



# City of San Antonio

## Agenda Memorandum

**File Number:**15-4825

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**Agenda Item Number:** 4C.

**Agenda Date:** 9/10/2015

**In Control:** City Council A Session

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**DEPARTMENT:** Office of Management and Budget

**DEPARTMENT HEAD:** Maria Villagomez

**COUNCIL DISTRICTS IMPACTED:** City Wide

### **SUBJECT:**

Adopting the Maintenance and Operations Tax Rates for FY 2016

### **SUMMARY:**

This item presents for City Council consideration an ordinance adopting the Ad Valorem City Property Tax Rate for Maintenance and Operation (M&O) for the City of San Antonio at 34.677 cents per \$100 of taxable valuation for the tax year beginning on January 1, 2015 and ending on December 31, 2015. In FY 2016 the City of San Antonio proposes a decrease to the City's Property Tax Rate of  $\frac{3}{4}$  of one cent. The Estimated Property Tax Revenue for Maintenance & Operation for FY 2016 is \$293,694,785 or \$25,217,021 more than the FY 2015 Adopted Budget.

### **BACKGROUND INFORMATION:**

Property tax values are determined by the Bexar Appraisal District (BAD) in conformance with State law. FY 2016 total taxable value for the City of San Antonio is \$90.59 billion which is an increase in net taxable value of \$10.8 billion or 13.5% more than the FY 2015 Adopted Budget. Included in this total is an increase of \$2.25 billion for new improvements and an increase of \$8.56 billion in existing valuations from the FY 2015 Adopted Budget.

A reduction in the City's Property Tax Rate for Maintenance & Operations is included in the City's FY 2016 Proposed Budget. The following table shows the components of the FY 2016 Proposed City Property Tax Rate.

<b>CITY PROPERTY TAX RATE (Per \$100 Valuation)</b>		
	<b>FY 2015 Adopted Budget (in cents)</b>	<b>FY 2016 Proposed Budget (in cents)</b>
Maintenance & Operations	35.419	34.677
Debt Service	21.150	21.150
<b>Total</b>	<b>56.569</b>	<b>55.827</b>

## **ISSUE:**

The City's FY 2016 Proposed Property Tax Rate of 55.827 cents per \$100 valuation represents a decrease of  $\frac{3}{4}$  of 1 cent compared to the City's FY 2015 Adopted Property Tax Rate.

State property tax law requires taxing units to calculate the M&O portion of the tax rate to yield the same amount of operating revenue from year to year based on base valuations. This calculation of the M&O tax rate results in determination of the "*effective M&O tax rate*." A decrease in the City's Property Tax rate is proposed.

To meet the requirements of General Fund services recommended in the Proposed Budget, the FY 2016 M&O tax rate is calculated at 34.677 cents per \$100 of taxable valuation which represents a reduction of  $\frac{3}{4}$  of one cent for the City's M&O Property Tax Rate.

## **ALTERNATIVES:**

This item is required by City Charter.

## **FISCAL IMPACT:**

The M&O tax rate for FY 2016 will generate \$293,694,785 or \$25,217,021 more in revenues for support of City government and represents a decrease to the City M&O Property Tax Rate as compared to the City's Property Tax Rate in FY 2015.

## **RECOMMENDATION:**

Staff recommends approval of this item.