



# City of Denton

City Hall  
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[www.cityofdenton.com](http://www.cityofdenton.com)

## Legislation Text

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**File #:** ID 15-695, **Version:** 1

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### Agenda Information Sheet

**DEPARTMENT:** Finance

**ACM:** Bryan Langley

**Date:** September 1, 2015

#### **SUBJECT**

Hold a second public hearing on a proposal to adopt a tax rate of \$0.696380 per \$100 valuation, which will exceed the lower of the effective or rollback tax rate.

#### **BACKGROUND**

The Texas Constitution and Texas Property Tax Code require taxing units to comply with specific guidelines in adopting tax rates. The guidelines are related to a concept known as truth-in-taxation. This concept is a way to make taxpayers aware of tax rate proposals and allow tax payers in certain circumstances, to roll back or limit a tax increase.

The truth-in-taxation guidelines require taxing entities to calculate and publish their effective and rollback tax rates (Exhibit 1 - Notice of Proposed Tax Rate). The effective rate is the calculated rate that would provide the taxing unit approximately the same amount of revenue it received in the previous year on properties taxed in both years. This rate excludes taxes on properties no longer in the taxing unit and also excludes any growth due to new property values. The City of Denton's 2015 effective rate is \$0.656271/\$100 valuation.

The rollback rate divides the total property tax revenue into support for maintenance and operations (M&O) taxes and debt service taxes. It provides approximately the same amount of revenue as in the previous year for maintenance and operations expenses, plus an extra eight percent, plus the necessary debt service tax rate. If a taxing unit adopts a tax rate higher than the rollback rate, the voters have the option to petition for an election to limit the size of the tax increase. The City of Denton's 2015 rollback rate is \$0.721554/\$100 valuation.

The City Manager's FY 2015-16 Proposed Annual Program of Services recommends a tax rate of \$0.696380 per \$100 of valuation, and this rate is \$0.040109 above the effective rate. Since the City of Denton's proposed tax rate exceeds the effective tax rate, two public hearings are required to take place prior to the budget adoption. In compliance with state law, staff published the Notice of Proposed Tax Rate in the Friday, August 14, 2015, issue of the *Denton Record Chronicle*. In addition to the newspaper publications, the notice was posted on the City's Web site, <http://www.cityofdenton.com> and the public access channel.

#### **ESTIMATED SCHEDULE OF PROJECT**

September 15, 2015 Adopt Tax Rate and Approve FY 2015-16 Annual Program of Services

### **PRIOR ACTION/REVIEW (Council, Boards, Commissions)**

On July 31, 2015, the City Council was provided with detailed information regarding the FY 2015-16 Proposed Annual Program of Services including the proposed tax rate.

On August 6, 2015, the City Council discussed the proposed budget in work session.

On August 11, 2015, the City Council discussed the proposed budget and voted to place a proposal on the September 15, 2015 City Council agenda to approve a tax rate above the effective rate.

On August 18, 2015, the City Council discussed the proposed budget in work session and held the first public hearing on the proposed tax rate.

On August 25, 2015, the City Council discussed the proposed budget in work session.

### **FISCAL INFORMATION**

In the FY 2015-16 Proposed Budget, a tax rate of \$0.696380 per \$100 valuation is recommended.

### **EXHIBITS**

1. Notice of Proposed Tax Rate

Respectfully submitted:  
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