

AN ORDINANCE 100323

ADDING A BALLOT MEASURE TO THE MAY 7, 2005 SPECIAL MUNICIPAL ELECTION FOR VOTER CONSIDERATION OF A PROPOSITION 13 TAX FREEZE LIMITING THE AMOUNT OF AD VALOREM TAXES IMPOSED ON THE HOMESTEAD OF A PERSON WHO IS DISABLED OR 65 YEARS OF AGE OR OLDER.

\* \* \* \* \*

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

SECTION 1. DATE; OFFICIAL PROPOSITION. The official ballot for the special election to be held on May 7, 2005 shall be prepared in accordance with the Texas Election Code and all applicable law, and at said election the following proposition shall be submitted:

TAX FREEZE FOR THE DISABLED AND ELDERLY

PROPOSITION NO. 3

“Shall the City of San Antonio, Texas, establish a limitation on the amount of ad valorem taxes imposed on the homestead of a person who is disabled or is sixty-five (65) years of age or older and receives a residence homestead exemption, as authorized by Article VIII., Section 1-b(h) of the Texas Constitution, formerly known as Proposition 13?”

SECTION 2. FORM OF BALLOTS. The official ballots for said election shall be prepared in accordance with the Texas Election Code and all other applicable law so as to permit the electors to vote “FOR” or “AGAINST” the aforesaid proposition, with the ballots to contain such provisions, markings, and language as required by law, and with such proposition to be expressed substantially as follows:

TAX FREEZE FOR THE DISABLED AND ELDERLY

PROPOSITION NO. 3

FOR } Authorizing the City of San Antonio, Texas, to establish a limitation on the amount of ad valorem taxes imposed on the homestead of a person who is disabled or is sixty-five (65) years of age or older and receives a residence homestead exemption, as authorized by Article VIII., Section 1-b(h) of the Texas Constitution, formerly known as Proposition 13.

AGAINST }

SECTION 3. NOTICE. (a) Form of Notice of Election. The City Clerk of the City of San Antonio is hereby authorized and directed to prepare a form of the Notice of Election in both English and Spanish, the contents of which comply with the requirements of Section 4.004 of the Texas Election Code (and other applicable law), and include at a minimum the nature and date of the election, the form of the propositions included in Section 1 of this Ordinance, the form of the ballot propositions included in

Section 2 of this Ordinance, the location of each election day and early voting polling place, the locations, dates, and times of temporary branch locations of early voting, the hours the polls will be open, and any other information required by other law, and with such variations permitted by applicable law.

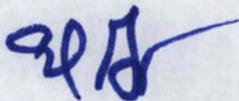
(b) Method of Giving Notice. Notice of said election shall be given by posting a copy of said Notice of Election, both in English and in Spanish, not later than the 21<sup>st</sup> day before the date set for said election on the bulletin board used for posting notices of the meetings of the City Council of the City. Notice of said election shall also be given by publishing said Notice of Election, both in English and in Spanish, at least once, not earlier than the 30<sup>th</sup> day or later than the 10<sup>th</sup> day before Election Day, in a newspaper of general circulation published in the City of San Antonio. It is hereby found and declared that the San Antonio Express-News is a newspaper of general circulation within the City.

**SECTION 4. SEVERABILITY.** If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

**SECTION 5. EFFECTIVE DATE.** Pursuant to the City of San Antonio City Charter, this Ordinance shall take effect January 30, 2005, which is the tenth day following the passage of this Ordinance.

**PASSED AND APPROVED** this 20<sup>th</sup> day of January, 2005.

ATTEST: Leticia M. Viced  
City Clerk

  
M A Y O R  
EDWARD D. GARZA

APPROVED AS TO FORM: Andrew Martin  
City Attorney

MEETING OF THE CITY COUNCIL

ALAMODOME
ASSET MANAGEMENT
AVIATION
CITY ATTORNEY
MUNICIPAL COURT
REAL ESTATE (FASSNIDGE)
REAL ESTATE (WOOD)
RISK MANAGEMENT
CITY MANAGER
SPECIAL PROJECTS
CITY PUBLIC SERVICE – GENERAL MANAGER
CITY PUBLIC SERVICE – MAPS AND RECORDS
CODE COMPLIANCE
COMMERCIAL RECORDER
COMMUNITY INITIATIVES
CONVENTION AND VISITORS BUREAU
CONVENTION CENTER EXPANSION OFFICE
CONVENTION FACILITIES
COUNCIL OFFICES
CULTURAL AFFAIRS
CUSTOMER SERVICE/311 SYSTEM
DEVELOPMENT SERVICES
HOUSE NUMBERING
LAND DEVELOPMENT SERVICES
TRAFFIC & DRAINAGE PLAN REVIEW
ECONOMIC DEVELOPMENT
ENVIRONMENTAL SERVICES
SOLID WASTE
EXTERNAL RELATIONS
PUBLIC INFORMATION OFFICE
FINANCE - DIRECTOR
FINANCE – ASSESSOR
FINANCE – CONTROLLER
FINANCE – GRANTS
FINANCE – PUBLIC UTILITIES SUPERVISOR
FINANCE- TREASURY
FIRE DEPARTMENT
HOUSING AND COMMUNITY DEVELOPMENT
HUMAN RESOURCES (PERSONNEL)
INFORMATION SERVICES
INTERNAL REVIEW
INTERNATIONAL AFFAIRS
LIBRARY
MANAGEMENT & BUDGET (OFFICE OF) OMB
MAYOR'S OFFICE
METROPOLITAN HEALTH DISTRICT
MUNICIPAL CODE CORPORATION
MUNICIPAL COURT
NEIGHBORHOOD ACTION
PARKS AND RECREATION
MARKET SQUARE
YOUTH INITIATIVES
PLANNING DEPARTMENT – NEIGHBORHOOD PLNG; URBAN DESIGN/HISTORIC PRESERVATION
DISABILITY ACCESS OFFICE
POLICE DEPARTMENT
GROUND TRANSPORTATION
PUBLIC WORKS DIRECTOR
CAPITAL PROJECTS
CENTRAL MAPPING
ENGINEERING
PARKING DIVISION
REAL ESTATE DIVISION
TRAFFIC ENGINEERING
PURCHASING AND GENERAL SERVICES
SAN ANTONIO WATER SYSTEMS (SAWS)
VIA

AGENDA ITEM NUMBER: 378

DATE: JAN 20 2005

MOTION: Haas/Williams

ORDINANCE NUMBER: 100323

RESOLUTION NUMBER: \_\_\_\_\_

ZONING CASE NUMBER: \_\_\_\_\_

TRAVEL AUTHORIZATION: \_\_\_\_\_

NAME	ROLL	AYE	NAY
ROGER O. FLORES JR. District 1			
JOEL WILLIAMS District 2			
RON SEGOVIA District 3			
RICHARD PEREZ District 4			✓
PATTI RADLE District 5			
ENRIQUE M. BARRERA District 6			
JULIAN CASTRO District 7			
ART A. HALL District 8			
CARROLL SCHUBERT District 9			
CHRISTOPHER "CHIP" HAASS District 10			
EDWARD D. GARZA Mayor			

# Agenda Voting Results

**Name:** 37B.

**Date:** 01/20/05

**Time:** 06:31:20 PM

**Vote Type:** Multiple selection

**Description:** Consideration of an Ordinance adding a ballot measure to the May 7, 2005 special municipal election for voter consideration of a Proposition 13 tax freeze limiting the amount of ad valorem taxes imposed on the homestead of a person who is disabled or 65 years of age or older.

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1		x		
JOEL WILLIAMS	DISTRICT 2		x		
RON H. SEGOVIA	DISTRICT 3		x		
RICHARD PEREZ	DISTRICT 4			x	
PATTI RADLE	DISTRICT 5		x		
ENRIQUE M. BARRERA	DISTRICT 6		x		
JULIAN CASTRO	DISTRICT 7		x		
ART A. HALL	DISTRICT 8		x		
CARROLL SCHUBERT	DISTRICT 9		x		
CHRISTOPHER "CHIP" HAAS	DISTRICT_10		x		
MAYOR ED GARZA	MAYOR		x		

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

**TO:** Mayor and City Council

**FROM:** Peter Zaroni, Management & Budget Director  
Milo Nitschke, Finance Director

**SUBJECT:** **A. STAFF BRIEFING ON PROPOSITION 13 ISSUES RAISED DURING  
DECEMBER 9, 2004 PROPOSITION 13 STAFF PRESENTATION**

**B. ACTION ITEM ON ORDINANCE TO PLACE PROPOSITION 13 ON THE  
MAY 7, 2005 GENERAL ELECTION BALLOT**

**DATE:** January 20, 2005

**SUMMARY AND RECOMMENDATION**

**A. Staff Briefing on Specific Proposition 13 City Council Questions**

At the December 9, 2004 City Council meeting, staff presented a briefing detailing updated estimates of the ten year property tax revenue impact analysis should Proposition 13 be enacted or should an alternative homestead exemption stair-stepped increase alternative be enacted. Staff was directed to bring forth to City Council information that would address specific City Council questions raised during the December 9<sup>th</sup> staff briefing.

The January 20, 2005 Briefing on Proposition 13 will address the following three issues:

1. Impact on property tax bills and City Property Tax Revenue from adjusting the current Senior Homestead Exemption amount for current or future recipients should Proposition 13 be enacted
2. Update on Bexar County Proposition 13 legislative agenda
3. Legal issues related to property tax relief options that can be placed on the ballot

## **B. An Ordinance to Place Proposition 13 on the May 7, 2005 General Election Ballot**

During the December 9, 2004 City Council meeting, City Council directed staff to bring forward to City Council an Ordinance to place Proposition 13 on the Saturday, May 7, 2005 general election ballot. The Ordinance included on today's agenda to place Proposition 13 on the May 7, 2005 General Election Ballot may be considered after City Council has received the information in the January 20, 2005 Staff Briefing.

### **BACKGROUND INFORMATION**

In September 2003, Texas voters approved Proposition 13 which amended the Texas Constitution by authorizing the governing body of a county, municipality, or junior college district to prohibit increases in the amount of property taxes that may be imposed on the residence homestead of a person who is 65 years of age or older or disabled. Governing bodies have the option of considering Proposition 13 or calling an election for the general public to vote on the issue. Alternatively, upon receipt of a petition signed by at least five percent (5%) of the political subdivision's registered voters, a local governing body would have to call an election to determine by majority vote whether to freeze property taxes for elderly or disabled homeowners.

Proposition 13 freezes the amount of property taxes paid on a residence homestead once the property owner qualifies for either the over-65 or disabled residence homestead exemption. Additionally, the amendment allows the transfer of the property tax freeze upon the death of an over-65 or disabled homeowner to a surviving spouse who is 55 years of age or older when the owner died as long as the spouse claims the property as their residence homestead. Property taxes could only increase on homesteads to the extent the homeowner made improvements (other than governmentally required repairs or improvements) that increase the property's value. **Once adopted, Proposition 13 may not be repealed or rescinded by the governing body.**

Within the FY 2005 Proposed Budget, an alternative stair-stepped property tax relief option was prepared for City Council consideration providing a side-by-side comparison of Proposition 13 with the goal of providing an equal or better benefit over a defined ten year period. The alternative option increases the homestead exemption amount for seniors and disabled residents over a ten year period.

With the passage of the FY 2005 Adopted Budget, City Council approved a \$12,500 Disabled Residence Homestead Exemption effective for FY 2006. City Council will pass an ordinance on January 20, 2005 to finalize this action.

## **POLICY ANALYSIS**

Should City Council elect to place Proposition 13 on the May 7, 2005 ballot for vote by the general public, the following time line would need to be met:

- Thursday, February 17, 2005, last day for City Council to vote to place Proposition 13 on the May 7, 2005 ballot for vote by the general public
- Wednesday, April 20, 2005, Early Voting Begins
- Tuesday, May 3, 2005, Early Voting Ends
- Saturday, May 7, 2005, Election Day

The Proposed ballot language is as follows:

"Should the City of San Antonio establish a limitation on the amount of ad valorem taxes imposed on the residence homestead of a person who is disabled or is sixty-five (65) years of age or older as authorized by Article VIII, Section 1-b(h) of the Texas Constitution, formerly known as Proposition 13"

The effective implementation date for Proposition 13 and the impacted population varies by when and how it and related homestead exemptions are approved. Following is a summary of the effective dates and their impacted population:

1. Property tax payment in FY 2007 would be frozen effective for FY 2006 (base year) if
  - a. City Council votes for Proposition 13 before December 31, 2005
  - b. Citizens vote for Proposition 13 on May 7, 2005 or before December 31, 2005
2. If Proposition 13 passes on May 7, 2005, City Council would remain able to adjust the Homestead Exemption amounts (Over-65 Residence and Disabled Residence Homestead Exemptions) up to the end of June 2005 for all current and future recipients
3. If Proposition 13 passes on May 7, 2005 and City Council adjusted the Homestead Exemption amounts after the end of June 2005, the homestead exemptions impact would only be to future recipients

## **FISCAL IMPACT**

Since the FY 2005 Proposed Budget was delivered to City Council, City staff has updated its assumptions to calculate the estimated loss in property tax revenue to the City of San Antonio over a defined ten year period for both Proposition 13 and the alternative stair-stepped homestead exemption increase approach. Estimates prepared and included within the FY 2005 Proposed Budget used specific average property values from tax year 2003. Since then, the City has received updated specific valuations as of tax year 2004. The annual valuation growth rate was also updated with tax year 2004 data generating a 3.75% growth rate compared to the 3.97% growth rate that was used within the FY 2005 Proposed Budget scenarios.

The revenue loss to the City with Proposition 13 over a ten-year period is projected to be \$64,471,765. The impact to the tax payment by the homestead for the average-value Over-65 Residence Homestead Property for each scenario analyzed is summarized in the table below.

<b>Scenario</b>	<b>10 Year Average Cumulative Tax Payment</b>
Current \$65,000 Over-65 Exemption Only	\$2,397.73
Proposition 13 with \$65,000 Over-65 Exemption	\$1,240.95
Stair Stepped Increase in Over-65 Exemption Amount	\$1,240.65
Proposition 13 with No Over-65 Exemption	\$5,001.46

The revenue loss to the City with the Stair Stepped alternative over a ten-year period is projected to be \$50,628,355. The impact to the tax payment by the homestead for the average-value Disabled Residence Homestead Property for each scenario analyzed is summarized in the table below.

<b>Scenario</b>	<b>10 Year Average Cumulative Tax Payment</b>
Current \$12,500 Disabled Exemption Only	\$4,146.58
Proposition 13 with \$12,500 Over-65 Exemption	\$3,231.84
Stair Stepped Increase in Disabled Exemption Amount	\$3,134.14
Proposition 13 with No Disabled Exemption	\$4,103.32

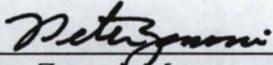
Should Proposition 13 be placed on the May 7, 2005 General Election Ballot, there would be additional electronic ballot programming costs and advertising expenses for an estimated total amount of \$12,000. The estimated cost for the electronic ballot programming is \$5,000 and the advertising cost is projected to be \$7,000. These expenses would have to be absorbed within the FY 2005 Municipal Elections Budget.

**COORDINATION**

This briefing has been coordinated with the City Attorney's Office, the City Clerk's Office, the Office of Management & Budget, and the Finance Department.

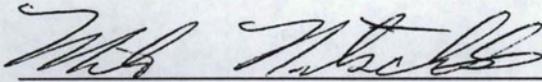
**SUPPLEMENTAL COMMENTS**

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



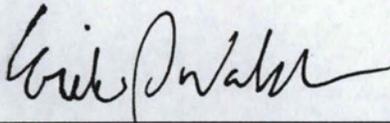
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Peter Zanoni, Management & Budget Director  
Office of Management & Budget



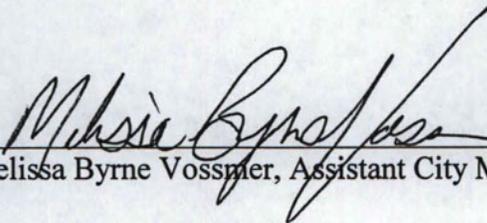
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Milo Nitschke, Finance Director  
Finance Department



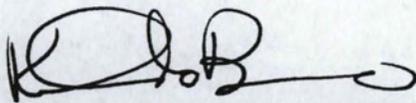
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Erik Walsh, Assistant to the City Manager



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Melissa Byrne Vossmer, Assistant City Manager



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J. Rolando Bono, Interim City Manager