

PUBLIC HEARING
TIME CERTAIN
ITEM NO. 4
3:00 PM

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
OFFICE OF MANAGEMENT & BUDGET AND FINANCE DEPARTMENT**

TO: Mayor and Council

FROM: Peter Zanoni, Acting Management & Budget Director
Milo D. Nitschke, Finance Director

COPY: Erik Walsh, Assistant to the City Manager
Melissa Byrne Vossmer, Assistant City Manager

SUBJECT: CITY COUNCIL AD VALOREM TAX RATE PUBLIC HEARING

DATE: September 2, 2004

SUMMARY

On Thursday, September 2, 2004, at 3:00 p.m., the **Ad Valorem Tax Rate Public Hearing** will be held for the Proposed FY 2005 Tax Rate for the FY 2005 Proposed Budget and the tax year beginning on January 1, 2004 and ending December 31, 2004. The Proposed Tax Rate is 57.854 cents per \$100.00 of valuation. Interested citizens and groups can sign-up to speak beginning at 12:00 p.m. The Public Hearing will be in the City Council Chambers.

BACKGROUND INFORMATION

On August 16, 2004, City Council adopted the Proposed FY 2005 Ad Valorem Tax Rate for the tax year beginning on January 1, 2004 and ending December 31, 2004. The Proposed Tax Rate for FY 2005 is 57.854 cents per \$100.00 of taxable valuation which is the tax rate recommended in the City Manager's Proposed Budget. This is the same tax rate adopted for the current fiscal year. The proposed tax rate includes 36.704 cents per \$100.00 of taxable valuation for Maintenance and Operations and 21.150 cents per \$100.00 of taxable valuation for Debt Service.

Historically, the City of San Antonio has held a public hearing regarding its proposed tax rate whether or not it was specifically required to do so by law. As of January 1, 2000, a taxing unit is required to hold a public hearing and publish newspaper ads before adopting a tax rate that exceeds the lower of the rollback tax rate or 103 percent of the effective tax rate.

The FY 2005 **rollback tax rate is 59.938** cents per \$100.00 taxable valuation and the **effective tax rate is 56.599** cents. The FY 2005 **proposed tax rate of 57.854** cents per \$100.00 taxable valuation is 1.255 cents or 2.22% higher than the effective tax rate. **Since the proposed tax rate does not exceed 103% of the effective tax rate (58.296 cents), the City is not required to hold a public hearing and publish notices pursuant to Truth-In-Taxation guidelines including publishing the roll-call vote on the way each City Council Member voted toward the proposed property tax rate.** However, as previously stated, it is the policy of the City to hold a public hearing on the proposed tax rate.

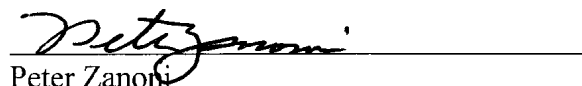
POLICY ANALYSIS

The proposed tax rate approved by City Council on August 16, 2004 is consistent with the tax rate included within the FY 2005 Proposed Budget. Approval of the Proposed Tax Rate did not eliminate the option for City Council to increase the overall tax rate above the proposed tax rate. City Council could increase the overall proposed tax rate by \$0.442 cents (\$2.013 million in revenue) without exceeding 103% of the effective tax rate (58.296 cents). Additionally, a lower tax rate may be adopted. The City Council will adopt the final tax rates in separate ordinances scheduled for September 16, 2004.

COORDINATION

Coordination of the Tax Rate Public Hearing and notification of the hearing has been conducted between the Office of Management & Budget, the Finance Department and the City Clerk's Office.

SIGNATURES



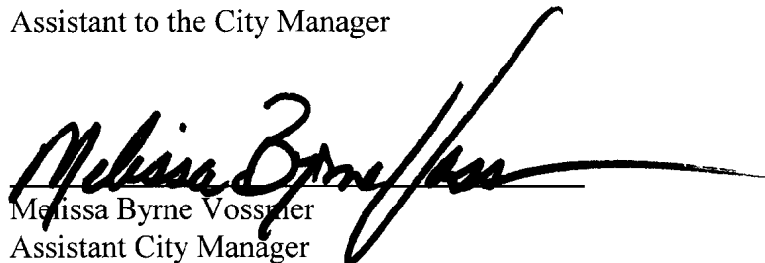
Peter Zanoni
Acting Director, Office of Management and Budget



Milo Nitschke
Director, Finance Department



Erik Walsh
Assistant to the City Manager



Melissa Byrne Vossler
Assistant City Manager

APPROVED:



Terry M. Brechtel
City Manager