

**To the Mayor and Members of the City Council****August 4, 2015**

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**SUBJECT: BUDGET AND TAX NOTICE REQUIREMENTS**

This informal report will provide an overview of the statutory requirements for the public notices required during the Fiscal Year 2016 budget and associated ad valorem tax rate adoption process.

**Statutory Requirements**

The statutory requirements for the budget and tax rate process are found in:

## State Law

- Tax Code – “Truth in Taxation” requirements
  - Tax revenue increase - one publication requirement
- Local Government Code – Budget
  - Budget public hearings - one publication requirement

## City Charter

- Chapter X. The Budget and Financial Procedure Relating Thereto (since the 1924 adoption)
  - Appropriation ordinance - two publication requirements

All public notices will be published in the official newspaper and posted on the City’s web page and cable channel. Where a notice is required under state law, the law generally dictates exactly what information the notice must contain, and the City follows the form notices published by the State Comptroller’s office.

**Process**

The process begins with the calculation of the effective and rollback tax rates. The effective rate is the tax rate that would generate the same amount of revenue this year as last year on properties that were on the tax roll of both years. The rollback rate is the rate that allows for 8% growth over the Maintenance & Operations portion of the effective rate. On August 4, staff will provide the City Council with an Informal Report outlining the effective and rollback tax rates.

The notice on the budget public hearings will be published on August 8, 2015 and will include the dates of all of the budget public hearings.

If the City’s current tax rate exceeds the effective tax rate, maintaining the current rate would require:

- (1) The City Council to adopt a resolution by record vote to consider a tax revenue increase, with the resolution planned for the Council agenda for August 11, 2015, if needed; and
- (2) Publication of a “Notice of Public Hearings on Tax Revenue Increase,” which would occur on August 15, 2015; and
- (3) The City Council to hold two (2) public hearings, which would take place on August 25, 2015 and September 1, 2015

In accordance with the City Charter, the appropriations ordinance will be published for the first time on August 22, 2015, following its first reading on August 18, 2015.

The Budget is scheduled to be adopted on September 15, 2015. After the budget and tax rate are adopted by the City Council, the appropriations ordinance will be published a second time along with a schedule showing any changes as required by the City Charter. This publication is scheduled for



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September 19, 2015. In addition, the tax levy ordinance will be published two times, with the first publication also scheduled to occur on September 19, 2015.

If you have questions regarding this information, please contact Aaron J. Bovos, Chief Financial Officer or Mary J. Kayser, City Secretary.

**David Cooke**  
**City Manager**