

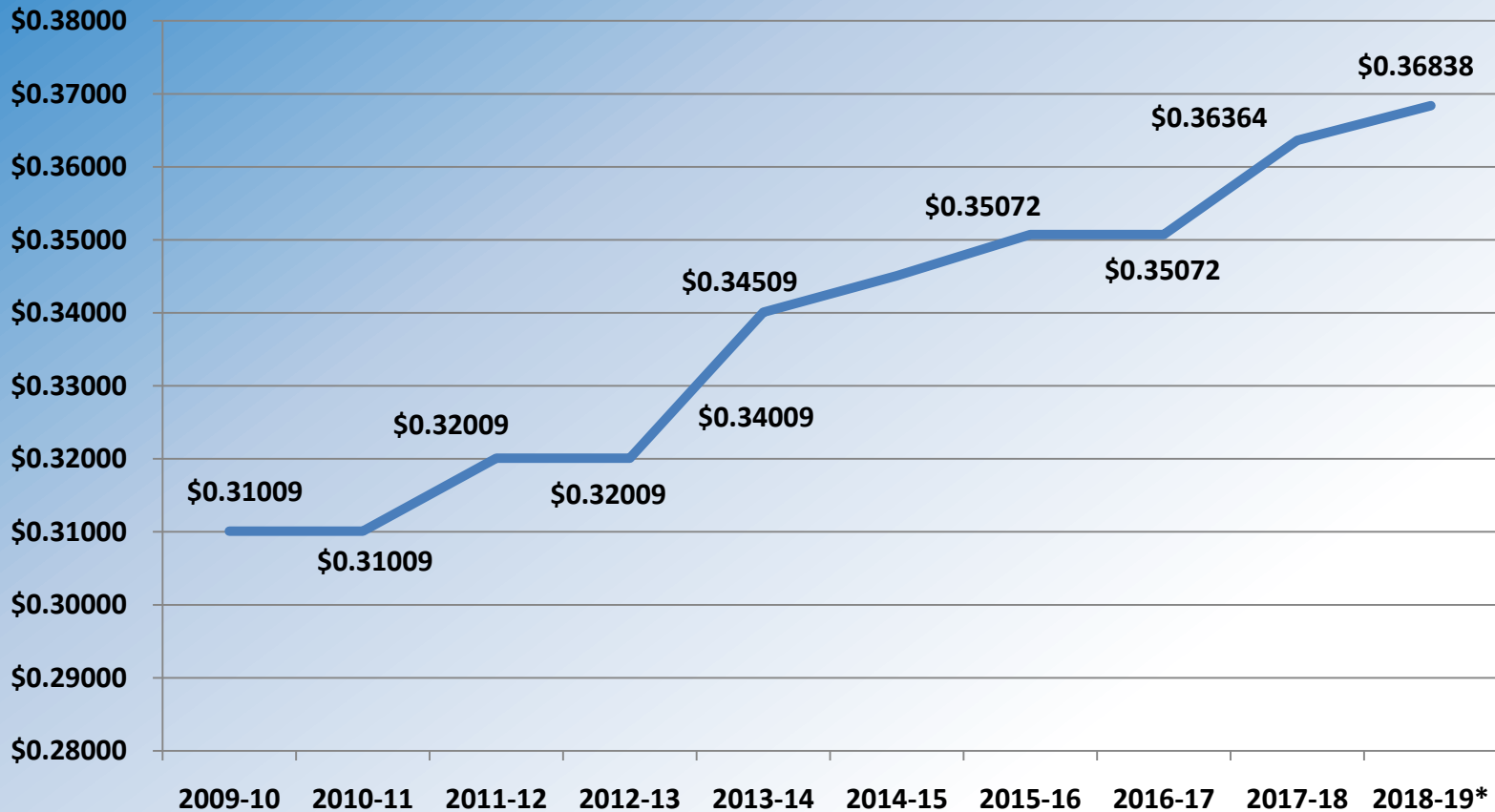
City of Amarillo 2018/2019 Proposed Budget

2018 Property Tax Information

Presented to Amarillo City Council August 14, 2018



Ad Valorem Tax Rate History per \$100 valuation



*2018—19 rate as proposed



Texas Property Tax Laws

Truth-in-Taxation

Property owners have the right to know about increases in their properties' appraised value and to be notified of the estimated taxes that could result from the new value.

A taxing unit must publish special notices and hold two public hearings before adopting a tax rate that exceeds the lower of the rollback rate or effective tax rate.

A taxing unit must publish its effective and rollback tax rates before adopting an actual tax rate.

If a taxing unit adopts a rate that exceeds the rollback rate, voters may petition for an election to limit the rate to the rollback rate.

Elements of Property Tax Rate

Operations and Maintenance (O&M)

- Ongoing General Fund operations

Interest and Sinking (I&S)

- Payments on debt for general government improvements

$\text{Tax Rate} = \text{O\&M Rate} + \text{I\&S Rate}$

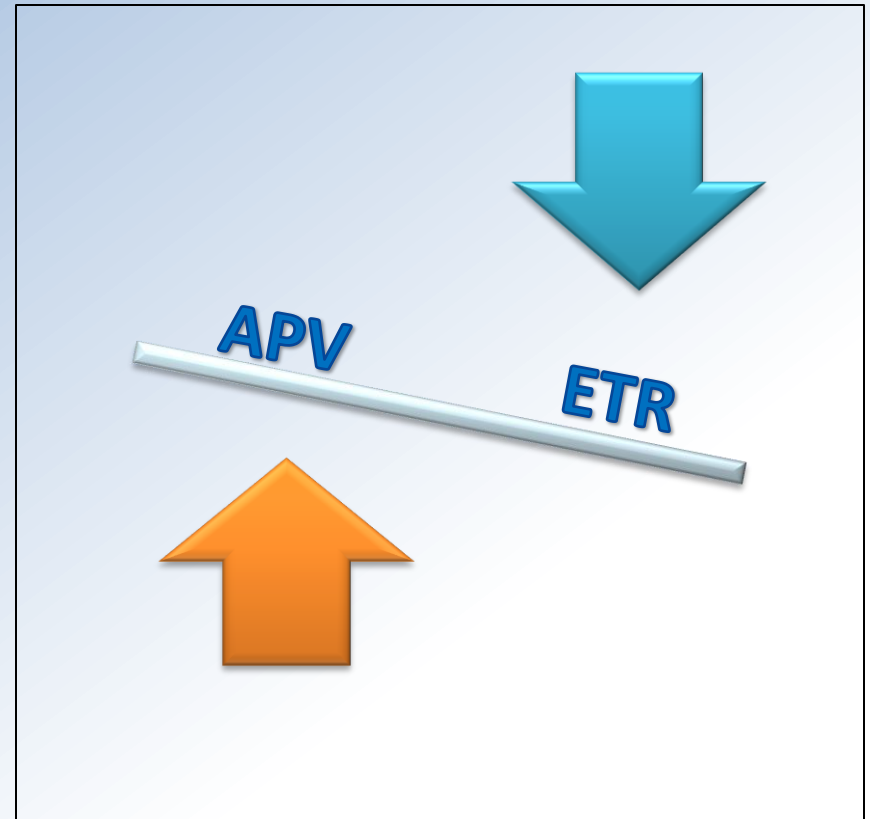
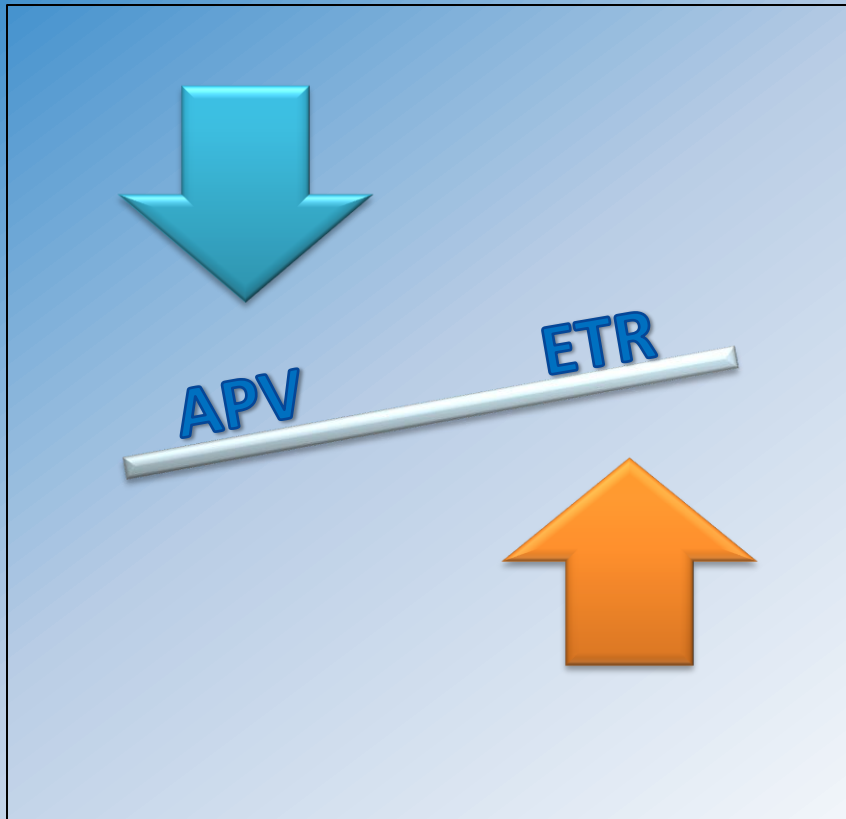
Effective Tax Rate

“A calculation, based upon new valuations, that gives the City the exact dollars in revenue as generated in the previous year”

- This is essentially the tax rate you would pass to collect the same tax revenue as last year (FY 2017-18) using this year’s (FY 2018-19) appraised values.
- For FY 2018-19, the effective tax rate is \$0.36186 per \$100 valuation or \$0.00652 under the proposed \$0.36838 tax rate.

Seesaw Effect

Effective Tax Rate vs. Appraised Value



APV = Appraised Property Value
ETR = Effective Tax Rate

Rollback Tax Rate

Provides a taxing unit with about the same amount of tax revenue it spent the previous year for day-to-day operations, plus an extra 8% increase

- While the O&M part of the calculation is capped at 8%, the debt service portion of the overall rate may rise as high as necessary to cover debt expense in the coming year.
- Taxpayers may petition for a rollback tax election if the City proposes a tax increase over the rollback rate.
- For FY 2018-19, the rollback tax rate is \$0.41271 per \$100 valuation or \$0.04433 over the proposed \$0.36838 tax rate.

Texas Property Tax Laws

Truth-in-Taxation

- If your proposed rate exceeds the lower of the effective tax rate or rollback tax rate:
 - Provide notice to property owners and hold two public hearings
 - Notice must specify a tax rate – cannot go above the rate proposed by Council
 - Explain the purpose for which the increase in taxes will be used

NOTICE OF 2018 TAX YEAR PROPOSED PROPERTY TAX RATE FOR CITY OF AMARILLO

A tax rate of \$0.36868 per \$100 valuation has been proposed for adoption by the governing body of City of Amarillo. 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 the City of Amarillo proposes to use revenue attributable to the tax rate increase for the purpose of funding additional police officers and firefighters.

PROPOSED TAX RATE	\$0.36838 per \$100
PRECEDING YEAR'S TAX RATE	\$0.36364 per \$100
EFFECTIVE TAX RATE	\$0.36186 per \$100
ROLLBACK TAX RATE	\$0.41271 per \$100

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for City of Amarillo from the same properties in both the 2017 tax year and the 2018 tax year.

The rollback tax rate is the highest tax rate that City of Amarillo 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:

Christina McMurray, Randall County Tax Assessor-Collector
501 16th St., Suite 200
Canyon, TX 79015
(806) 468-5540
taxes@randallcounty.org
www.amarillo.gov

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

First Hearing: August 28, 2018 at 5:00pm at 509 SE 7th Avenue in the Council Chambers (Room 302), Amarillo, TX 79101.

Second Hearing: September 4, 2018 at 7:00am 509 SE 7th Avenue in the Council Chambers (Room 302), Amarillo, TX 79101.



Certified Values

	2017	2018
Tax values	\$12,787,774,041	\$13,149,054,756
TIF captured value	\$58,711,874	\$86,009,464
Taxable value of homesteads with tax ceilings	\$2,109,165,512	\$2,209,432,959
Taxable Value	\$10,619,896,655	\$10,853,612,333
Total taxable value of new property	\$237,210,740	\$199,324,122
Average residence homestead appraised value	\$131,033	\$134,461

Tax Rate Comparisons

	2017	2018 (PROPOSED)	Increase in Estimated Tax Collections
Operating & Maintenance Rate	\$0.32698 89.92%	\$0.32698 88.76%	\$952,400
Interest & Sinking Rate	\$0.03666 10.08%	\$0.04140 11.24%	\$701,863
Total Tax Rate	\$0.36364 100%	\$0.36838 100%	

General Fund 2018/2019 New Public Safety Initiatives

\$1,197,000

- 17 Police Officer positions

\$315,000

- 5 Firefighter positions

\$300,000

- Fire Department overtime

\$366,000

- First year maintenance on new radio communications system

Notice of Tax Rate Increase

COMPARISON OF MAINTENANCE AND OPERATING ON \$100,000 HOME

\$326.98

- Maintenance and Operating tax on \$100,000 home (2017)

\$326.98

- Maintenance and Operating tax on \$100,000 home (2018)

No
Change

- Increase in maintenance and operating taxes

Texas Local Government Code Section 102.005 Notice

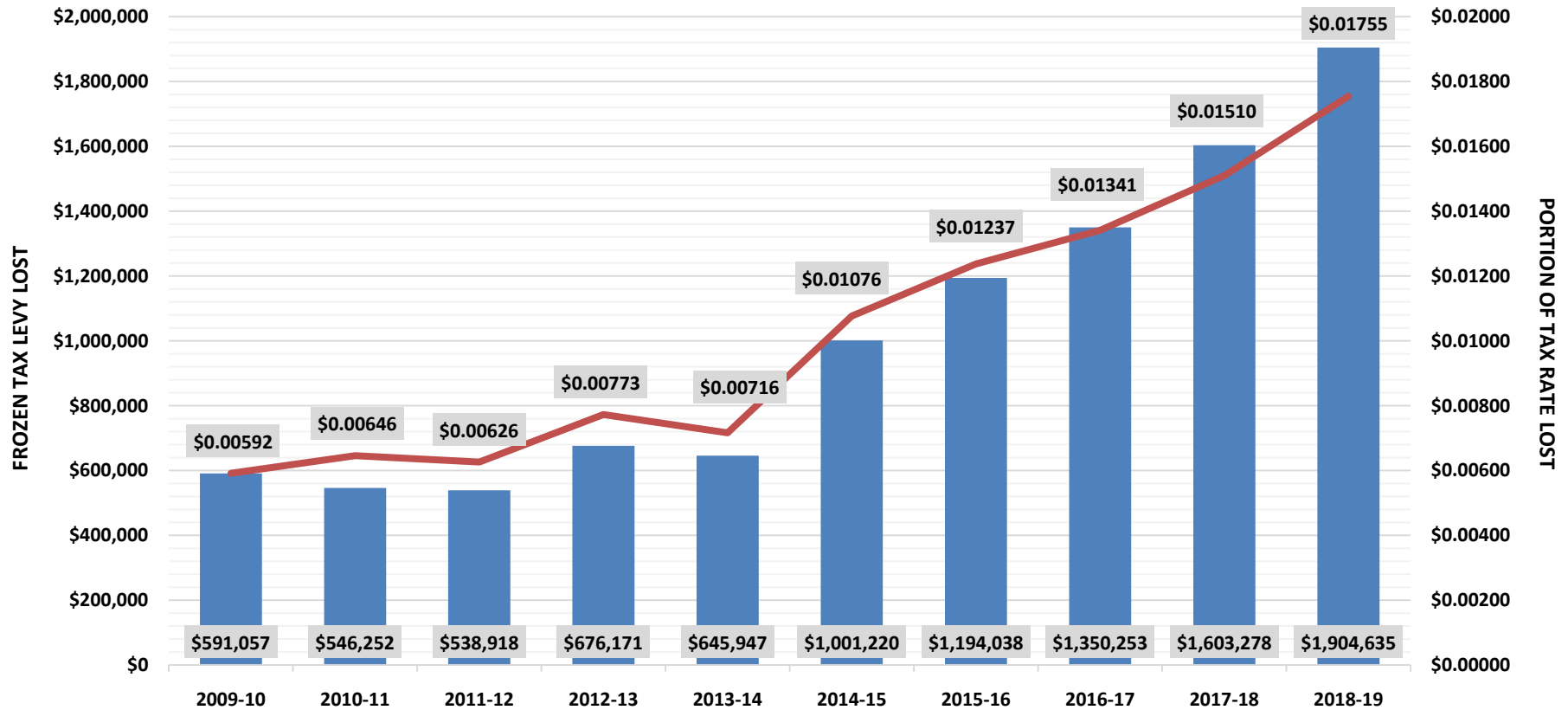
	2017	2018 (PROPOSED)
Tax rate	\$0. 36364	\$0.36838
Total estimated tax collections	\$44,255,097	\$45,494,264
Dollar Increase		\$1,239,167
Percentage Increase		2.80%
Tax revenue on new property (\$199,324,122)		\$734,270

Impact of Frozen Taxes

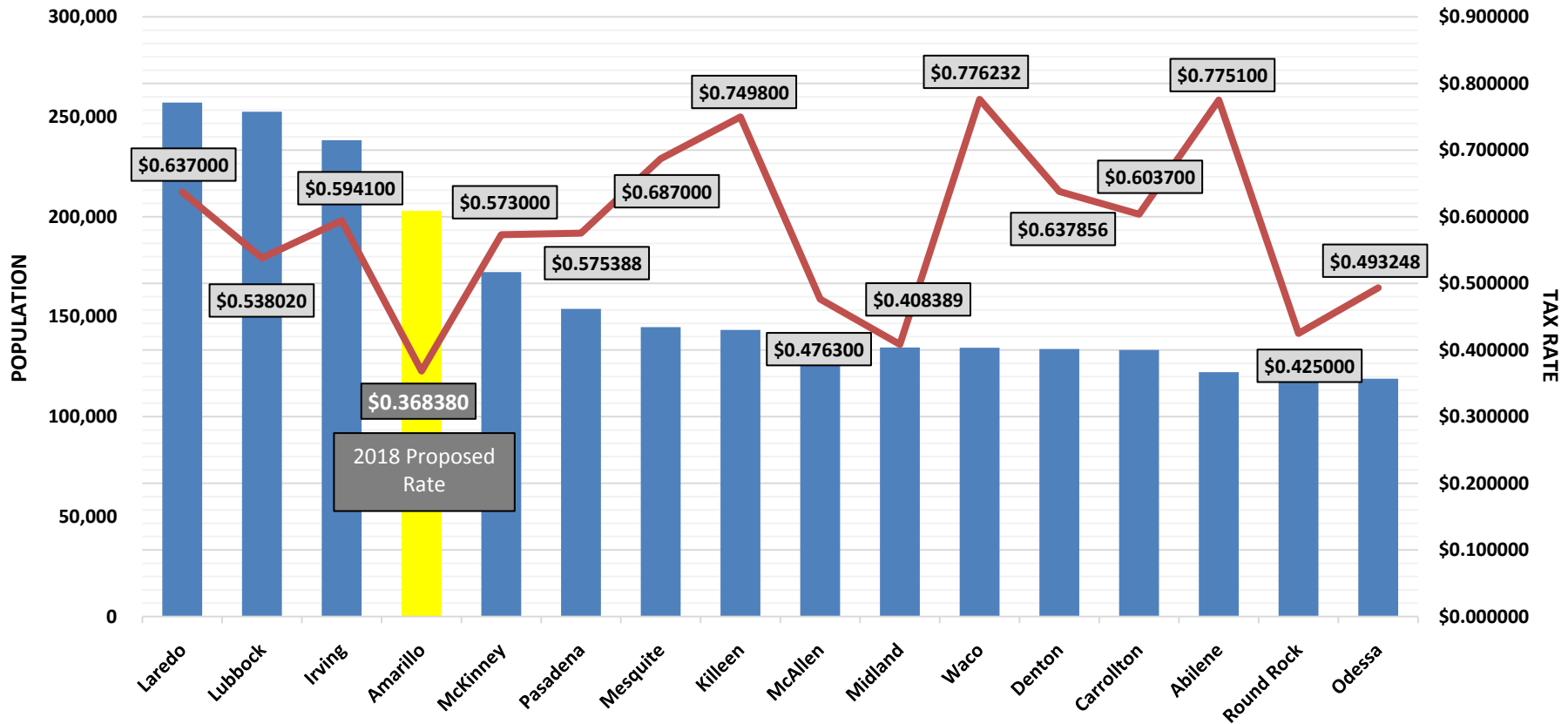
Through adoption by a taxing unit's governing body or by petition and election by citizens, a city can offer a tax limitation on homesteads of taxpayers who are disabled or age 65 years or older. Once adopted, the Tax Code provides for the tax ceiling for disabled and age 65 or older homeowners and their right to transfer to another homestead in that taxing unit the same benefit of that tax ceiling.

Frozen levy tax lost	\$1,904,635
Portion of tax rate lost	\$0.01755

History of Frozen Taxes and Portion of Tax Rate Lost



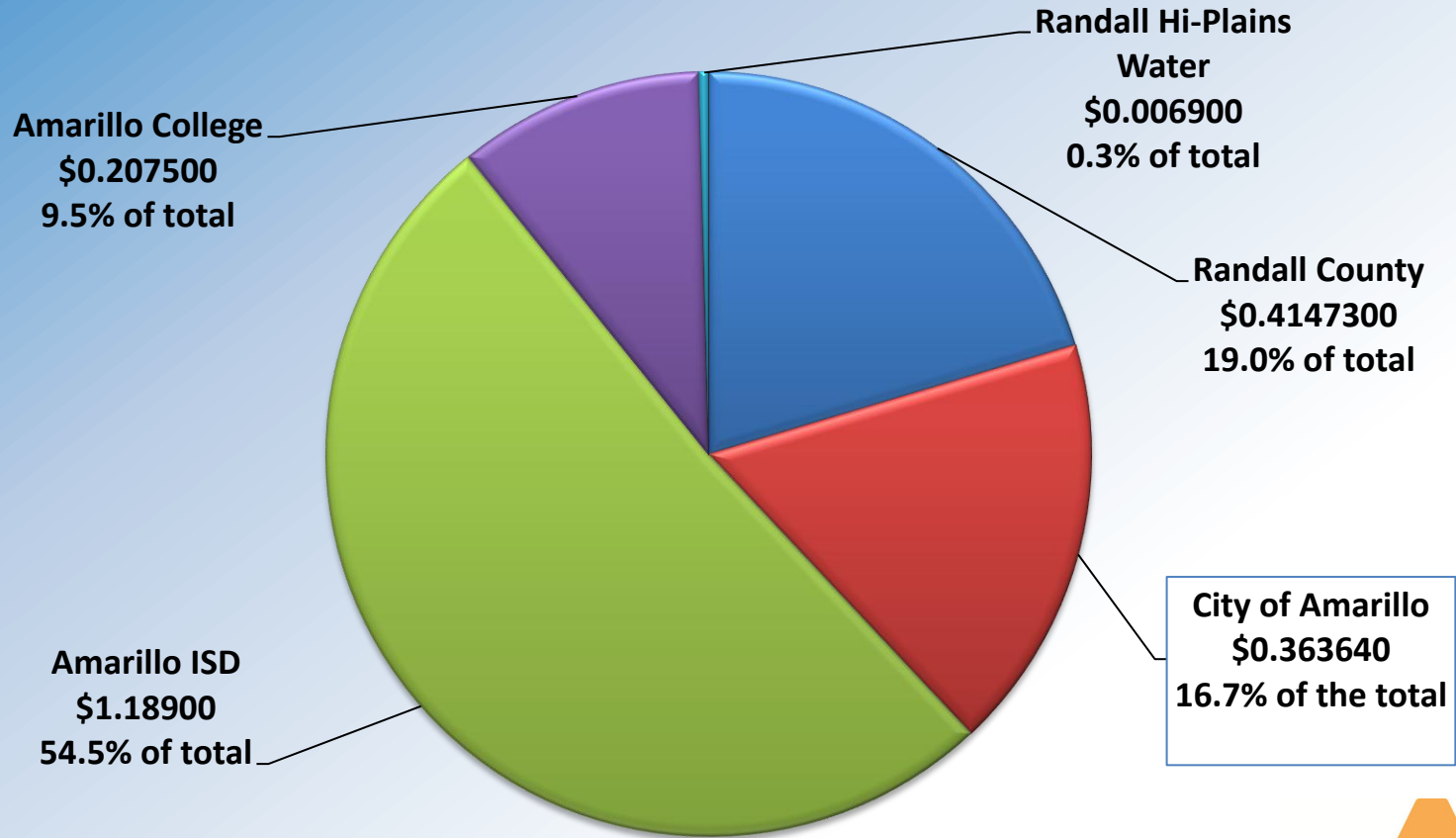
Comparison of 2017 Tax Rates vs. Population



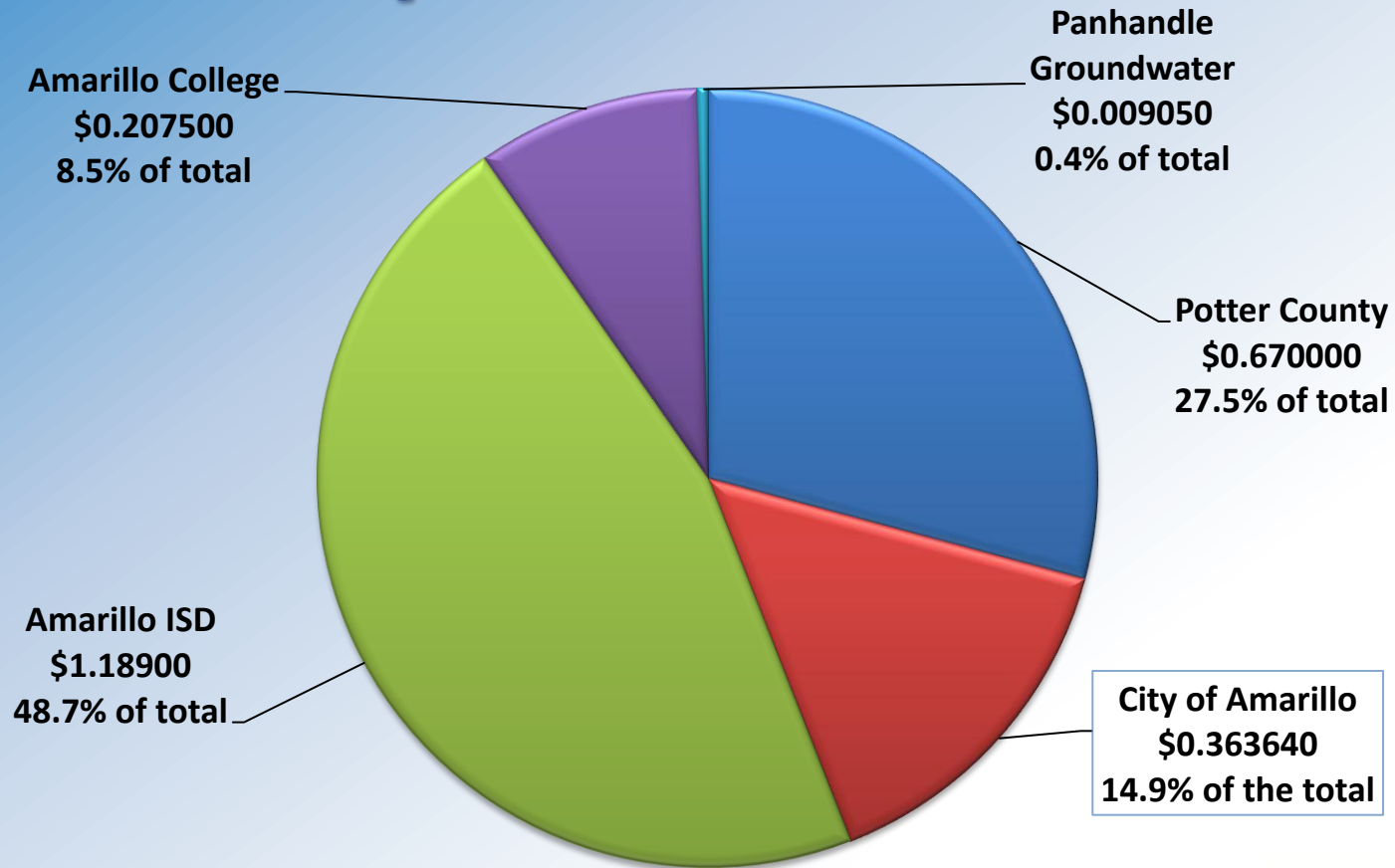
Source: Texas Municipal League 2017 Taxation and Debt Survey



Amarillo/Randall County 2017 Sample Tax Bill Allocation



Amarillo/Potter County 2017 Sample Tax Bill Allocation



Top Ten Taxpayers

Taxpayer	Taxable Value
Southwestern Public Service	\$148,659,501
BSA Hospital	\$140,723,797
Bell Helicopter Textron (see note)	\$139,623,171
Wal-Mart Real Estate	\$100,647,452
Northwest Texas Healthcare	\$88,405,319
BNSF Railway Company	\$86,691,016
Atmos Energy	\$82,732,169
Case Properties	\$80,130,586
Amarillo Mall, LLC	\$63,402,195
Toot N Totum Inc	\$51,146,955

Note: Amarillo Economic Development Corporation owns and leases property to Bell Helicopter Textron. Amarillo Economic Development Corporation also owns and leases commercial property with a total taxable value of \$52,040,896.



August 14, 2018 Property Tax Hearing

- Take a record vote on the proposed tax rate
 - Rate as proposed \$0.36838
- Set the public hearings on the tax rate
 - August 28, 2018
 - September 4, 2018