



Legislation Text

File #: 16-0358, **Version:** 1

DATE: May 6, 2016

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator

SUBJECT:

Consideration of Ordinance 2016-013, as Amended, an Ordinance to Establish a Property Tax Rate for 2017. (05-12-16 Finance 3-0, 05-24-16 WS, BOMA 7-0; 06/14/16 BOMA 2nd Reading 8-0) THIRD AND FINAL READING)

Purpose

The purpose of this memo is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning property tax rates for the upcoming Fiscal Year 2016-2017.

Background

The City of Franklin relies upon a variety of funding sources to support operations. As in most cities across the United States, the City of Franklin is dependent in part upon a local property tax rate to support general operations, and to fund and service debt incurred on capital projects. Every five years, the County Property Assessor performs a reappraisal of all property throughout Williamson County. Through this process, updated valuations are provided for each property and, as a result, property tax rates are adjusted. This process presents the City with an opportunity to reevaluate its property tax rate and structure. 2016 (and Fiscal 2016-2017) marks a reappraisal year.

The City's proposed property tax rate is \$0.42 per \$100 of assessed valuation, an increase of 3.3% from the current rate of \$0.4065 per \$100 of assessed valuation. The recommended budget includes both the City's existing property tax structure (\$0.32 per \$100 of assessed valuation) and a recommended additional component (\$0.10 per \$100 of assessed valuation) targeted at funding investment in infrastructure and supporting City operations. First, the existing property tax funding consists of:

- \$0.29 per \$100 of assessed valuation - This component is the City's existing base property tax rate for operations and debt service, providing only the amount of tax dollars received for those purposes in the prior year.
- \$0.03 (\$0.015 and \$0.015 respectively) per \$100 of assessed valuation - Added in 2014, this tier of property tax is pledged 50% to infrastructure/capital investment projects and 50% to increased neighborhood street resurfacing.

The proposed FY17 budget recommends additional dedicated property tax funding consisting of:

- \$0.07 (.0659) per \$100 of assessed valuation - This component would be dedicated to infrastructure investments and transportation needs, including roadway improvements/expansions, parks, and City facility needs. One penny of this component would be specifically dedicated to funding for transit, connectivity through multi-use trails and sidewalks, and other alternatives to roadway transportation.
- \$0.03 per \$100 of assessed valuation - This component would be dedicated to supporting City operations and service delivery. This allocation of property tax capacity would be the first additional property tax rate support provided to City operations since 1987.

It is important to state that this proposal is not final. The figures stated herein are not certified tax rates from the County Assessor and the reappraisal figures provide are still preliminary. Slight modifications will likely be necessary as the BOMA considers the budget and this ordinance in May and June 2016.

Financial Impact

Dependent upon actual reappraisal figures and the new existing rate (estimated at \$0.32 per \$100 of assessed valuation), the proposed total rate of \$0.42 would produce approximately \$4.5 million more in property tax revenues in FY 2017 than estimated in FY 2016. Of that amount, approximately \$1.4 million would go to fund operations and \$3.1 million to capital in FY 2017. Final valuation numbers are expected to be received from the County Assessor before the first reading of the Ordinance at the BOMA meeting of May 24.

Recommendation

Staff recommends approval of Ordinance 2016-013.