

MEMORANDUM

To: Mayor and City Council

From: Amy King, Accounting Manager

Date: June 12, 2017

Subject: **Public Hearings to establish the 2017 Ad Valorem Tax Rate**

ITEM DESCRIPTION

Public Hearings to establish the 2017 Ad Valorem Tax Rate

BACKGROUND

The proposed millage rate is a levy of 2.74 mills or \$2.74 for every \$1,000 of the assessed value of property (about 40% of the fair market value.) This rate applies to both real property and personal property for businesses.

Three public hearings, two advertisements in the Crier, a press release, and posting to our website are all required to adopt the proposed millage rate. Staff has addressed each of these required steps.

Collection of the ad valorem taxes will contribute to General Fund revenues for the general operations of the City including police, public works, community development, and administration; as well as capital projects. Increases in the digest over time should offset inflationary increases in the costs of providing services as well as the costs of new programs approved by Council.

EVALUATION

This year's digest projects a 4.77% increase in revenue (\$339,470) over the prior year. This figure consistently drops throughout the calendar year as appeals are settled. For example, from the time of the public hearing in 2016 until July 28, 2016, the digest dropped \$32.8 million. However the net after adjustments should still be an increase over the 2016 level. Staff projected and Council approved a 3% increase in the digest during the budget process. The increase in the digest for residential property was \$102 million. Of that amount, the property tax assessment freeze credit offset \$88 million of the increase in value. No one owning a home when Dunwoody incorporated is paying more for the same property as they did in 2009 with this credit. Accordingly, all of the increase in the digest's projected revenues since 2009 is coming from commercial property or new real estate sales. Differences from the budget in property tax revenues will be combined with other variances and subsequently allocated by Council through the normal budgetary process.