

Library Property Tax Revenue



- Issue: How to share property tax revenue with the Rosenberg Library equitably
- City Charter guarantees five cents tax rate equivalent of revenue: Began in 1946, revised several times
 - In 1946, the total tax rate was \$2.00 (now \$0.4985)
 - In 1946, the Library had to justify its budget and expenditures to City Council; in 1960 this provision was dropped but the guarantee remained
 - In 1980, the effective tax rate setting process was put into law: Library's nickel comes out of the M&O portion of the rate which is governed by State law and is limited to 3.5% growth annually plus new construction.

Considerations



- Library is valuable asset to entire community but:
 1. Operates as a private concern not governed by open meetings or open records laws
 2. Receives a growing percentage of the property tax roll (now approximately 10%)
 3. Is unaffected by the strict limits on property tax revenue growth, requiring other City departments to absorb the entire impact of the tax rate and revenue cutting environment:
 4. Other valuable resources (Parks and recreation, transit, planning, code enforcement) have no guarantee

**PROPERTY TAX REVENUE GROWTH
PROPOSED FY 2022 BUDGET
Net of Tax Rebates to TIRZ 13 and MUD 30**

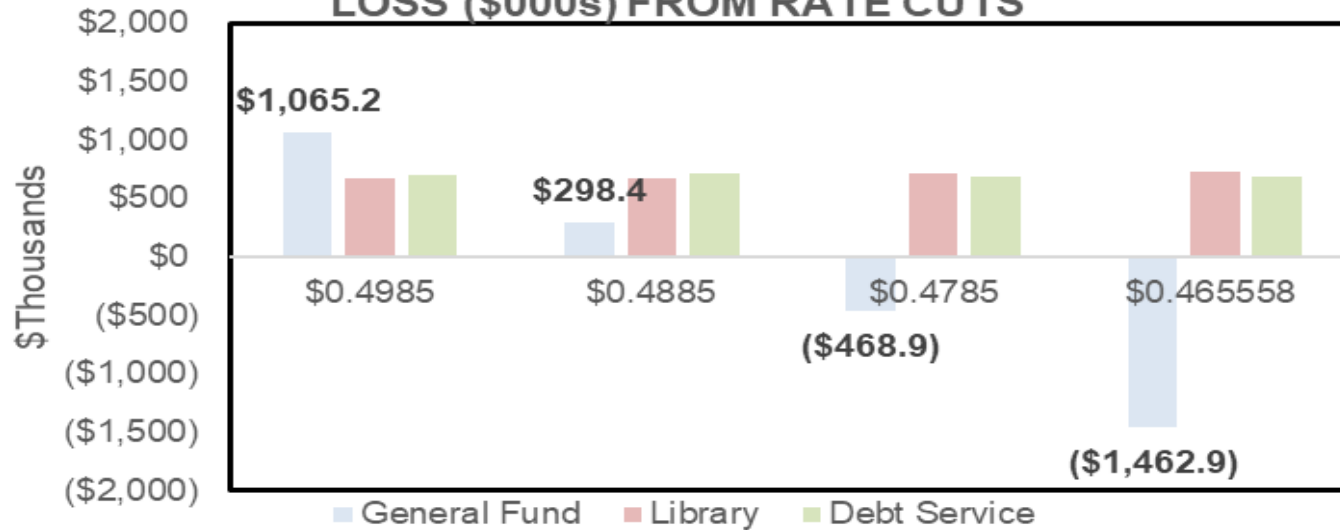


By Fund	FY 2021 Estimate	FY 2022 Proposed	Amount of Increase	Percent Increase Over FY 2021
General Fund Operations	\$31,668,800	\$32,734,000	\$1,065,200	3.36%
Rosenberg Library	\$3,444,100	\$4,114,400	\$670,300	19.46%
Debt Service Fund	\$3,617,400	\$4,317,600	\$700,200	19.36%
Total	\$38,730,300	\$41,166,000	\$2,435,700	6.29%

Based on the requirement to maintain the Library's five cent tax rate allocation, and the requirement to reduce the overall tax rate, **the General Fund share of total property tax revenue increasing 3.36% while the Library share is going up 19.46%. The entire 6.15 cent tax rate cut is coming off of the General Fund's share of the tax rate and reducing it from 45.75 cents to 39.6 cents while the Library rate stays at 5 cents.**

The proposal to the Rosenberg Library, if accepted, would result in a payment by the Library of \$453,000. **The Library would then net \$3,660,700, a \$216,600 increase (6.29%) over FY 2021.** The Library has made a counterproposal that limits the use of these funds to Library purposes.

**FY22 PROPERTY TAX GROWTH SHARES
FY 2022 vs FY 2021 ESTIMATE:
GENERAL FUND ABSORBS 100% OF REVENUE
LOSS (\$000s) FROM RATE CUTS**



The only fiscally sound way to offset these ongoing revenue losses is to cut ongoing expenses.

Fund	Rate Set at \$0.4985 as Proposed	Rate set at \$.4885- one cent less	Rate Set at \$0.4785 - two cents less	Rate Set at No New Revenue - \$0.465558
General Fund	\$1,065.2	\$298.4	(\$468.9)	(\$1,462.9)
Library	\$670.3	\$676.2	\$712.9	\$721.9
Debt Service	\$700.2	\$706.5	\$682.4	\$690.9
Totals	\$2,435.7	\$1,681.1	\$926.4	(\$50.1)