.2%	31.5%
Est. ETR			.66037
Est. RBR			.705311

ETR = Effective Tax Rate

7 RBR = Rollback Rate

Tax Rate Coupled with Property Valuation



General Fund

Accounts for approximately 20% of General Fund revenues

Debt Service Fund

Accounts for 96% of Debt Service revenues

Residential Tax Bill Comparison Based on Average Residential Value



2014 Average Taxable Value \$187,787

City Portion of Property Tax Bill

Value Change	FY 2015 Bill	FY 2016 Bill	Dollar Δ	Percent Δ
0.00%	\$1,302	\$1,289	(\$13)	-1.0%
2.00%	\$1,302	\$1,316	\$14	1.1%
4.00%	\$1,302	\$1,342	\$40	3.1%
6.37%	\$1,302	\$1,374	\$72	5.5%
8.00%	\$1,302	\$1,395	\$93	7.1%
10.00%	\$1,302	\$1,420	\$118	9.1%

The City's total tax rate drops .0068 in FY 2015/16 from the City's current tax rate. For the average resident, with a 6.37% increase in valuation, for an additional 19.7 cents a day, the average resident will receive increased/enhanced services: opening of new Fire Stations and Parks, enhanced Police staffing and Community Beautification to name a few.

Where Does Your Property Tax Dollars Go?



For Every Property Tax Dollar:

General Gov't, 7 cents

Parks, 2 cents

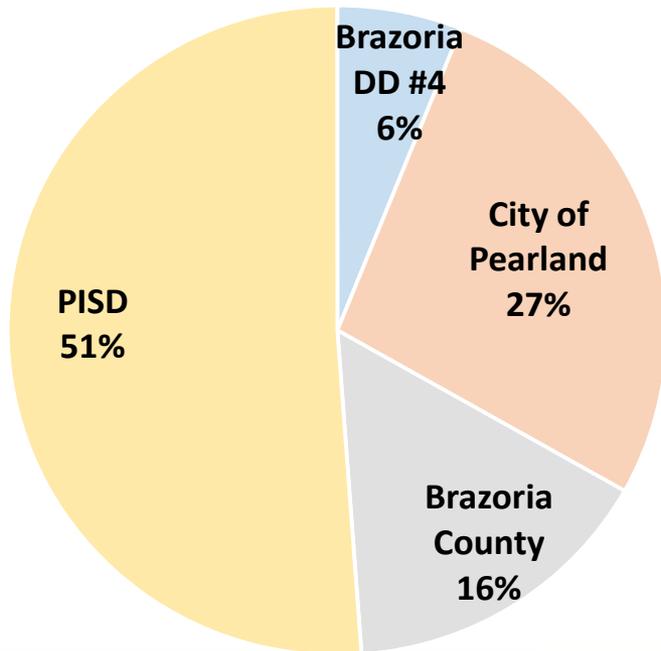
Debt Service, 68 cents



Public Safety, 20 cents

10 Public Works, 3 cents

Average Residential Total Property Tax Bill Breakout



Percent of Total Tax Bill

Taxing Entity	Tax Bill
BC DD #4	310
City of Pearland	1,381
BC County	794
PISD	<u>2,605</u>
Total Tax Bill	\$5,090

Does not include taxes from In-City MUD's or Community Colleges that may also apply.

Tax Rate Adoption Calendar



- | | |
|--------------|--|
| August 17 | City Council Special Meeting – Record Vote to Propose Tax Rate; Schedule Public Hearings on the Tax Rate; and Dates for Adoption |
| August 31 | First Public Hearing on the Proposed Tax Rate |
| September 8 | Tuesday – Second Public Hearing on the Proposed Tax Rate |
| September 14 | First Reading of Ordinance to Adopt the Tax Rate |
| September 21 | Second and Final Reading of Ordinance to Adopt the Tax Rate |

Building MOMENTUM



CITY OF PEARLAND, TEXAS

FISCAL YEAR

2015-2016

PROPOSED BUDGET

Second Public Hearing on
the Tax Rate

September 8, 2015