



Legislation Text

File #: 21-4849, **Version:** 1

Department: Management and Budget

Department Head/Elected Official: David Berry, County Administrator

Regular or Supplemental RCA:

- ☒ Regular RCA
☐ Supplemental RCA

Type of Request: Discussion Item

Project ID (if applicable): N/A

Vendor/Entity Legal Name (if applicable): N/A

MWDBE Participation (if applicable): N/A

Request Summary (Agenda Caption):

Request for discussion to propose tax rates for Harris County, the Harris County Flood Control District, the Harris County Hospital District, and the Port of Houston Authority, with rates to be adopted at a subsequent meeting.

Background and Discussion:

- Commissioners Court must set the 2021 tax rates for Harris County, the Harris County Flood Control District, the Hospital District, and the Port of Houston. The outside deadline to adopt rates is October 15, 2021. Setting rates is a three-step process: Commissioners Court votes to propose rates (September 14), then holds a hearing (September 21), then formally votes to adopt rates (September 28).
- The range of rates Commissioners Court can adopt is set by statute and cannot exceed the "Voter Approval Rate" without an election. If Commissioners Court fails to adopt rates, the rates revert to the "No-New Revenue Rates" which, despite their name, bring in substantially less revenue to the County.
- The current tax value from the Harris County Appraisal District, \$518B, is about 3% higher than last year's tax value. The majority of this increase is from \$11B of new construction additions. Litigation losses will likely offset most of the property appreciation.
- The County Administrator and Office of Management and Budget (OMB) recommend an all-in rate of \$0.58585 per 100 dollars of assessed value, which would be a reduction in the overall rate for the third consecutive year.
- The tax office has separately transmitted to court the no-new revenue rates and voter approval rates. A short presentation will be circulated in advance of the September 14, 2021 meeting of Commissioners Court.

Expected Impact:

The proposed rate:

- Reduces the overall tax rate by 2.2%
- Reduces the overall tax levy on existing property by \$35M
- Allows the funding of the fiscal year 2022 budget unanimously approved by Commissioners Court in February 2021
- Increases funding for flood control maintenance rate
- Covers the debt service for flood control projects approved by voters in the 2018 Bond Election
- Maintains the current rate for the Hospital District

OVERVIEW OF RECOMMENDED RATES				
\$ per 100 dollar	2021	Actual 2020	Change	as %
County M&O	0.33500	0.34028	(0.00528)	-1.6%
County Debt Se	0.04193	0.05088	(0.00895)	-17.6%
Total	0.37693	0.39116	(0.01423)	-3.6%
Flood Control M	0.02599	0.02649	(0.00050)	-1.9%
Flood Control D	0.00750	0.00493	0.00257	52.1%
Total	0.03349	0.03142	0.00207	6.6%
Hospital M&O	0.16497	0.16491	0.00006	0.0%
Hospital Debt Se	0.00174	0.00180	(0.00006)	-3.3%
Total	0.16671	0.16671	-	0.0%
Port	0.00872	0.00991	(0.00119)	-12.0%
Grand Total	0.58585	0.59920	(0.01335)	-2.2%

Alternative Options:

Commissioners Court could choose instead to implement the No New Revenue rates, which would substantially decrease revenue when the County has growing needs for investments in infrastructure, health, public safety, and other areas. The No New Revenue Rates are not consistent with the budgets approved by Commissioners Court and would cause cuts to services. The Flood Control No New Revenue Rate does not cover the cost of paying the debt service on the 2018 voter-approved Flood Control bond program. Over time, No New Revenue Rates are unlikely to support the County's rising health and pension expenses.

Alignment with Goal(s):

- ☐ Justice and Safety
- ☐ Economic Opportunity
- ☐ Housing
- ☐ Public Health

- ☐ Transportation
☐ Flooding
☐ Environment
☒ Governance and Customer Service

Prior Court Action (if any):

October 27, 2020, Commissioners Court set the tax rate for FY2020

August 29, 2021, Special Meeting on the 2021 tax rate, in which Commissioners Court chose to take no action and wait to propose rates based on the Certified Appraisal Roll from the Harris County Appraisal District.

Location:

Address (if applicable list below):

- ☒ Countywide
☐ Precinct 1
☐ Precinct 2

☐ Precinct 3
☐ Precinct 4

Fiscal and Personnel Summary				
Service Name		FY 21-22	Estimates	
			FY 22	Next 3 FYs
Incremental Expenditures				
Labor Expenditures		-	-	-
Non-Labor Expenditures		-	-	-
Total Incremental Expenditures		-	-	-
Funding Sources (General Fund, PIC Fund, Debt or CP, Grants, or Other - Please Specify)				
Existing Budget		-	-	-
		-	-	-
		-	-	-
Total Current Budget		-	-	-
Additional Budget Requested		-	-	-
		-	-	-
		-	-	-
Total Additional Budget Requested		-	-	-
Total Funding Sources		-	-	-
Personnel (Fill out section only if requesting new PCNs)				
Current Position Count for Service		-	-	-
Additional Positions Requested		-	-	-

Total Personnel	-	-	-
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Anticipated Implementation Date: September 28, 2021

Emergency/Disaster Recovery Note:

☒ Not an emergency, disaster recovery, or COVID-19 related item

☐ Emergency Item

☐ COVID-19 related Item

☐ Disaster Recovery related Item

Contact(s) name, title, department:

David Berry, County Administrator, Office of County Administration

Attachments (if applicable):

Presentation: Harris County Tax Rates, 2021