

# Recent Tax Legislative Changes & Property Tax Rate Overview

*Monday, August 8, 2016*  
*5:00 p.m.*



# Recent Tax Legislative Changes

- New tax laws for 2016 (SB) 1760, (SB )1510, (HB) 1953
  - No longer required to take a record vote on a proposal to increase total taxes
  - Follow Local Government Code Section 140.010 for publication of notices
  - Required to file one form – Notice of 2016 Tax Year Proposed Property Tax Rate for City of Plano by September 1<sup>st</sup>
    - Need to include the proposed tax rate on this form.
    - City Council will need to decide the proposed tax rate at the August 13<sup>th</sup> Budget Work session.
    - Scheduled for posting the week of August 15<sup>th</sup> after the budget work session.



# Recent Tax Legislative Changes

- If your rate exceeds the lower of the effective tax rate or rollback tax rate:
  - Hold two public hearings
  - Describe the purpose for which the increase in taxes will be used.
- At least 60 percent of members of the governing body must vote in favor to adopt a rate that exceeds the effective tax rate. (Vote scheduled for Sept. 12)



# NOTICE OF 2016 TAX YEAR PROPOSED PROPERTY TAX RATE FOR

A tax rate of \$ ??? per \$100 valuation has been proposed for adoption by the governing body of City of Plano, Texas. This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate.

The governing body of City of Plano, Texas proposes to use revenue attributable to the tax rate increase for the purpose of public safety and capital projects coming on-line.

PROPOSED TAX RATE	\$ <u>????</u> per \$100
PRECEDING YEAR'S TAX RATE	\$ <u>0.4886</u> per \$100
EFFECTIVE TAX RATE	\$ <u>0.4580</u> per \$100
ROLLBACK TAX RATE	\$ <u>0.4837</u> per \$100

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for City of Plano, Texas from the same properties in both the 2015-16 tax year and the 2016-17 tax year.

The rollback tax rate is the highest tax rate that City of Plano, Texas may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the rollback rate.

YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS FOLLOWS:

$$\text{property tax amount} = (\text{rate}) \times (\text{taxable value of your property}) / 100$$

For assistance or detailed information about tax calculations, please contact:

Karen Rhodes-Whitley

City of Plano, Texas tax assessor-collector

1520 Ave K, Plano, Texas 75074

972-941-7472

karenr@plano.gov

www.plano.gov

You are urged to attend and express your views at the following public hearings on the proposed tax rate:

First Hearing: August 22, 2016 7:00 P.M. at SFS Council Chambers, 1520 Ave K, Plano, TX

Second Hearing: August 31, 2016 5:00 P.M. at SFS Council Chambers, 1520 Ave K, Plano, TX



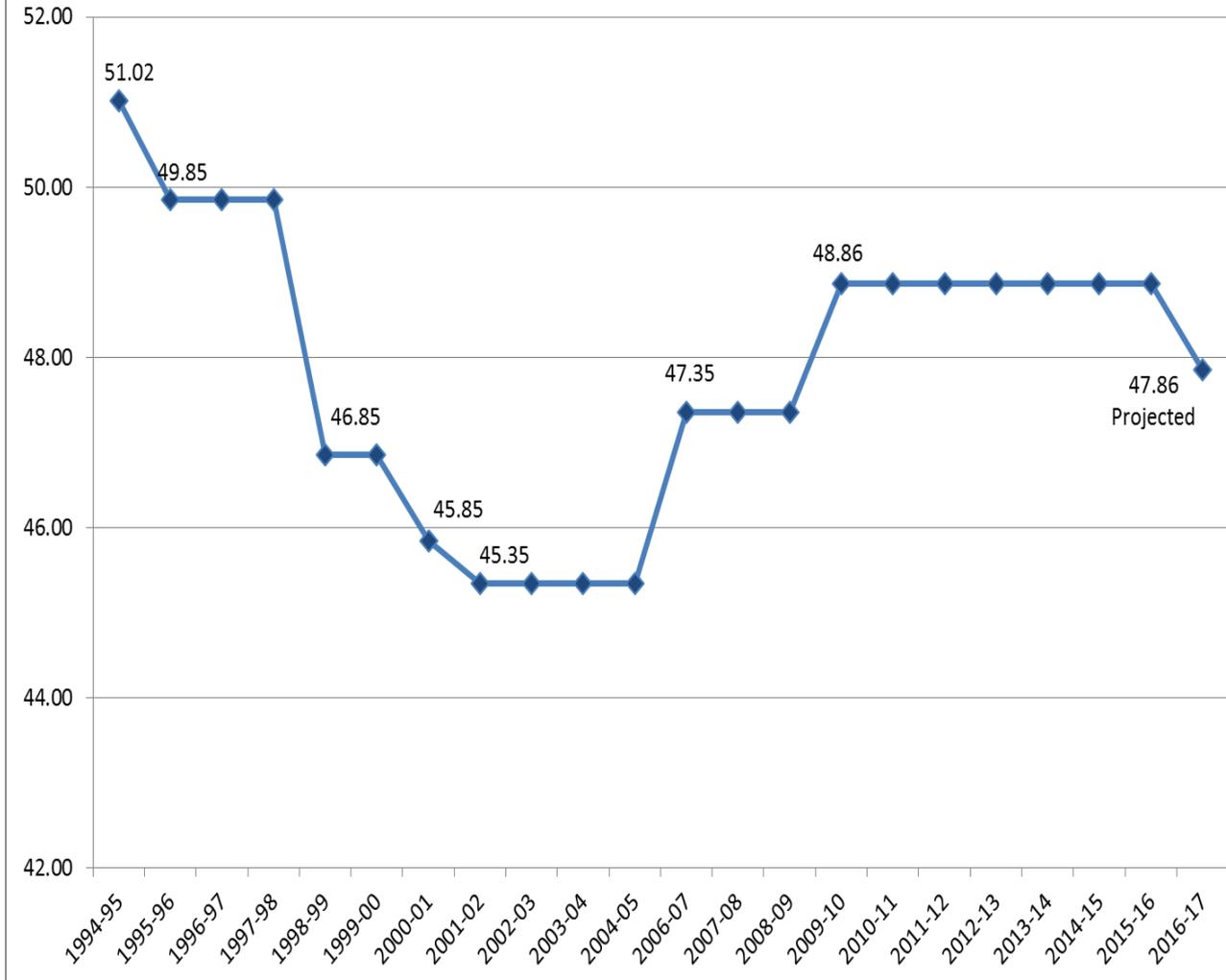
**FY 2016-17 Budget List Categories - Unfunded Decision Packages**

As of August 2, 2016

Category	Descriptions	Department Requests	Individual			
			Request	Tax	Category Total	Total
			Amount	Rate Impact	Amount	Rate Impact
<b>Public Safety - To be discussed Aug 13</b>	Additional Public Safety Personnel Requests  <i>(In priority order)</i>	(1) Public Digital Specialist	\$ 113,750	0.03	\$ 1,379,919	0.41
		(1) Police Planner	103,104	0.03		
		(1) Firearms Examiner	103,798	0.03		
		(8) Police Officers - start date 4/1/17	1,012,396	0.30		
		(1) PT Crime Analyst	46,871	0.01		
<b>Neighborhood Services - To be discussed Aug 13</b>	Pilot Multi-Family Reinvestment Incentive Program will allow for all 26 eligible complexes to participate in the program at the premium level. Up to \$20K per complex.	Mid-Grade = 15 out of 26 complexes	\$ 300,000	0.09	\$ 520,000	0.15
		Premium = 26 out of 26 complexes	220,000	0.06		
<b>Parks Median &amp; Field Maintenance</b>	Restore to once a week median mowing and athletic field leveling	Median Mowing = \$300K	\$ 300,000	0.09	\$ 400,000	0.12
		Cheyenne Park field leveling = \$100K	100,000	0.03		
<i>To be discussed Aug 8</i>						
<b>Arts - To be discussed Aug 3</b>	Schedule quality performers to bring people in to Downtown Plano  HDPA 2nd ArtFest in Downtown Plano in September 2017 Temporary medium for artists: vinyl wrap on bldgs and elec. boxes, sidewalk art leading to CYT in Downtown, etc.	McCall Plaza Programming	\$ 125,000	0.04	\$ 185,750	0.05
		Plano Artfest		0.01		
		Temporary Artist Opportunities	50,750 10,000	0.00		
<b>Library Collection Addition - To be discussed Aug 8</b>	Additional on-line products, current non-fiction titles and also expand DVD selection	Additional \$250K for collection	\$ 250,000	0.07	\$ 250,000	0.07
<i>One Time Cost - To be discussed Aug 8</i>  <i>To be discussed Aug 8</i>  <i>To be discussed Aug 3</i>  <i>To be discussed Aug 3</i>	Oak Point Special Area Plan - Consultant to study 700 acres around Plano Center  Veterans Recognition Wall/Pavers - Install a veterans recognition area at Memorial Park  Arts Theatre Feasibility Study  Courtyard Sign	Contract Cost	\$ 250,000	0.07	\$ 650,000	0.19
		Costs to install	315,000	0.09		
		Contract Cost	70,000	0.02		
		Costs to install	15,000	0.00		
<b>Total</b>			\$ 3,385,669	1.00	\$ 3,385,669	1.00



### Ad Valorem Tax Rate History in Cents per \$100/Valuation



# TRUTH-IN-TAXATION LAW

- If a proposed tax rate exceeds the rollback or the effective tax rate, whichever is lower, the taxing unit's governing body must publish notices and hold public hearings. **Proposed tax rate is over the effective tax rate.**
- Tax Rate Adoption Vote scheduled for September 12<sup>th</sup> and must be recorded.
- Proposal must specify a tax rate – Need to determine what the proposed tax rate will be before posting the notice. Cannot go up from the proposed tax rate. **Planned discussion scheduled for August 13<sup>th</sup> Budget Work Session.**
- Debt rate is set at 12.30 cents and cannot be changed.
- Operating tax rate is set at 35.56 cents.
- City Manager Recommended Tax Rate is 47.86 cents which is one-cent less than the current year tax rate of 48.86 cents.



# TAX RATE CALCULATIONS

Effective Tax Rate  
Rollback Tax Rate



***The Effective Tax Rate is basically the tax rate you would pass to collect the same tax revenue as last year (FY 2015-16) using this year's (FY 2016-17) appraised values.***

- The City's 2016-17 Effective Tax Rate is 45.80 cents or 2.06 cents under the recommended 47.86 cent tax rate.***
- This amount equals \$7,076,621 in additional tax revenue is projected to be collected over last year.***



***The **Rollback Rate** allows a taxing unit to raise the same amount for operations as in the prior year plus provides for an additional 8% cushion.***

- The City's 2016-17 Rollback Rate is 48.37 cents or 0.51 cents over the recommended tax rate of 47.86 cents.***
- The rollback tax rate is not an issue this year because we are proposing a rate less than the rollback tax rate.***
- Our revenue collections will be (\$1,751,979) less than the rollback tax rate.***



# Rollback O&M History

- Since 1996 the City of Plano has been:
  - Even with the rollback rate twice in 1996 & 1997
  - Over the rollback rate seven times
    - 1998 by .0072 cents
    - 2000 by .0077 cents
    - 2002 by .0050 cents
    - 2003 by .0036 cents
    - 2007 by .0055 cents
    - 2015 by .0027 cents
    - 2016 by .0127 cents
- If a taxing unit adopts a tax rate over the rollback rate, 7% of the registered voters shown on the most recent official list must sign the petition for an election to occur.
- If the rollback election passes, taxing unit must reduce its tax rate for the current year to the rollback rate.



# Tax Rate Publications and Public Hearings

- Notice of 2016 Tax Year Proposed Tax Rate
  - Will be published in newspapers, on web site and PTV starting the week of Monday, August 15<sup>th</sup>
- Notice announces two public hearings on the tax rate (August 22 & August 31)
- City Council is set to vote on the Budget, CIP and set the tax rate September 12<sup>th</sup>.



# QUESTIONS??

