

AGENDA ITEM NO. 4(B)

CITY OF SAN ANTONIO
OFFICE OF MANAGEMENT & BUDGET AND FINANCE DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM

TO: Mayor and City Council
FROM: Peter Zaroni, Director, Office of Management and Budget
Milo Nitschke, Director, Finance Department
SUBJECT: Maintenance and Operations Tax Rate - Fiscal Year 2006
DATE: September 15, 2005

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, 2005 and ending on December 31, 2005.

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 2006 show an increase in net taxable value of approximately \$3.727 billion, or 8.02% above last year. Included in this total, are \$1.473 billion for new improvements, which equates to real growth of 3.17% 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 \$2.254 billion or 4.85%.

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 \$2.254 billion or 4.85%. Consequently, for FY 2006 to generate the same amount of operating revenue as in FY 2005, the "*effective M&O tax rate*" is calculated at 35.211 cents per \$100 of taxable valuation, a decrease from the FY 2005 adopted M&O tax rate (36.704 cents) of 1.493 cents or 4.07%.

To meet the requirements of the program of General Fund services recommended in the City Manager's Proposed Budget, the FY 2006 M&O tax rate is calculated at 36.704 cents per \$100 taxable valuation or equal to the FY 2005 M&O tax rate of 36.704 cents. The FY 2006 M&O tax rate is 1.493 cents, or 4.24% above the "*effective M&O tax rate*."

FISCAL IMPACT

The M&O tax rate for FY 2006 will generate \$178.765 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.

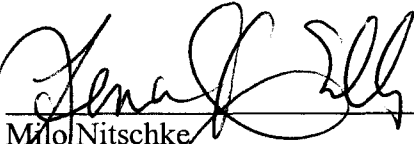
SUPPLEMENTAL COMMENTS

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

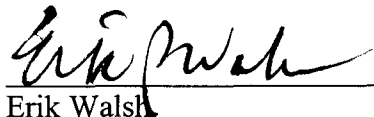
SIGNATURES



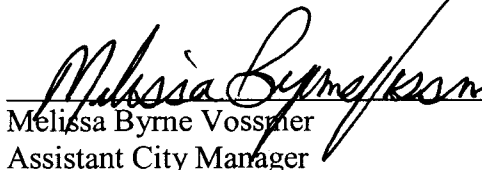
Peter Zanon
Director, Office of Management & Budget



Milo Nitschke
Director, Finance Department



Erik Walsh
Assistant to the City Manager



Melissa Byrne Vossmer
Assistant City Manager