

**SOUTH TEXAS COLLEGE
BOARD OF TRUSTEES PUBLIC HEARING AND
SPECIAL BOARD MEETING ON PROPOSED 2016 TAX RATE
Tuesday, September 13, 2016 @ 5:30 p.m.
Ann Richards Administration Building Board Room
Pecan Campus, McAllen, Texas 78501**

AGENDA

"At anytime during the course of this meeting, the Board of Trustees may retire to Executive Session under Texas Government Code 551.071(2) to confer with its legal counsel on any subject matter on this agenda in which the duty of the attorney to the Board of Trustees under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code. Further, at anytime during the course of this meeting, the Board of Trustees may retire to Executive Session to deliberate on any subject slated for discussion at this meeting, as may be permitted under one or more of the exceptions to the Open Meetings Act set forth in Title 5, Subtitle A, Chapter 551, Subchapter D of the Texas Government Code. At this meeting, the Board of Trustees may deliberate on and take any action deemed appropriate by the Board of Trustees on the following subjects:"

I. Call Meeting to Order

II. Determination of Quorum

III. Public Hearing:

- Presentation on South Texas College Proposed 2016 Tax Rate
- Public Comments
- Close of Public Hearing on the Proposed 2016 Tax Rate

IV. Informational Items

- There will be a 2nd Public Hearing on the Proposed 2016 Tax Rate on Thursday, September 20, 2016 at 5:30 p.m., Ann Richards Administration Building Board Room, McAllen, Texas
- The South Texas College Board of Trustees will vote on the Proposed 2016 Tax Rate at its Regular Meeting on Tuesday, September 27, 2016 at 5:30 p.m., Ann Richards Administration Building Board Room, McAllen, Texas

V. Adjournment

Presentation on South Texas College Proposed 2016 Tax Rate

Mrs. Mary Elizondo, Vice President for Finance and Administrative Services, will provide a presentation on the proposed 2016 Tax Rate for South Texas College to the public and Board of Trustees.

Chapter 26 of the Property Tax Code requires taxing units to comply with truth-in-taxation laws in adopting the tax rate. The laws have two purposes: to make taxpayers aware of tax rate proposals and to allow taxpayers, in certain cases, to rollback or limit a tax increase. The truth-in-taxation requires a taxing unit to calculate two (2) tax rates after receiving the certified appraisal roll from the chief appraiser, the effective tax rate and the rollback tax rate.

Comparing a proposed tax rate to these two (2) rates determines which truth-in-taxation steps apply. A taxing unit must publish special notices and hold two public hearings before adopting a tax rate that exceeds the lower of the effective tax rate or the rollback tax rate.

The Notice concerning the 2016 Property Tax Rate and the Notice of Public Hearing on Tax Increase have been published in accordance with the Truth-In-Taxation requirements in the Monitor and the Starr County and Mid Valley Town Crier. Attached are copies of the Proposed 2016 Tax Presentation, 2016 Property Tax Rates, the Notice of Public Hearing on Tax Increase, and the Notice of Tax Revenue Increase for your information and review.

The tax rate for 2015 Tax Year was as follows:

2015 Tax Rate			
	M & O Rate	Debt Rate	Rate
2015 Tax Rate	\$0.1400	\$0.0450	\$0.1850

The Tax Assessors for Hidalgo County and Starr County determined South Texas College's tax rates to be the following:

2016 Tax Rates				
	M&O Rate	Debt Rate	Rate	Revenue
Effective Tax Rate	-0-	-0-	\$0.1800	\$63,661,664
Rollback Tax Rate	\$0.1470	\$0.0450	\$0.1920	\$67,599,287
Proposed Tax Rate	\$0.1400	\$0.0450	\$0.1850	\$65,302,340

Determination of Tax Rates (M&O Rate and Debt Rate)

The proposed maintenance and operations (M&O) tax rate of \$0.1400 is the maximum rate that the College can adopt as approved by the voters on November 5, 2013.

The proposed debt rate of \$0.0450 is the amount necessary to fully fund all the debt service payments, including the M&O Tax Bond Program 2013. The College will maintain the FY 2015-2016 debt rate of \$0.0450.

Public Hearings Prior to Adoption of the Proposed 2016 Tax Rate

STC is required to hold two public hearings and publish special notices before adopting the proposed tax rate of \$0.1850 since this rate exceeds the lower of the effective tax rate or the rollback tax rate. At the August 23, 2016 Board of Trustees meeting, the Board of Trustees took a record vote and scheduled the two public hearings for the proposed tax rate of \$0.1850.

First Public Hearing

The first Public Hearing on the Proposed 2016 Tax Rate was scheduled for Tuesday, September 13, 2016 @ 5:30 p.m. and special notices were published in accordance with state law.

Second Public Hearing

The second Public Hearing on the Proposed 2016 Tax Rate was scheduled for Tuesday, September 20, 2016 @ 5:30 p.m. and special notices were published in accordance with state law.

Regular Board Meeting

The Board of Trustees of South Texas College is scheduled to take action on the proposed tax rate at a public meeting to be held on September 27, 2016 at South Texas College, Board Room, Annex Bldg., 2nd Floor, 3201 W. Pecan, McAllen, Texas at 5:30 PM.

No action is request of the Board at this time.

Proposed 2016 Property Tax Rates

Finance, Audit, and Human Resources Committee Meeting
August 9, 2016



Proposed Tax Rates



Chapter 26 of the Property Tax Code requires taxing units to comply with truth-in-taxation laws in adopting the tax rate.

Truth in taxation is designed to inform the public of increases in total tax revenues assessed by taxing units.

Proposed Tax Rates

Truth-In-Taxation requires a taxing unit to calculate two (2) tax rates after receiving its certified appraisal roll from the chief appraiser.

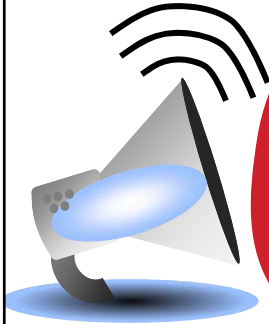
Effective
Tax Rate

Rollback
Rate

Tax Rates Calculations

	M&O Rate	Debt Rate	Rate	Revenue
Effective Tax Rate			\$0.1800	\$63,661,664
Rollback Tax Rate	\$0.1470	\$0.0450	\$0.1920	\$67,599,287
Proposed Tax Rate	\$0.1400	\$0.0450	\$0.1850	\$65,302,340

Proposed Total Tax Rate: \$0.1850



The College is required to hold two public hearings and publish special notices before adopting the proposed tax rate since the proposed rate (\$0.1850):

- Exceeds the lower of the effective tax rate of (\$0.1800) or;
- The rollback tax rate of (\$0.1920)

Next Steps:

- July 25, 2016 - Deadline for chief appraiser to certify rolls to taxing units
- Certification of anticipated collection rate by collector
- Calculation of effective and rollback tax rates
- August 10, 2016 - Publication of effective and rollback tax rates, statement, and schedules
- August 23, 2016 - Meeting of governing body to discuss tax rate
- August 23, 2016 - If proposed tax rate will exceed the rollback or the effective tax rate (whichever is lower), take record vote and schedule 2 public hearings

Next Steps:

- September 7, 2016 - Notice of Public Hearing on Tax Increase is published
- September 13, 2016 - 1st Public Hearing
- September 20, 2016 - 2nd Public Hearing
- September 20, 2016 - Schedule and announce meeting to adopt tax rate
- September 21, 2016 - Notice of Tax Revenue Increase published
- September 27, 2016 - Meeting to adopt tax rate.

Thank You Questions?



2016 Property Tax Rates in South Texas College

This notice concerns the 2016 property tax rates for South Texas College. It presents information about three tax rates. Last year's tax rate is the actual tax rate the taxing unit used to determine property taxes last year. This year's *effective* tax rate would impose the same total taxes as last year if you compare properties taxed in both years. This year's *rollback* tax rate is the highest tax rate the taxing unit can set before taxpayers start rollback procedures. In each case these rates are found by dividing the total amount of taxes by the tax base (the total value of taxable property) with adjustments as required by state law. The rates are given per \$100 of property value.

Last year's tax rate:

Last year's operating taxes	\$41,192,650
Last year's debt taxes	\$13,240,495
Last year's total taxes	\$54,433,145
Last year's tax base	\$29,423,321,622
Last year's total tax rate	\$0.1850/\$100

This year's effective tax rate:

Last year's adjusted taxes (after subtracting taxes on lost property)	\$54,314,878
÷ This year's adjusted tax base (after subtracting value of new property)	\$30,173,070,955
=This year's effective tax rate	\$0.1800/\$100
(Maximum rate unless unit publishes notices and holds hearings.)	

This year's rollback tax rate:

Last year's adjusted operating taxes (after subtracting taxes on lost property and adjusting for any transferred function, tax increment financing, state criminal justice mandate, and/or enhanced indigent healthcare expenditures)	\$41,102,425
÷ This year's adjusted tax base	\$30,173,070,955
=This year's effective operating rate	\$0.1362/\$100
x 1.08 =this year's maximum operating rate	\$0.1470/\$100
+ This year's debt rate	\$0.0450/\$100
= This year's total rollback rate	\$0.1920/\$100

Statement of Increase/Decrease

If South Texas College adopts a 2016 tax rate equal to the effective tax rate of \$0.1800 per \$100 of value, taxes would increase compared to 2015 taxes by \$4,631,195.

Schedule A - Unencumbered Fund Balance

The following estimated balances will be left in the unit's property tax accounts at the end of the fiscal year. These balances are not encumbered by a corresponding debt obligation.

Type of Property Tax Fund	Balance
Interest and Sinking Money Market Account	12,596,313

Schedule B - 2016 Debt Service

The unit plans to pay the following amounts for long-term debts that are secured by property taxes. These amounts will be paid from property tax revenues (or additional sales tax revenues, if applicable).

Description of Debt	Principal or Contract Payment to be Paid from Property Taxes	Interest to be Paid from Property Taxes	Other Amounts to be Paid	Total Payment
South Texas College District Limited Tax Refunding Bonds, Series 2007	4,980,000	568,000	0	5,548,000
South Texas College District Limited Tax Refunding Bonds, Series 2010	1,920,000	212,700	0	2,132,700
South Texas College District Limited Tax Refunding Bonds, Series 2013	1,635,000	49,050	0	1,684,050
South Texas College District Limited Tax Bonds, Series 2014	0	2,687,500	0	2,687,500
South Texas College District Limited Tax Bonds, Series 2015	525,000	4,097,106	0	4,622,106
Total required for 2016 debt service			\$16,674,356	
- Amount (if any) paid from Schedule A			\$1,900,000	
- Amount (if any) paid from other resources			\$0	
- Excess collections last year			\$0	
= Total to be paid from taxes in 2016			\$14,774,356	
+ Amount added in anticipation that the unit will collect only 100.00% of its taxes in 2016			\$0	
= Total debt levy			\$14,774,356	

This notice contains a summary of actual effective and rollback tax rates' calculations. You can inspect a copy of the full calculations at 3201 W. Pecan, McAllen, Texas.

Name of person preparing this notice: Mary G. Elizondo
 Title: Vice President for Finance and Administrative Services
 Date Prepared: 08/04/2016

Notice of Public Hearing on Tax Increase

The South Texas College will hold two public hearings on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by 2.78 percent (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax calculated under Chapter 26, Tax Code). Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.

The first public hearing will be held on September 13, 2016 at 5:30 PM at South Texas College, Board Room, Annex Bldg, 2nd Floor, 3201 W. Pecan, McAllen, Texas.

The second public hearing will be held on September 20, 2016 at 5:30 PM at South Texas College, Board Room, Annex Bldg, 2nd Floor, 3201 W. Pecan, McAllen, Texas.

The members of the governing body voted on the proposal to consider the tax increase as follows:

FOR:	Alejo Salinas, Jr. Rose Benavidez Roy De Leon	Graciela Farias Gary Gurwitz
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AGAINST:

PRESENT and not voting:

ABSENT:	Jesse Villarreal	Paul R. Rodriguez
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The average taxable value of a residence homestead in South Texas College last year was \$66,143. Based on last year's tax rate of \$0.1850 per \$100 of taxable value, the amount of taxes imposed last year on the average home was \$122.36.

The average taxable value of a residence homestead in South Texas College this year is \$68,051. If the governing body adopts the effective tax rate for this year of \$0.1800 per \$100 of taxable value, the amount of taxes imposed this year on the average home would be \$122.49.

If the governing body adopts the proposed tax rate of \$0.1850 per \$100 of taxable value, the amount of taxes imposed this year on the average home would be \$125.89.

Members of the public are encouraged to attend the hearings and express their views.

NOTICE OF TAX REVENUE INCREASE

The South Texas College conducted public hearings on September 13, 2016 and September 20, 2016 on a proposal to increase the total tax revenues of the South Texas College from properties on the tax roll in the preceding year by 2.78 percent.

The total tax revenue proposed to be raised last year at last year's tax rate of \$0.1850 for each \$100 of taxable value was \$54,433,145.

The total tax revenue proposed to be raised this year at the proposed tax rate of \$0.1850 for each \$100 of taxable value, excluding tax revenue to be raised from new property added to the tax roll this year, is \$55,820,181.

The total tax revenue proposed to be raised this year at the proposed tax rate of \$0.1850 for each \$100 of taxable value, including tax revenue to be raised from new property added to the tax roll this year, is \$60,705,016.

The Board of Trustees of South Texas College is scheduled to vote on the tax rate that will result in that tax increase at a public meeting to be held on September 27, 2016 at South Texas College, Board Room, Annex Bldg, 2nd Floor, 3201 W. Pecan, McAllen, Texas at 5:30 PM.

The Board of Trustees of South Texas College proposes to use the increase in total tax revenue for the purpose of supporting the College's maintenance and operations cost associated with existing, new, and expanded facilities.