

CITY OF IVANHOE
TAX RATE PUBLIC HEARING #1
SUMMARY MINUTES

September 5, 2019
6:30 PM

Meeting was called to order by Mayor Bennett at 6:30PM. Quorum established with all Council present except Councilman Herrington and Councilman Warren. Ms. Patsy Morris provided the invocation and the Mayor led the Pledge of Allegiance. There were 12 individuals present in the audience. The audio recording will serve as the official minutes.

Agenda Item #1 – Public hearing #1 on FY-2020 tax rate

Mayor Bennett reviewed handouts of the property values compiled by the Tyler County Appraisal District and the effective and roll-back rates provided by the County Tax Assessor/Collector. She clarified the effective tax rate figure would raise the same of property tax revenue as in FY-2019. If the Council were to go with a tax rate over 8% an election would be required for the rate. The Mayor explained the Council held a budget workshop on August 15th to discuss the requests that had been submitted by the department heads and receive input from the public. With the cost of road material continuing to rise and other anticipated costs the Council decided to go with a 4% rate increase.

Another part of the tax rate setting process is to set the tax rate for the Interest and Sinking on the \$2,000,000 bond repayment. Initially the Bond repayment would necessitate a 26 to 28 cents per hundred tax rate. With the Standard & Poors “A” rating on the city’s ability to meet its financial obligations, the interest rate is expected to be less.

Councilman Morris observed that if the city utilizes the effective tax rate, the city will not be able to keep up with the rate of inflation.

Councilman Priddy commented that the city has no control over the property values. Those are determined by the Appraisal District which has to meet guidelines set by the state.

Mayor Bennett noted that the Appraisal District has not done property re-appraisals in Ivanhoe in 13 years and the state requires the Appraisal District to be within 90 to 95% of market value. When the Appraisal District did catch up it was a major shock and lots of property owners filed protests to contest the values. School districts lose state funding if the appraisals fall below state requirements.

Mayor Bennett reviewed her cover letter for the proposed FY-2020 budget providing the reasoning for establishing the tax rate to cover the budget. She commented that any adjustments to the budget and tax will be done near the end of the month when Council adopts the budget, in order to account for the remaining appraisals that have been challenged and yet to be heard by the appraisal review board. Last year at the end of September the Governor had pulled over \$14,000 in grant funds that had been intended to pay for additional

hours for the Marshal's Dept. for security. As a result there was a last minute scramble to adjust the FY-2019 budget.

Mr. Mark Peterson commented that he understood the legislature had capped tax rate increases at 3 ½%. Mayor Bennett responded the rate cap applies to cities of 30,000 or more population. She then reviewed the tax rate worksheet giving the tax rate of FY-2019, the proposed tax rate of 4% increase above the effective tax rate, the rollback rate and the addition of the proposed bond debt service tax rate. The Mayor noted the actual tax rate on the bond repayment will not be known until after the bond sale on September 12th. The second tax rate hearing will be held on September 10th at 6:30 PM.

With no other discussion from Council;

Agenda Item #2 – Adjourn

Councilman Priddy made the motion to adjourn with a second by Councilman Morris, and the meeting was concluded at 6:38 PM.

Respectfully submitted,

C. D. Woodrome, City Secretary