



## MEMORANDUM

**TO:** Mayor and Council

**FROM:** Ed Van Eenoo, Deputy Chief Financial Officer *EV*

**DATE:** November 16, 2015

**SUBJECT:** Taxpayer Impact Statement – Resolution No. 20150806-052

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This memo is in response to Council Resolution No. 20150806-052 directing the City Manager to create and publish a Taxpayer Impact Statement. This Statement reflects the most up-to-date and current data available from the Travis County Appraisal District (TCAD). Included is the estimated annual impact of approved rate and fee changes on a “typical” residential rate payer, definitions of the effective and rollback tax rates, non-senior and senior homestead property tax bill scenarios, and operating budget highlights. This Statement will also be included in the FY 2016 Approved Budget document.

The Resolution and Taxpayer Impact Statement are attached for your convenience.

xc: City Manager  
Assistant City Managers  
Chief of Staff  
Chief Financial Officer  
Deputy Chief Financial Officer

**RESOLUTION NO. 20150806-052**

**WHEREAS**, adopting a property tax rate and budget are critical functions and responsibilities of the City Council; and

**WHEREAS**, the tax rate and resulting budget provide funding for City of Austin services; and

**WHEREAS**, the property tax rate combined with changes in property values can result in higher tax bills for Austin residents from one year to the next; and

**WHEREAS**, the Texas Truth-in-Taxation Constitutional Provisions require taxing entities to disclose property tax rate proposals prior to adopting a final property tax rate for the year; and

**WHEREAS**, it is often difficult to clearly understand how a proposed tax rate, combined with changes in property tax values and other city fees, will affect the total tax financial impact in dollars on Austin residents; and

**WHEREAS**, in light of the rising property values in Austin, a decrease in the tax rate from the previous fiscal year does not guarantee a reduction in taxes, which leads to confusion for taxpayers; and

**WHEREAS**, for clarity, the City of Austin could disclose both proposed tax rates and the impact of the proposals expressed in dollar amounts for homes with different values as set out in the Taxpayer Impact Statement; and

**WHEREAS**, in a city struggling with affordability, it would be helpful for the City of Austin to provide this information not only as a commitment to full transparency, but also to help Austin residents accurately budget for future expenses; and

**WHEREAS**, all Austin residents have the opportunity to be involved in the budget process and would benefit from clear information regarding proposed changes to their city property tax bills in order to provide the best feedback; and

**WHEREAS**, the total taxes assessed and collected by the City of Austin to deliver city services are a significant cost to Austin residents, and it is the City of Austin's goal to provide the most complete, accurate, and easily understood information about any changes in those taxes or fees; **NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

The City Manager is directed to create and publish a Taxpayer Impact Statement that includes definitions of both the effective and rollback tax rates in simple terms. The Taxpayer Impact Statement includes, but is not limited to, charts

with yearly totals of projected property taxes, bills, major fees billed on utility bills and budget highlights (see attached framework to serve as a guide).

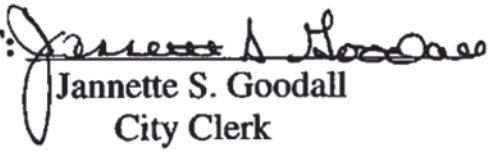
1. Include a comparison of the property tax bill, in dollars, for both the current fiscal year and the upcoming fiscal year and should include the estimated proposed, effective, and rollback tax rates, and shall include a projected appreciation in the taxable value of property.
2. Include a comparison of fees, utility bills, and property taxes projected on a median-valued homestead with typical household usage in the proposed budget to those from the current fiscal year.

**BE IT FURTHER RESOLVED:**

The Taxpayer Impact Statement is to be posted or included on the City of Austin website, in the Proposed and Approved budget documents, financial forecasts, or other public documents regarding the City of Austin's Budget. The Taxpayer Impact Statement shall also be published in local newspapers two weeks prior to any public hearing on the budget. If circumstances, such as a protest to property tax appraisal values, prevents this publication date, the Taxpayer Impact Statement can be published on a date as close as reasonably possible to two weeks prior to the public

hearing on the budget in local newspapers 2 weeks prior to any public hearings on the budget.

**ADOPTED:** August 6, 2015

**ATTEST:**   
Jannette S. Goodall  
City Clerk

# Taxpayer Impact Statement

## ESTIMATED ANNUAL IMPACT OF APPROVED RATE AND FEE CHANGES ON A "TYPICAL" RESIDENTIAL RATE PAYER

	FY 2014-15 Yearly Rate	FY 2015-16 Approved Rate	Annual Dollar Change	<i>Typical Rate Payer Defined as:</i>
Austin Energy	\$1,294.80	\$1,254.84	(\$39.96)	Residential customer usage of 1,000 Kwh.
Austin Water	\$885.36	\$932.52	\$47.16	Residential customer usage of 5,700 (2015) or 5,600 (2016) gallons of water and 4,000 gallons of wastewater
Austin Resource Recovery	\$259.20	\$279.60	\$20.40	Residential customer using a 64-gallon cart
Clean Community Fee	\$88.80	\$91.80	\$3.00	Per single-family home
Transportation User Fee	\$99.00	\$117.24	\$18.24	Per single-family home
Drainage User Fee	\$117.60	\$130.32	\$12.72	Residential customer with 3,100 sq. ft./37% of impervious cover
Property Tax Bill	\$1,105.64	\$1,087.02	(\$18.62)	2016 median non-senior homestead assessed value of \$251,994 (reflects 9.6% growth over FY 2015)
<b>TOTAL YEARLY IMPACT</b>	<b>\$3,850.40</b>	<b>\$3,893.34</b>	<b>\$42.94</b>	<b>Combined projected increase of 1.1%</b>

### DEFINITIONS

**Effective Tax Rate** – The tax rate that would generate the same amount of property tax revenue as in the prior year when applied to properties taxed in both years, net of certain state-mandated adjustments.

**Rollback Tax Rate** – The tax rate that would generate the same amount of operation and maintenance property tax revenue as in the prior year when applied to properties taxed in both years (net of certain state-mandated adjustments), plus 8%, and plus the additional tax rate necessary to generate sufficient revenue for debt service requirements.

### NON-SENIOR HOMESTEADS (Reflects adoption of 6% General Homestead Exemption)

Property Valuation		Property Tax Bill				
FY 2016 Assessed Value	Percent Growth	Current Tax Bill	Approved Tax Rate \$0.4589	Dollar Change from Previous Year	Effective Tax Rate \$0.4295	Rollback Tax Rate \$0.4609
\$100,000	8.6%	\$442.89	\$431.37	(\$11.53)	\$403.73	\$433.25
\$200,000	9.5%	\$878.36	\$862.73	(\$15.63)	\$807.46	\$866.49
\$400,000	8.7%	\$1,769.19	\$1,725.46	(\$43.73)	\$1,614.92	\$1,732.98
\$800,000	9.1%	\$3,525.75	\$3,450.93	(\$74.83)	\$3,229.84	\$3,465.97

### SENIOR HOMESTEADS (Reflects adoption of 6% General Homestead Exemption and \$10,000 increase in Senior Homestead Exemption to \$80,000)

Property Valuation		Property Tax Bill				
FY 2016 Assessed Value	Percent Growth	Current Tax Bill	Approved Tax Rate \$0.4589	Dollar Change from Previous Year	Effective Tax Rate \$0.4295	Rollback Tax Rate \$0.4609
\$100,000	9.0%	\$104.46	\$64.25	(\$40.21)	\$60.13	\$64.53
\$200,000	9.1%	\$544.78	\$495.61	(\$49.17)	\$463.86	\$497.77
\$400,000	8.4%	\$1,438.39	\$1,358.34	(\$80.05)	\$1,271.32	\$1,364.26
\$800,000	7.8%	\$3,233.10	\$3,083.81	(\$149.29)	\$2,886.24	\$3,097.25

### OPERATING BUDGET HIGHLIGHTS

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| <ul style="list-style-type: none"> <li>• Additional 50 police officers and 19 civilian staff</li> <li>• Funding for initial deployment of body cameras for police</li> <li>• Instituting a 42-hour workweek for EMS</li> <li>• 12 paramedics for an additional ambulance unit</li> <li>• One new Fire company for Shady Hollow fire station</li> <li>• Over \$7 million increase for Health and Human Services and social service programs</li> <li>• 17 positions for park maintenance and program expansion</li> <li>• 48 new positions to staff the New Central Library</li> </ul> | <ul style="list-style-type: none"> <li>• Transportation safety and mobility program investment</li> <li>• 26 positions to tackle the significant backlog of permitting, plan review, and inspection activity</li> <li>• 37 new Aviation Department positions to address terminal expansion and ongoing customer growth</li> <li>• 13 positions to provide staff support to Mayor and Council</li> <li>• 3% civilian wage increase</li> <li>• Living wage of \$13.03 per hour established</li> <li>• Health benefits for part-time and temporary employees</li> </ul> |
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