



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: Finance

To: City Council

From: City Manager & Staff

Council Meeting Date: July 16, 2018

Re: Resolution to set public hearing to reverse any voluntary reductions from previous years when setting the 2018 Property Tax Rate

Executive Summary

This Resolution will set the public hearing on August 6, 2018 on reversal of the voluntary reductions of the tax rate ceiling taken in previous years for setting the 2018 Property Tax Rate for the City of Columbia.

Discussion

This Resolution sets a public hearing to consider whether the City should reverse prior voluntary reductions in property tax rates. The City of Columbia levies property taxes to support operations of basic services in the General Fund. The 2018 property tax supports the City's FY2019 budget. These property taxes comprise approximately 11% of the total General Fund revenue.

Staff is requesting Council to reverse all voluntary reductions taken in prior even number years and to start the 2018 property tax calculations at a rate of \$0.4329 (per \$100 of assessed valuation). The reason for this reversal is to generate funding for public safety.

The property tax rate has been set at \$0.4100 (per \$100 of assessed valuation) since 2002. Any potential increase in the tax rate ceiling allowed under Hancock has been voluntarily reduced since 2002. The maximum tax rate permitted by Article X, Section 22 and Section 137.073 RSMo is \$0.4329 (per \$100 of assessed valuation). The advisability of reversing the voluntary reductions will be discussed at the public hearing.

Fiscal Impact

Short-Term Impact: The City collected approximately \$8.2 million in property taxes in FY2018 allowing the City to provide critical services to citizens. The reversal of the voluntary reductions is estimated to generate approximately \$469,772 for FY19. For FY19, these additional revenues are budgeted in capital projects fund and anticipated to be used to help pay for the construction of an additional fire station.

Long-Term Impact: The amount of increased revenue is expected to grow 3% each year and will be accumulated into a future fire station project with planned construction in FY2024. In years beyond FY2024, these funds will be used to pay for the additional fire station personnel necessary to operate the new station.



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Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Operational Excellence, Secondary Impact: Public Safety, Tertiary Impact: Not Applicable

Comprehensive Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Not applicable, Tertiary Impact: Not Applicable

Legislative History

Date	Action
N/A	Section 137.073(6) requires the State Auditor to certify the tax rate ceiling and the debt service levy, if applicable, to the taxing authority. Council shall set the rate of taxation for the City of Columbia within the limits prescribed by state law, per section 152 of the City Charter.

Suggested Council Action

Adoption of the resolution to set the public hearing for August 6, 2018.