



Agenda Briefing

Date of Meeting:

Responsible Department: Administration

Presenter: Gayle Cook, City Manager and Michael Gibbs, Director of Finance

Briefing Prepared By: Gayle Cook, City Manager

Strategic Focus Area: City Services

General Information / Subject:

Approval this Resolution will authorize the Director of Finance to calculate the Voter-Approval Tax Rate for the City of Seabrook in the manner provided for a special taxing unit due to the Governor's state wide Declaration of Disaster in response to COVID-19 Pandemic

On March 13, 2020, the President of the United States issued a proclamation declaring that the COVID-19 pandemic in the US constitutes a national emergency. Further, the Governor of Texas issued the State of Texas a declaration of disaster due to COVID-19.

This action does not adopt a rate or require adoption at a specific rate. This action only provides direction for the calculation of a rate up to 8% for City Council consideration.

The Texas Reform and Transparency Act of 2019 (Senate Bill 2), passed by the 86th Texas Legislature lowered the voter-approval tax rate to 3.5 percent, with an automatic election required to exceed that percentage. The bill includes a provision to provide relief from the lowered voter-approval rate during a disaster.

The Texas Tax Code, Section 26.04(c-1) allows the City Council to direct the designated officer to calculate the voter-approval tax rate in the manner provided for a special taxing unit (8 percent) if any part of the city is located in an area declared a disaster area during the current tax year by the Governor or by the President of the United States.

The Director of Finance, if authorized by the City and pursuant to Section 26.04(c-1) shall calculate the voter-approval tax rate using 8 percent instead of the 3.5 percent until the earlier of:

1. The second tax year in which the total taxable value of property in the City exceeds the total taxable value of the property taxable by the City on January 1 of the tax year in which the disaster occurred; or
2. The third tax year after the tax year in which the disaster occurred.

Additionally, Section 26.07(b) gives the City the ability to avoid an automatic tax rate approval election following certain disasters. Pursuant to Section 26.07(b) when an increased expenditure of money by a city is necessary to respond to a disaster, including a tornado, hurricane, flood, wildfire, or other calamity, but not including a drought, which impact the city and the Governor has declared any part of the city as a disaster area, an election (petition or automatic) is not required to approve the tax rate adopted by the governing body for the year following the year in which the disaster occurs.

Executive Summary / Background:

During a Budget Workshop on July 28, 2020, City Council discussed the Proposed Budget for 2020-21 and the budget reductions. During the session, council informally directed the Director of Finance to calculate the 8% Voter Approval Tax Rate.

Funding / Fiscal Information:

Account Number:

Amount Budgeted:

Amount Requested / Required:

Funding Source (if not budgeted):

Supporting Materials Attached:

Prior Action / Review by Council, Boards, Commissions:

All requests must be submitted to the City Secretary's Office no later than 12:00 p.m. on the Monday, one week prior to the regular Tuesday Council Meeting. All required attachments are to be submitted with the request. Incomplete items cannot be placed on the agenda.

Staff Recommendation:

Approval of Resolution to Authorize the Director of Finance to Calculate the 8% Voter Approval Tax Rate.

APPROVED BY:

Michael Gibbs

7/30/2020

Finance Director

Date

Guy Cook

7/31/2020

City Manager

Date