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7. Ordinance setting the Ad Valorem City Property Tax Rate to pay the principal and interest on the funded debt of the City of San Antonio at 21.150 cents per \$100 of taxable valuation for the tax year beginning on January 1, 2024 and ending on December 31, 2024. [Erik Walsh, City Manager, Justina Tate, Director, Management & Budget]

THE CITY COUNCIL MAY RECESS FOR LUNCH AND RECONVENE TO CONSIDER ANY UNFINISHED COUNCIL BUSINESS

6:00 P.M. – If the Council has not yet adjourned, the presiding officer shall entertain a motion to continue the council meeting, postpone the remaining items to the next council meeting date, or recess and reconvene the meeting at a specified time on the following day.

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City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 7

Agenda Date: September 19, 2024

In Control: City Council A Session

DEPARTMENT: Office of Management & Budget

DEPARTMENT HEAD: Justina Tate

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Adopting the Debt Service Tax Rate for FY 2025

SUMMARY:

This item presents for City Council consideration an ordinance adopting the ad valorem City property tax rate to pay the principal and interest on the funded debt of the City of San Antonio at 21.150 cents per \$100 of taxable valuation for the tax year beginning on January 1, 2024 and ending on December 31, 2024. The estimated property tax revenue to pay outstanding debt of the City for FY 2025 is \$308,622,793 or \$15,211,844 more than the FY 2024 Estimated Budget.

BACKGROUND INFORMATION:

Property tax values are determined by the Bexar Appraisal District in conformance with State law. Tax Year 2024 (also being FY 2025) total taxable value for the City of San Antonio is \$160.7 billion which is an increase in net taxable value of \$9.9 billion, or 6.6% more than the Tax Year 2023 (also being FY 2024) total taxable value. Included in this total is \$2.4 billion in new improvements and an increase of \$7.5 billion in existing valuations from the FY 2024 Estimated Budget.

The following table shows the components of the FY 2025 Proposed City Property Tax Rate

City Property Tax Rate (Per \$100 Valuation)		
	FY 2024 Adopted Budget (in cents)	FY 2025 Proposed Budget (in cents)
Maintenance & Operations	33.009	33.009
Debt Service	21.150	21.150
Tota	54.159	54.159

ISSUE:

The City's FY 2025 Proposed Property Tax Rate of 54.159 cents per \$100 valuation represents no change from the City's FY 2024 Adopted Property Tax Rate.

Calculation of the debt service portion of the property tax rate is dependent on the City's debt service requirements. The debt service rate for FY 2025 (also being Tax Year 2024) is calculated at 21.150 cents per \$100 of taxable valuation which is equal to the FY 2024 (also being Tax Year 2023) debt service tax rate and is consistent with the requirements of the City's Debt Management Plan.

The FY 2025 Proposed Budget does not increase the City's Property Tax Rate.

ALTERNATIVES:

This item is required by City Charter.

FISCAL IMPACT:

The debt service tax rate for FY 2025 will generate \$308,622,793 in revenues for payment of debt and is consistent with the tax rate recommended in the City Manager's Proposed Budget. This amount is \$15,211,844 more than the FY 2024 Estimated Budget.

RECOMMENDATION:

Staff recommends approval of this item.

ORDINANCE

SETTING THE AD VALOREM TAX RATE TO PAY THE PRINCIPAL AND INTEREST ON THE FUNDED DEBT OF THE CITY OF SAN ANTONIO AT 21.150 CENTS PER \$100.00 OF TAXABLE VALUATION FOR THE TAX YEAR BEGINNING ON JANUARY 1, 2024, AND ENDING ON DECEMBER 31, 2024.

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WHEREAS, the tax rate consists of two components, the Maintenance and Operations tax rate and the Debt Service tax rate; and

WHEREAS, annually the City of San Antonio ("City") by ordinance levies an ad valorem tax on all non-exempt property within the City to pay the principal and interest on the funded debt of the City and to create a sinking fund therefor (Debt Service tax rate); and

WHEREAS, by separate ordinance, an additional levy is made to pay for general support of the City government (Maintenance and Operations tax rate); and

WHEREAS, the Truth In Taxation provisions of the Texas Property Tax Code, as amended, currently provide for computation of the no-new revenue tax rate, which takes into consideration certain changes in the base to which a rate is applied; computation of the voter-approval tax rate; one (1) public hearing on a proposed tax rate that exceeds the lower of the voter-approval tax rate or the no-new revenue tax rate; and publication, posting and broadcast of notices of the public hearing and the vote on the tax rate to occur after the public hearing; and

WHEREAS, after due deliberation; after (a) computation of the no-new revenue tax rate and the voter-approval tax rate; (b) publishing, posting and broadcasting all required notices of the no-new revenue tax rate, the voter-approval tax rate, and two (2) public hearings on the tax rate; and (c) conducting each of said public hearings, it is the desire of the City Council to levy a tax of 21.150 cents per \$100.00 of taxable valuation to cover funded indebtedness (Debt Service tax rate) together with a levy of 33.009 cents per \$100.00 of taxable valuation for general support of the City government (Maintenance and Operations tax rate), making a total of 54.159 cents per \$100.00 of taxable valuation for the tax year beginning on January 1, 2024, and ending on December 31, 2024; and

WHEREAS, State law and the City Charter both require that the two components of the tax rate be approved separately; and

WHEREAS, it is now necessary to set the tax rate for debt service (the Debt Service tax rate); **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. To provide for the payment of the principal and interest on General Obligation Bonds, Certificates of Obligation, and other funded indebtedness issued by the City of San Antonio and to create a sinking fund for the payment thereof as they severally mature, the City Council hereby sets and levies a tax at the rate of 21.150 cents per \$100.00 of taxable valuation for the tax year beginning on January 1, 2024, and ending on December 31, 2024 (the Debt Service tax rate), on all property, real, personal, mobile, and mixed, within the limits of the City of San Antonio, not otherwise exempted by the Constitution or laws of the State of Texas and Ordinances of the City.