

B
M&O Tax Rate

CITY OF SAN ANTONIO

AGENDA ITEM NO. **5(B)**

INTERDEPARTMENTAL MEMORANDUM

OFFICE OF MANAGEMENT & BUDGET AND FINANCE DEPARTMENT

TO: Mayor and City Council
FROM: Louis A. Lendman, Director, Office of Management and Budget
Milo Nitschke, Director, Finance Department
THROUGH: Terry M. Brechtel, City Manager
COPIES: Christopher J. Brady, Assistant City Manager; Melissa Byrne Vossmer, Assistant City Manager; Executive Team; File
SUBJECT: Maintenance and Operations Tax Rate - Fiscal Year 2004
DATE: September 18, 2003

SUMMARY AND RECOMMENDATION

This ordinance sets the ad valorem tax rate for Maintenance and Operation (M&O) of the City government of the City of San Antonio at 36.704 cents per \$100.00 of taxable valuation for the tax year beginning on January 1, 2003, and ending on December 31, 2003.

Staff recommends approval of this ordinance.

BACKGROUND INFORMATION

Property tax values are determined by the Bexar Appraisal District (BAD) in conformance with State law. Values for the City of San Antonio recently reported by BAD for FY 2004 show an increase in net taxable value of approximately \$2.468 billion, or 5.94% above last year. Included in this total, are \$1.329 billion for new improvements and \$7.651 million in annexations, which equates to real growth of 3.22% over last year's total taxable value. The taxable value less new improvements and annexations yields the base valuation. The increase in the base valuation from last year is \$1.131 billion or 2.72%.

POLICY ANALYSIS

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*." As indicated above, base valuation increased from last year by \$1.131 billion or 2.72%. Consequently, for FY 2004 to generate the same amount of operating revenue as in FY 2003, the "*effective M&O tax rate*" is calculated at 35.083 cents per \$100 of taxable valuation, a decrease from the FY 2003 adopted M&O tax rate (36.204 cents) of 1.121 cents or 3.10%.

To meet the requirements of the program of General Fund services recommended in the City Manager's Proposed Budget, the FY 2004 M&O tax rate is calculated at 36.704 cents per \$100 taxable valuation or 0.500 cent increase over the FY 2003 M&O tax rate of 36.204 cents. The FY 2004 M&O tax rate is 1.621 cents, or 4.62% above the "*effective M&O tax rate*."

FISCAL IMPACT

The M&O tax rate for FY 2004 will generate \$157.125 million in revenues for support of City government and is consistent with the tax rate recommended in the City Manager's Proposed Budget.

COORDINATION

This action has been coordinated between the Office of Management and Budget and the Finance Department.

SUPPLEMENTAL COMMENTS

The requirements of the City's Ethics Ordinance are not applicable.

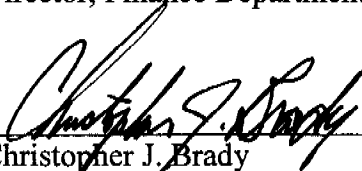
SIGNATURES



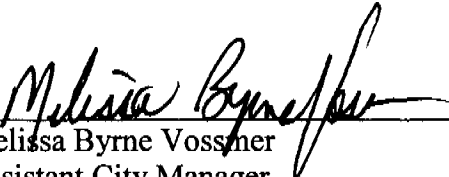
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Director, Office of Management & Budget



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Christopher J. Brady
Assistant City Manager



Melissa Byrne Vossner
Assistant City Manager

Approved:



Terry M. Brechtel
City Manager