CITY OF PEACHTREE CITY

INTEROFFICE MEMORANDUM

TO: **Mayor and City Council**

VIA: **City Manager**

FROM: **Financial Services Director**

DATE: **July 19, 2007**

SUBJECT: **Public Hearing – 2007 Millage Rate/ Adoption of 2007 Millage Rate**

July 26, 2007 Special-called City Council Meeting

Recommendation:

Hold the final public hearing on the 2007 millage rates. After closing the public hearing, reconvene and take action to adopt the proposed 2007 Maintenance and Operation (M&O) millage rate of 4.985 mills, and the Bond millage rate of .548 mills. ***Council should also specify that the M & O millage rate includes .02 mills dedicated to funding $35,000 of FY 2008 Development Authority operating expenses (currently included in the proposed FY 2008 Budget).*** The Mayor should also be authorized to sign the necessary forms for setting the millage rates (copies attached).

Discussion:

Council has already held two of the three public hearings required by state law for setting the 2007 millage rates. This will be the third and final public hearing on this matter. After the public hearing is called to a close, Council will then be able to take action to set the millage rate. As discussed, the 2007 tax levy will be broken out into two separate levies in order to distinguish the levy needed to support voter-approved general obligation (G.O.) bonds from the levy needed to support maintenance and operation of other general municipal functions and activity. The combined millage rates for both Bond and M&O are equal to last year's total millage rate of 5.533 mills.

State law permits municipalities to levy up to 3 mills of property tax to fund the operations of a Development Authority. Since the proposed budget includes an appropriation of $35,000 to fund DAPC operations, .02 mills of the 2007 M&O millage rate must be dedicated to fund this obligation.

Budgetary Impact:

The current proposed budget for FY 2008 calls for a total tax levy (Bond and M&O) of $10,227,043 in order to meet estimated General Fund revenues for next fiscal year.

Setting the 2007 millage rates will authorize the Fayette County Tax Commissioner to proceed with processing tax bills that will generate the FY 2008 revenue mentioned above.