

Legislation Text

File #: 2016-0522, **Version:** 1

PUBLIC HEARING - To Establish the 2016 Tax Levy for the City of Lee's Summit, Cass and Jackson Counties.

KEY ISSUES:

The City Council is scheduled to consider an Ordinance to set the Property Tax Levies for the General Fund, Parks and Recreation Fund, and the Debt Service Fund, and the overall Property Tax Levy for the City of Lee's Summit for the calendar year 2016 on September 15, 2016. Prior to consideration of the Ordinance, a Public Hearing must be scheduled to allow members of the public to provide their comments regarding the property tax levies to be set for those funds. The Public Hearing scheduled for September 15, 2016, is the required Public Hearing for the Property Tax Levies for calendar year 2016.

BACKGROUND:

Each year the City Council must set the tax levies to be applied to property within the City limits for the General Fund, the Parks and Recreation Fund, and the Debt Service Fund. The Cass County Assessor and the Jackson County Assessor provide the assessed values for all property located within the City limits, and state statutes require the City Council to set the tax levies by October 1. Once the tax levies are set, the assessed values and tax calculations are forwarded to the State Auditor's Office for review and certification of the tax levy rates. After the rates are certified by the State Auditor's Office, the assessed values and tax calculations, and the Ordinance setting the rates, are forwarded to the County Clerks of Cass and Jackson Counties, who certify the levies and forward them to the respective County Collector's Office for levy against the individual properties.

The State Statutes require the tax levies in First Class Counties be set by October 1 of each year, and, provide that if a reduction is made in a levy during the non-reassessment year, that levy rate becomes the maximum levy rate that can be imposed in the reassessment year. Therefore, the rate set this year, if a reduction from the maximum rate allowed, will likely become the new maximum levy rate for future years.

IMPACT/ANALYSIS:

The Valuations of property provided by the Cass County Assessor reflects the revisions made by the Board of Equalization, and, therefore are regarded as final. The Valuations of property provided by the Jackson County Assessor were before the Board of Equalization had completed its decisions on individual properties, and, are regarded as preliminary, since they do not reflect the changes that may be made by the Board of Equalization. The Assessed Valuations received by the City indicate a combined AV of \$1,844,106,043, with \$55,411,188 regarded as new construction for calculating the tax levy rates. The net assessed valuation of \$1,788,694,855 represents a decrease of \$3,642,181 (-0.2032%) in valuation for tax levy purposes on the previously assessed

property from calendar year 2015.

In 2015, the City Council set the rates at the maximum allowed by the "Hancock Amendment" for the General Fund at \$0.9063 per \$100 AV and the Parks and Recreation Fund at \$0.1603 per \$100 AV, but reduced the Debt Service Fund tax levy to \$0.4697 to continue the levy at the "no tax increase" levy amount. Since the net Assessed Valuation for 2016 is a decrease from the 2015 Assessed Valuation on previously assessed property, under the "Hancock Amendment" the City may adjust the 2016 tax levy rates to maintain the same tax revenue in 2016 as compared to 2015 on previously assessed property. The adjustment would allow the following tax levies: General Fund \$0.9081 per \$100 AV, Parks and Recreation Fund \$.1606 per \$100 AV and Debt Service Fund \$0.5022 per \$100 AV (to continue the "no tax increase" levy amount the Debt Service levy would need to be reduced by \$0.0325 per \$100 AV to equal \$0.4697 per \$100 AV).

OTHER INFORMATION:

It is probable the Jackson County Assessor will forward additional Assessed Valuation information to the City that reflects the decisions of the Board of Equalization for 2016. However, that information may not be available at the time of the Public Hearing, so the City Council may need to set the tax levy rates based on the best information available at the time.

STAFF RECOMMENDATION:

Staff recommends the tax levy be returned at the maximum rates allowed by the "Hancock Amendment" for the General Fund, and the Parks and Recreation Fund, and, the Debt Service Levy be maintained at its current rate of \$0.4697 per \$100 of Assessed Valuation.

OTHER BOARDS AND COMMISSIONS ASSIGNED: NONE

COUNCIL COMMITTEE ASSIGNED: NONE

List of Reference Documents Attached: NONE