

Vote NO to a 21% Property Tax Increase

The town is sending out quite a bit of information about the upcoming bond election and I wanted to offer a few counterpoints. The election is Nov 7th, 2017 with early voting beginning on Oct 23.

- If you vote for the bonds you are authorizing the town to borrow \$25.5 million dollars.
- This will roughly double our town debt.
- That's a new debt of over \$7,000 per household in the town.
- The new debt will be on the books for 30 years.
- That new debt will require a 7.5 cent increase in your property tax rate (21% increase).
- The average Fairview property is valued at \$493,150, so 7.5 cents is an additional \$370/year in taxes on the average home.

This is not a for/against a firefighter issue. It's a fiscal issue. There are numerous facilities in this bond package and the \$25.5 million seems excessive for a town of our size and population. If we have another downturn in the economy the town will have to further raise the tax rate or lay off some of the people who might staff this new building. Would they rather have a new building or a job? We'll have half-filled and expensive facilities to pay for – like the current town hall.

Also, the town has not had a good track record on recent projects. The twice botched road repairs (where contractors were paid in full and not held accountable) and two severe tree ordinance violations by developers (and the town has been hesitant to hold one of them accountable). Also, the current town hall council chambers had water pouring into the room through the ceiling the last time I was there in a rainstorm – that building was completed in late 2010 and apparently still has issues to resolve.

Just say NO to the proposal and ask the council to come up with a better financial plan. The town can also allow a vote to change the sales tax allocation that currently goes to the EDC/CDC. Those funds should go to the general fund and be used for general town issues. This can help lower property tax rates. Here's a few items from the EDC/CDC budget over the past couple of years. This is sales tax money that can be directed to better uses (these came from the Fairview Annual Budget PowerPoint Presentations):

EDC 2017

\$55,000 Marketing - booths, sponsorships, brokers/consultants

\$28,000 Travel & Training

\$10,190 Dues & Subscriptions

\$5,000 The Retail Couch

\$4,000 Atlas hosting website

\$15,000 Concept Plan for CPPD (1/2 shared with CDC)

\$10,000 Consultant to Evaluate Programs for CPPD (1/2 shared with CDC)

\$2,500 Retail Trade Area Update (1/2 shared with CDC)

CDC 2017

\$55,000 Marketing - Chamber golf, Chamber banquet, . . .

\$52,000 Lights along Stacy, Xmas decorations, Texas Health Little Black Dress event
\$15,000 Concept Plan for CPPD (1/2 shared with EDC)
\$10,000 Consultant to Evaluate Programs for CPPD (1/2 shared with EDC)
\$2,500 Retail Trade Area Update (1/2 shared with EDC)

EDC 2016

\$100,000 Economic Incentive - Lowen Hospitality (Residence Inn Hotel)
\$65,600 DFW Economic Development Guide, Atlas opportunities, ICSC booth, and Brokers/Consultants
\$25,700 Travel & Training
\$20,000 Economic Incentive - Cane Rosso
\$10,000 Atlas hosting website
\$800 Yoga laptop (shared with CDC)

CDC 2016

\$52,500 Marketing – 2 half marathons, Texas/OU remotes, local ads in Chamber guide & map
\$41,400 Community Relations – lights along Stacy Road, Christmas tree, golf and chamber events
\$800 Yoga laptop (shared with EDC)

There are a few items in the Q&A on the website which invite a counterpoint. The summary of the data below is:

1. Tax Rates – the town only compared our rate to towns with higher rates. A more complete analysis shows our tax rate to rank #20 out of 81 towns.
2. Tax Rate Increase – The town's tax rate has increased faster than almost any other DFW city/town since 2002.
3. Effective Tax Rate – Fairview is already among the highest in effective tax rates (rate x average house value). Other entities have been lowering the rate as property values rose, but not Fairview. The town published a chart with the tax rate showing Fairview being the lowest of the 11 towns. But we're middle of the pack in effective tax rate and if we vote yes for the bond we'll be the third worst.
4. Commercial Development. One line talks about how new development will help pay for the bonds. However, the town voted to give a TIF to a large portion of space in the commercial district. When that land develops, they will require services – additional police, fire fighters, etc. yet only 25% of the additional tax revenue comes to the town. Most of it goes to pay for the development infrastructure. Can I get 75% of my taxes back to pay for my house and improvements too? The residential taxpayers will get stuck with the increased costs, just like what's been happening over the past decade.
http://www.fairviewtexas.org/pdf/Council/TIF_Website_Post_Final.pdf

Below is some of the data:

Tax Rate Table – source 2016 data: <https://www.davedowns.com/dallas-property-tax.php>

The tax rate table shows Fairview with the lowest tax rate of the listed cities. I looked at 2016 data from 81 regional municipalities. The current Fairview tax rate would rank us 20th. We'll fall to 26th if we pass the bond. There are several full service cities with much lower tax rates.

Name by City	Rate						
1 Westlake	0.137	27 Lewisville	0.436	55 Justin	0.66		
2 Nevada	0.191	28 FlowerMound	0.439	56 LittleElm	0.662		
3 Bartonville	0.193	29 Frisco	0.45	57 LakeDallas	0.668		
4 NewHope	0.196	30 Lavon	0.456	58 TheColony	0.668		
5 CorralCity	0.198	31 Southlake	0.462	59 GrandPrairie	0.67		
6 HighlandPark	0.22	32 TrophyClub	0.473	60 Sanger	0.68		
7 LowryCrossing	0.23	33 Plano	0.479	61 Hutchins	0.682		
8 DoubleOak	0.232	34 Wilmer	0.503	62 Denton	0.683		
9 UniversityPark	0.249	35 Murphy	0.51	63 Ferris	0.687		
10 Grapevine	0.289	36 Allen	0.52	64 Mesquite	0.687		
11 Haslet	0.29	37 Prosper	0.52	65 Princeton	0.69		
12 Dish	0.292	38 BlueRidge	0.539	66 CedarHill	0.699		
13 Northlake	0.295	39 PilotPoint	0.557	67 Ovilla	0.7		
14 CopperCanyon	0.298	40 Addison	0.56	68 Garland	0.705		
15 LakewoodVillage	0.3	41 Aubrey	0.562	69 Seagoville	0.744		
16 ShadyShores	0.315	42 OakPoint	0.563	70 DeSoto	0.745		
17 Lucas	0.318	43 McKinney	0.573	71 Sachse	0.757		
18 Combine	0.33	44 Coppell	0.58	72 Duncanville	0.758		
19 Hackberry	0.338	45 Josephine	0.58	73 Dallas	0.783		
20 Fairview	0.36	46 Corinth	0.582	74 Rowlett	0.787		
21 Parker	0.366	47 Irving	0.594	75 BalchSprings	0.803		
22 Roanoke	0.375	48 FarmersBranch	0.602	76 FortWorth	0.835		
23 HickoryCreek	0.387	49 Carrollton	0.604	77 Wylie	0.849		
24 Argyle	0.398	50 Melissa	0.61	78 ProvidenceVillage	0.858		
25 Krugerville	0.403	51 Richardson	0.625	79 Lancaster	0.868		
26 Sunnyvale	0.408	52 Anna	0.629	80 GlennHeights	0.936		
Fairview w/Bond	0.435	53 Celina	0.645	81 CockrellHill	1.119		
		54 Krum	0.647				

However, a number of those entities just voted to LOWER tax rates due to increased property valuations. Of the 11 cities that Fairview used in their comparison 6 have lowered the tax rate for 2017/18 to offset rising property values. Information for 2 others was not available.

The town information notes that the property tax rate has essentially remained flat since 2007. But in that time property values shot up, which made for an effective tax increase. The data I found for all cities only goes back to 2005. Fairview had an enormous jump in the property tax rate from 2002 to 2003 – more than doubling the rate. Here are a number of towns and their rate changes since 2005. Note I included a column for Fairview since 2002 because of the big jump in that year. Negative numbers mean a tax rate decrease.

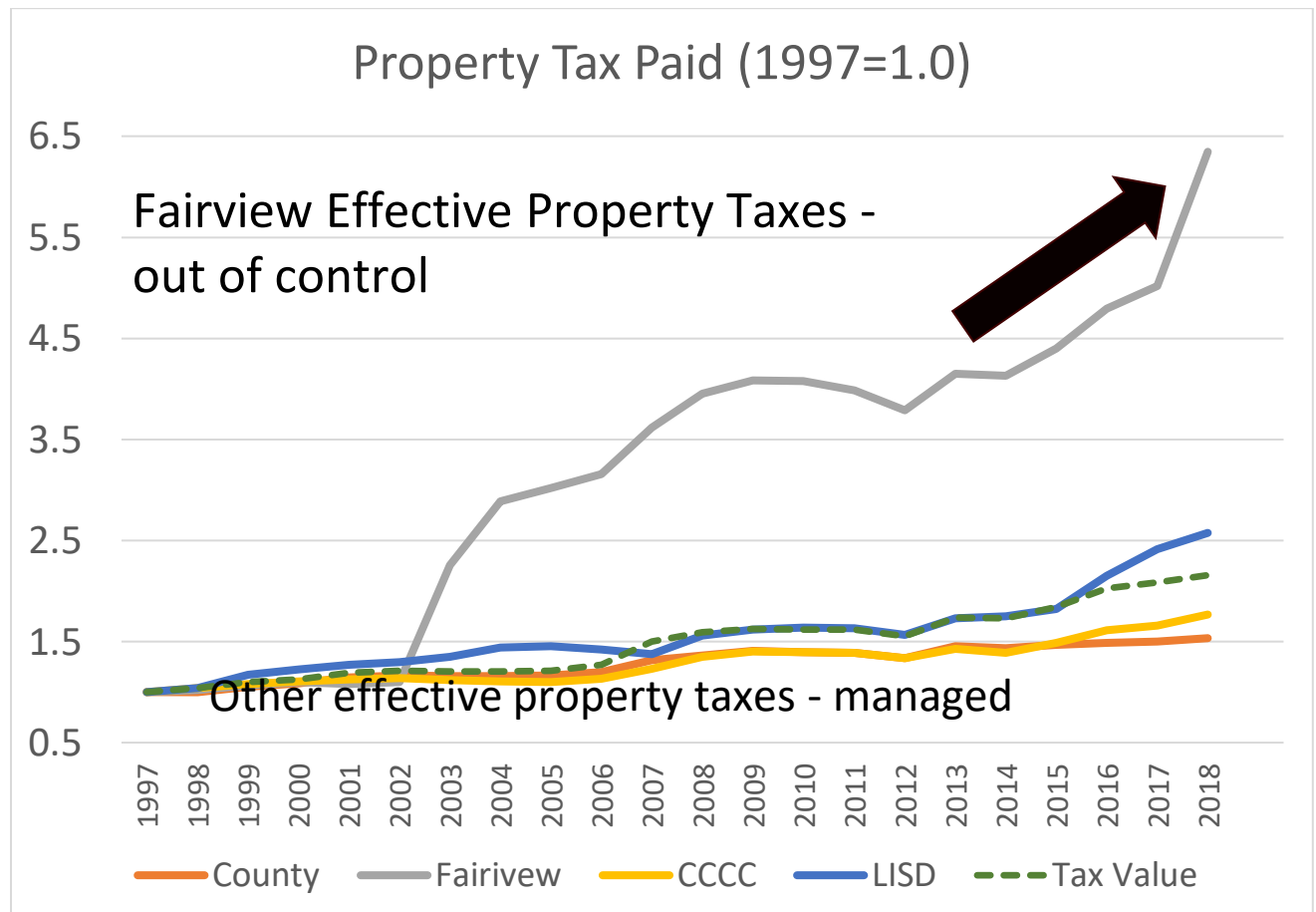
Entity	2005	2017	Delta	% change	% change from 2002
ST PAUL	0.48530	0.33289	(0.15)	-31.4%	
LUCAS	0.37660	0.31795	(0.06)	-15.6%	
CELINA	0.74000	0.64500	(0.10)	-12.8%	
BLUE RIDGE	0.56997	0.50808	(0.06)	-10.9%	
ALLEN	0.55900	0.51000	(0.05)	-8.8%	
MCKINNEY	0.58800	0.54020	(0.05)	-8.1%	
NEW HOPE	0.21000	0.19600	(0.01)	-6.7%	
FRISCO	0.44489	0.44660	0.00	0.4%	
PRINCETON	0.67500	0.68989	0.01	2.2%	
PLANO	0.45350	0.46860	0.02	3.3%	
FAIRVIEW	0.34500	0.36000	0.01	4.3%	146%
DALLAS	0.74170	0.78040	0.04	5.2%	
MURPHY	0.46830	0.50000	0.03	6.8%	
LAVON	0.41450	0.45570	0.04	9.9%	
WYLIE	0.69500	0.78100	0.09	12.4%	
ANNA	0.52500	0.60129	0.08	14.5%	
MELISSA	0.52000	0.61000	0.09	17.3%	
PARKER	0.31000	0.36598	0.06	18.1%	
RICHARDSON	0.52516	0.62516	0.10	19.0%	
JOSEPHINE	0.44718	0.54000	0.09	20.8%	
PROSPER	0.40539	0.52000	0.11	28.3%	
NEVADA	0.13884	0.18500	0.05	33.2%	
SACHSE	0.55832	0.74728	0.19	33.8%	
FARMERSVILLE	0.54601	0.78000	0.23	42.9%	
WESTON	0.25000	0.36000	0.11	44.0%	

Now, let's look at the Effective Taxes. That's the tax rate multiplied by the average home value. Using the same 11 city comparison that Fairview uses shows a different story. Using the updated tax rates shows that passing this bond will give Fairview the 3rd highest effective tax rate.

Effective Tax = Tax Rate X Average Home Value

Name by City	Tax Rate	Avg Value	Effective Tax/House	New Tax Rate	New Effective Tax/House
Prosper	0.520	\$496,234	\$2,580	0.520	\$2,580
Celina	0.645	\$349,609	\$2,255	0.645	\$2,255
Fairview with Bond		\$493,150		0.435	\$2,145
Wylie	0.849	\$242,324	\$2,057	0.781	\$1,893
Frisco	0.450	\$418,752	\$1,884	0.447	\$1,870
Murphy	0.510	\$363,498	\$1,854	0.500	\$1,817
McKinney	0.573	\$324,636	\$1,860	0.540	\$1,753
Fairview Currently	0.360	\$493,150	\$1,775		
Allen	0.520	\$339,900	\$1,767	0.510	\$1,733
Plano	0.479	\$352,496	\$1,688	0.469	\$1,653
Melissa	0.610	\$264,593	\$1,614	0.610	\$1,614
Princeton	0.690	\$177,340	\$1,224	0.690	\$1,224

Other taxing entities (Collin College and Collin County) have continued to cut the tax rates over the years as valuations have risen. Additional money comes from growth, not by enacting a stealth tax increase on existing residents. Comparing back 20 years shows this enormous increase in Fairview taxes while other entities. This chart compares the effective tax rates with 1997 = 1.0. The 2018 number adds the 7.5 cent rate increase if the bond passes.



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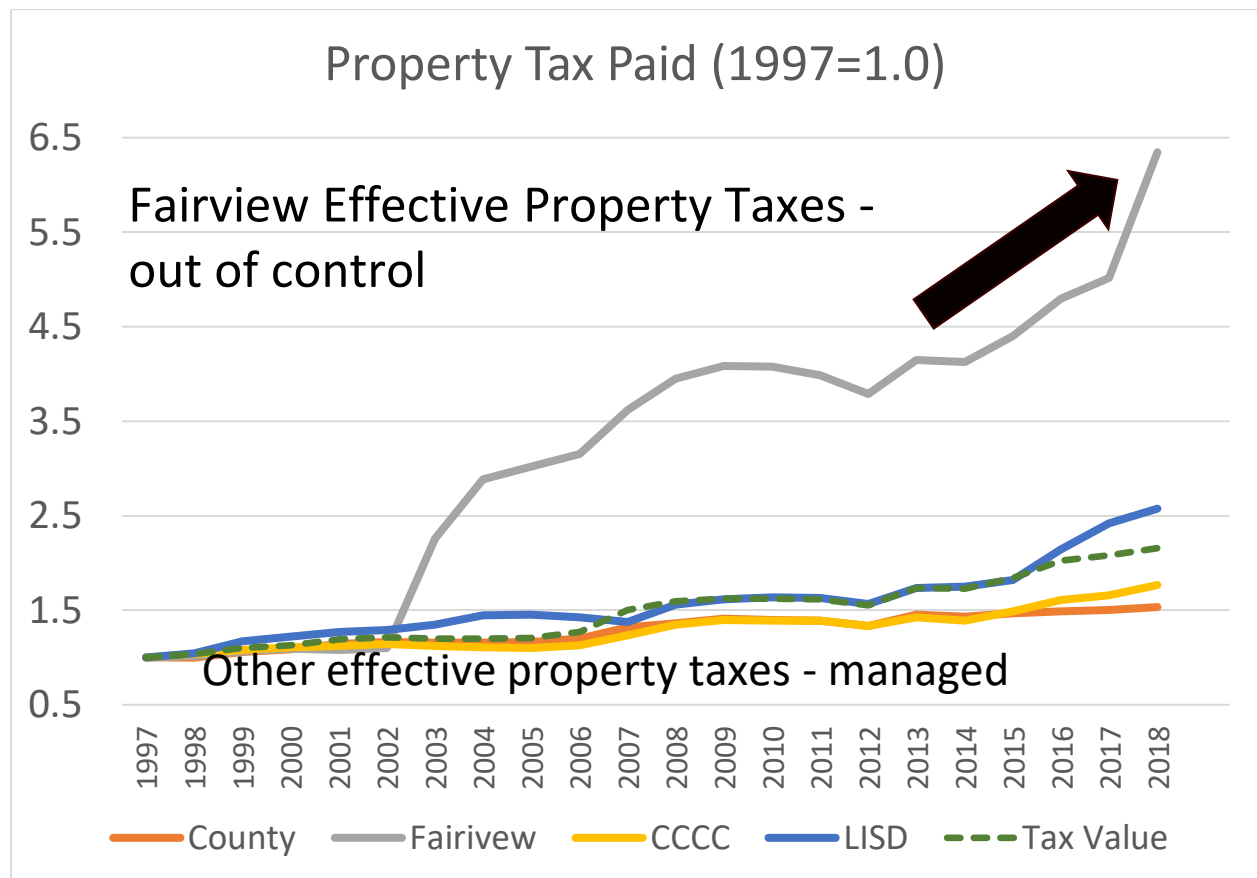
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This is not a for/against the fire department issue – it's about responsible money management. There are numerous facilities in this bond package and the \$25.5 million seems excessive for a town of our size and population. **Vote NO and ask the town to come back with a more reasonable plan.**

The bond would give Fairview one of the highest effective tax rates:

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While property values in north Texas have soared, many taxing entities have lowered the tax rate to offset some of the tax increase. Fairview has not. This has caused our effective tax rate to increase dramatically over the past couple of decades. We need better financial management – not continued large increases in taxes every year. The final jump on the chart shows what happens if the bond passes.



There are solutions which won't require a tax increase. A more reasonable bond package is one. The other is better use of our existing income stream. One cent of the sales tax in Fairview goes to the EDC/CDC, which uses the money for hefty incentives for some businesses and non-essential expenses. We can redirect this sales tax to the general fund (or at least to general community projects) and use it for the essential expenses – which will relieve some of the property tax burden.

See more detail at

http://enerjazz.com/fairview/files/Bond_Tax_Increase.pdf