



# CITY COUNCIL AGENDA ACTION FORM

<b>AGENDA DATE:</b>	06/22/2021		
<b>AGENDA SUBJECT:</b>	Discussion, consideration, and possible action on the tax rate to be pursued for this year's annual budget.		
<b>PREPARED BY:</b>	City Administrator Leamons	<b>DATE SUBMITTED:</b>	06/16/2021
<b>EXHIBITS:</b>			
<b>CITY ADMINISTRATOR APPROVAL:</b>			
<b>SUMMARY:</b>			

The budget calendar that is to be followed varies depending on whether the tax rate that is being used to craft the City's annual General Fund Budget falls below or exceeds the voter approval tax rate. Unfortunately, the State Comptroller's Office hasn't provided the forms for calculating this year's voter approval tax rate, but Chief Appraiser Wes Rollen is working on providing a rough estimate of what that rate will be for the City. That rate is tied to the 3.5% cap put in place by the State Legislature in 2019. There had been an opportunity for the City to proceed with the previously established 8% cap due to Governor Abbott's COVID 19 emergency declaration, but TML legal counsel advised staff that legislation was passed this session doing away with that option. Chief Appraiser Rollen indicated there is still an opportunity for the City to revert to the 8% cap in connection with the Polar Vortex 2021 emergency declaration

If the City has to observe the 3.5% cap, it is expected the \$0.384074/\$100 valuation tax rate the City has had for years will have to be reduced due to the increased appraisal values. If the City is able to revert back to the 8% cap, if the Council were so inclined, it would be able to maintain the \$0.384074/\$100 tax rate. If the City exceeds the 3.5% cap without being able to revert to the previous 8% cap through an emergency declaration, the proposed tax rate will have to be submitted to voters for approval.

So, the question before the Council is do you wish to pursue a tax rate which will be subject to voter approval or do you wish to pursue one which will not require voter approval? If there is an opportunity to revert to an 8% cap, does the Council wish to do so? If so, does the Council wish to pursue maintaining the current \$0.384074 rate, or does the Council wish to pursue an alternative rate?