

To the Mayor and Members of the City Council

August 2, 2011

Page 1 of 1

**SUBJECT: SUBMISSION OF 2011 EFFECTIVE AND ROLLBACK TAX RATES**

This informal report is to inform the City Council of the Effective and Rollback Tax Rates for use in their upcoming budget discussions regarding Fiscal Year 2012. The rollback tax rate serves as a cap on property tax rates, thus limiting taxing units' ability to make material increases over the prior year's rate.

Pursuant to Texas Property Tax Code Section 26.04.c, the Effective Tax Rate =

$$\frac{(\text{Last Year's Levy} - \text{Lost Property Levy})}{(\text{Current Total Value} - \text{New Property Value})}$$

Property tax rates are comprised of two separate rates, Maintenance & Operation (M&O) and Interest & Sinking (I&S or the debt service component).

The 2011 Effective Tax Rate is \_\_\_\_\_ / \$100 assessed valuation  
 The 2011 Rollback Tax Rate is \$ \_\_\_\_\_ / \$100 assessed valuation  
 (Rollback M&O rate of \$.\_\_\_\_\_ + I&S rate of \$\_\_\_\_\_)

The 2010 Adopted Tax Rate is currently \$.8550 / \$100 assessed valuation  
 (Adopted M&O rate of \$.7109 + I&S rate of \$.1441)

If the City Council wants the option to adopt a tax rate that exceeds the effective tax rate of \$ \_\_\_\_\_ / \$100 assessed valuation, a resolution to consider a tax increase would have to be adopted at the August 9<sup>th</sup> council meeting.

If the City Council adopts a total tax rate that exceeds the rollback rate, taxpayers may petition for a rollback election by gathering signatures from at least seven percent (7%) of the registered voters shown on the most recent official voter list. If the rollback election succeeds, the City would be forced to adopt the rollback rate.

This year, the City will not be subject to a rollback election unless it adopts a tax rate higher than \$ \_\_\_\_\_ / \$100 assessed valuation.

Pursuant to Texas Property Tax Code Section 24.04.e, the Effective Tax Rate and Rollback Tax Rate will be published in the newspaper by August 6, 2011 or as soon thereafter as practicable. The tax rate (M&O and debt service components combined) is scheduled to be adopted on September 20, 2011.

If you have any questions, please contact James Mauldin, City Treasurer, at (817) 392-2438.

**Tom Higgins**  
**Interim City Manager**