



Legislation Details (With Text)

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Title: A resolution to authorize the Dallas County Tax Office to calculate the voter-approval tax rate in the manner provided for a special taxing unit (8 percent) as the City is located in an area declared a disaster area pursuant to Section 26.04(c-1) of the Texas Tax Code - Financing: No cost consideration to the City

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Date	Ver.	Action By	Action	Result
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STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: May 27, 2020

COUNCIL DISTRICT(S): All

DEPARTMENT: Office of Budget

EXECUTIVE: Elizabeth Reich

SUBJECT

A resolution to authorize the Dallas County Tax Office to calculate the voter-approval tax rate in the manner provided for a special taxing unit (8 percent) as the City is located in an area declared a disaster area pursuant to Section 26.04(c-1) of the Texas Tax Code - Financing: No cost consideration to the City

BACKGROUND

On March 13, 2020, Governor Greg Abbott declared a state of disaster for all counties in Texas as a result of the spread of the novel coronavirus, COVID-19. The coronavirus has been recognized globally as a contagious respiratory virus and has necessitated the implementation of numerous safety measures.

On April 6, 2020, Dallas County instituted the Safer At Home Order which prohibited all public gatherings and required the closure of all non-essential businesses among other preventive measures. These measures, while necessary, have had a negative impact on the City's revenue

collections. The economic impact of the coronavirus pandemic is expected to last for at least several months and potentially much longer.

On March 27, 2020, Congress passed, and the President signed, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to address the economic fallout of the COVID-19 pandemic. Among other measures, the CARES Act established the \$150 billion Coronavirus Relief Fund to provide payments to state, local, and tribal governments to mitigate the impact of responding to COVID-19. These funds will allow the City to cover unanticipated costs associated with responding to the virus, but they are not available to replace lost revenues.

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 Dallas County Tax Office serves as the designated officer of the City, and 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.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

City Council was briefed regarding this matter on May 6, 2020.

FISCAL INFORMATION

No cost consideration to the City.