

**Office of the City Manager**

City of Richland Hills, Texas

## Memorandum

**To:** Honorable Mayor Bill Agan and members of the Richland Hills City Council  
**From:** Curtis E. Hawk, City Manager  
**Date:** August 20, 2013  
**Subject:** Conduct public hearing to consider setting a tax rate of \$0.528094 that will raise more revenue in FY 2013-14 than in FY 2012-13.

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### **City Council Action Requested:**

Conduct first public hearing to consider setting a tax rate of \$0.528094 for FY 2013-14, that will raise more revenue than in the current year.

### **Background Information:**

At the August 6<sup>th</sup> Council meeting staff and Council discussed the tax rate required to support the Proposed FY 2013-14 Annual Budget submitted by the City Manager. The City Manager's proposed budget for FY 2013-14 is supported by the same \$0.528094 tax rate as the current year; however, the proposed \$0.528094 property tax rate for the proposed budget exceeds the 2013 effective tax rate of \$0.501648 per \$100 of taxable value. The effective tax rate is that rate which provides the taxing entity with approximately the same amount of revenue it received the year before on properties taxed in both years. The proposed \$0.528094 tax rate for 2013 will produce \$80,719 more General Fund revenue than in the current year - \$79,380 in total revenue when both General Fund and General Debt Fund are considered.

The Council's August 6<sup>th</sup> vote to consider setting a \$0.528094 tax rate was not a vote to adopt a tax rate. The 2013 Truth-In-Taxation Guidelines, published by the Texas Comptroller to assist taxing entities in complying with the Texas Constitution and Chapter 26 of the Texas Tax Code, identifies the steps a taxing entity must take when considering adoption of a tax rate that will provide more revenue than the current year.

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Before the Council can vote to adopt a tax rate higher than the 2013 effective tax rate of \$0.501648 it must first hold two separate public hearings on the proposal to increase total tax revenues. In order to comply with the Comptroller's guidelines and to preserve the option to consider the same \$0.528094 tax rate in tax year 2013, City Council took a record vote at the August 6<sup>th</sup> meeting to consider adopting the \$0.528094 tax rate (that would raise more revenue than in FY 2012-13) and ***set the first public hearing on the tax rate for August 20, 2013 and the second public hearing for September 3, 2013.***

The Comptroller's guidelines do not allow the Council to adopt a tax rate higher than the effective tax rate at the same meeting as either public hearing. The vote on whether or not to adopt the proposed \$0.528094 tax rate will be on September 17, 2013.

**Board/Citizen Input:**

N/A

**Financial Impact:**

The proposed \$0.528094 tax rate for 2013 will produce \$80,719 more General Fund revenue than in the current year, or \$79,380 more in total revenue when both General Fund and General Debt Fund are considered.

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