

MINUTES OF THE CITY COUNCIL
CITY OF AUSTIN, TEXAS
Special Called Council Meeting
September 17, 1980
6:00 P.M.
Council Chambers
301 West Second Street

The meeting was called to order with Mayor McClellan presiding.

Roll Call:

Present: Mayor McClellan, Councilmembers Cooke, Himmelblau, Mullen, Snell, Mayor Pro Tem Trevino

Absent: Councilmember Goodman

Mayor McClellan stated that this is a Special Called Meeting of the City Council for the purpose of hearing from the citizens of Austin as to what their expressions are concerning the tax rate. She reiterated that the Council had not yet adopted a budget and therefore, a tax rate had not yet been set.

Mayor McClellan commented that the Manager's proposed budget set the tax rate at \$.78 per \$100 valuation. She noted that the Council had adopted a schedule for the proposed budget and that the tax rate would be set in Council meeting on September 25.

MR. DAVID BLAND, a long-time resident of the City of Austin, was recognized by the Mayor. He said that he believes the government is no longer listening to the people. Mr. Bland further stated that when you have a over 600% increase in taxes in ten years, it is way beyond comprehension. He said that there is approximately a 17% increase in taxable properties each year and those people have to be served. In other words, there is a 170% increase in taxable properties over a ten year period of time; yet, according to Mr. Bland, this years proposed budget is an increase of over 600% over that of 1970. He said that the budget averages out to over \$1400 per citizen.

Citing his own taxes as an example, Mr. Bland said that his property taxes have increased 30%-60% the past three years. He noted that at \$.57 per \$100 his taxes would increase 15.34% and at the proposed \$.78 per \$100 his taxes would increase 62.4%.

Mayor McClellan said that she would like to speak to the issue, as Mr. Bland no doubt expressed the feelings of a number of citizens. She said that the Council had been particularly aware of the burden on the property tax payers. She further noted that, by law, Jack Klitgaard has no choice but to revalue the property every other year at fair market value.

On the other hand, Mayor McClellan continued to explain that the Council has to look at what is absolutely necessary and try to provide quality services at a price citizens can afford. She reviewed the action of the City Council regarding property taxes over the past three years, as follows: (1) the first year the Council gave a \$.03 tax rate reduction; (2) the second year was a property evaluation year in which the Council gave a \$.28 tax rate reduction; and (3) the third year, 1979, was not a property evaluation year and there was no change in the tax rate.

Councilmember Cooke asked Mr. Bland if he had a real dollar amount increase in City of Austin property taxes over the past three years.

Mr. Bland replied that he couldn't answer the question, because when turned 65 he received an exemption for the elderly which cut the cost of his taxes.

Councilmember Mullen asked Mr. Bland how he would feel about cutting the library.

Mr. Bland replied that he had never used the library, although he thought it was good to have a well established one in the City. He said that everybody could not have everything though and that it was time to tighten some belts.

Before continuing further with the tax rate discussions, Councilmember Mullen noted that some people were present to hear the vote on the moratorium. He said that the vote on the moratorium should be held at the regular Council meeting, rather than today's Special Called Meeting.

The Mayor recognized Mr. Maurice Kingsberry who said he would like to discuss equalizing taxes. He cited a number of examples across the City where he said there was an inequitable taxation on the properties. He continued. "One tax that seems to be left out of most people's thinking, and I found out today why, is the sales tax, because it gets a lot of people who pay nothing else towards the services of the City of Austin gives them; but, I'm told that by State Legislature actions, is no longer..and I would suggest that all the cities of this state get after the Legislature about that."

Mayor McClellan commented. "We tried. We have tried. We in fact introduced some legislation thru the Texas Municipal League to increase.. the idea was to increase that sales tax \$.01 and we could..make it mandatory that whatever revenue you got in from that sales tax that you must reduce your property tax by that much, which I think would be terrific. That, by the way, would allow us, in the City of Austin for instance, to cut the property tax about in half; but, there are a lot of voters entities, school districts and what not, that are after that same sales tax increase and everyone who is dealing with the legislature tells us that there is really not much chance of that happening. But, I hear you and I agree with you."

MR. LARRY NIEMAN, an attorney representing the Austin Apartment Association, addressed the Council. Mr. Nieman had some data which he had compiled and distributed to the Council. He said that the most important information was the "bottom line" tax bill increase between 1979 and 1980 for apartment, office buildings and other commercial properties within the City. He said that the \$.78 tax rate proposed by the City Manager would have the effect of a 37%-39% increase in the property tax bills for apartments. He continued to say that recent history has reflected a 15%-16% increase and that the severe increase of \$.78 would be costly to tenants all over the City.

"I understand that the major reason, as I've been explained to by Mr. Klitgaard," continued Mr. Nieman, "the major reason for the excessive increase this time is because utility, electric utility revenue transfers, are expected to be down considerably. I think the Council should legitimately look at that problem, as well as the tax rate problem, in analyzing its budgetary needs."

Councilmember Cooke asked for a clarification of Mr. Nieman's comments.

With regard to the need for the tax increase, Mr. Nieman said he did spend some time with Lee Thompson who explained the relative variances of the differences between the percentages of the revenues that came from utilities last year and the percentage that are going to come from utilities this year. "As she explained it to me," he continued, "with the increase cost of the utilities and inflationary pressures, coupled with the fact that apparently you have locked in utility bills for two years..utility rates for two years.. you are suffering greatly from a source of income; so, what you are going to have to do, according to her, is hit the old tax payers and I hope that is not the case."

In his rebuttal, Jack Klitgaard, City Tax Assessor-Collector, said that it should be made clear that Mr. Nieman was discussing the proposed tax increase and that the Council had not in fact made any decision yet. He continued to say that for several years the City took extreme caution in increasing the taxes on apartments, as the market was distressed. He said that this year enough recovery had been made in the industry to justify increasing the units, as others had been increased. "The people in this industry were informed at the time these adjustments were made," he said, "that this would happen when we thought there was sufficient recovery to justify it; therefore, the percentage increase that Mr. Nieman alludes to.."

The Austin Apartment Association does not object to the appraisals, according to Mr. Nieman; but, they do object to the proposed tax rate.

MR. CLIFF BOWMAN, a resident of the City, expressed his concern about the quality of services in the City. He said the cost is ever increasing, while the quality of service continues to decline. He asked the Council to comment on where the money for services is spent. He also asked if the new street sweeper fee would be commensurate with the service.

Mayor McClellan commented that many services had been "cut back" as a means of reducing the property taxes. She noted that the Council would consider a \$1.00 street cleaning and anti litter fee in a forthcoming hearing and if that fee should pass, services would improve and be performed on a regular basis.

As a final comment, Mr. Bowman said that he in no way wanted his remarks to detract from the splendid work of the Fire Department, the Police Department and the Library Department.

In reply to Mr. Bowman's comments, Councilmember Cooke said "There is one additional option before the Council in addition to, Mr. Bowman, the rate increase. Right now we have about \$180,000 in the budget to maintain the streets in the central business district and the arterial to be swept about once every six to eight weeks; and, that is the level of service that would be maintained over what we had last year, which is a cut back over what we had previously existed, as the Mayor said to "hold the line" on taxes. There is also in the budget about another \$480,000, roughly, to expand that street sweeping; that is in the budget and that would come out of your taxes and my taxes. And that is another option - not an option that I'm very excited about, to be honest with you. The Mayor had asked for and received and Mr. German provided the option of charging for street sweeping; and, that would take into consideration this \$180,000 and the \$460,000 or \$480,000 plus and in addition to that, there could be a higher rate of street sweeping in residential areas. I think that is the option that we are looking at very seriously. I agree with you. If you can't see the street sweeper on your street, you shouldn't have to pay for the service. I think we would have to establish, going in, what that \$1,000,000 is going to buy, with regard to frequency; because, if you can't establish frequency, it will look like an invisible service to a lot of citizens."

For clarification, Mayor McClellan commented that she did not ask for a fee on street sweeping. She asked for any additional revenue options that staff could present to the Council for consideration; street sweeping is one of those options.

City Attorney, Jerry Harris, explained to a citizen who had asked for a postponement to set the tax rate that, by law, the tax rate must be adopted no later than September 27.

Motion

Councilmember Cooke moved that the Council close the Public Hearing on the proposed tax rate increase and to set the time at 3:00 P.M., September 25th, as the day to adopt the tax rate. The motion, seconded by Councilmember Mullen, carried by the following vote:

Ayes: Mayor McClellan, Councilmembers Cooke, Himmelblau, Mullen, Snell, Mayor Pro Tem Trevino

Noes: None

Absent: Councilmember Goodman

Mayor McClellan commented that she had added an item to the September 18th agenda to set a Public Hearing for Monday evening, September 22 at 6:00 P.M., for the purpose of giving the public an opportunity to speak to any of the revenue options that might be adopted in the budget.

Councilmember Himmelblau said that she had another meeting and would not be able to attend.

ADJOURNMENT

Council adjourned its meeting at 6:47 P.M.

APPROVED Carole Keeton McClellan
Mayor

ATTEST:

Grace Mouser
City Clerk