

Montgomery City Council
AGENDA REPORT

Meeting Date: August 24, 2021	Budgeted Amount: N/A
Department: Administration	Prepared By: Richard Tramm

Subject

Agenda Item 3 – Consider and Discuss the Tax Rates needed to fund the 2021-2022 Fiscal Year Budget for Maintenance and Operations (M&O) and Debt Service (I&S).

Agenda Item 4 – Consider and Vote on the Proposed Tax Rate for 2021.

Agenda Item 5 – Consider and Determine the Tax Rate Needed to fund the City Budget for the Fiscal Year 2021-2022. If this exceeds the No New Revenue Rate, then schedule a Public Hearing for September 7, 2021.

Recommendation

Agenda Item 3 – Discuss the proposed tax rate. (Discussion item only.)

Agenda Item 4 – Consider and vote on the proposed tax rate for 2021 with a roll call vote. (Staff recommends adopting a rate of \$.4000/\$100, with \$.2588 for M&O and \$.1412 for I&S.)

Agenda Item 5 – Consider the Tax Rate approved in Agenda Item 5. If that rate is above the No-New-Revenue Rate of \$.3587, then call a Public Hearing to be scheduled for September 7, 2021.

Discussion

Procedures related to Tax Rate adoption have changed in recent years. The City’s Draft Budget has been prepared keeping the Tax Rate at \$.4000/\$100, which is the same tax rate the City has had for several years and is consistent with discussions from the past year. This rate does cause the City to receive additional revenue related to property value increases, which is then available for the infrastructure work needed for our growing community.

The proposed split for property taxes is \$.2588 for M&O and \$.1412 for I&S. This is a decrease of \$.0217 for M&O with that same amount added to I&S due to increased need for property tax revenue to pay towards I&S costs this coming year. Last year the City Council, decided to use \$361,000 in surplus funds that were available in the Debt Service Fund to pay towards annual debt service. This year’s budget proposes to use \$136,000 of the remaining \$196,000 in surplus debt service funds to help offset the need for property taxes to pay those costs this year. This is similar to what Council chose to do last year when it used surplus debt service funds to offset the I&S rate.

Approved By

City Administrator	Richard Tramm	Date: August 19, 2021