

City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY

Resolution No. 2014-____ Property Tax Increase

SPONSOR(S): Councilor Ives

SUMMARY: The proposed resolution relates to the City of Santa Fe fiscal year 2014/2015 budget to amend Resolution No. 2014-35 to include the enactment of a property tax rate increase of 2 mill per \$1000 of net taxable value to be used as follows:

- ITT infrastructure
- Infrastructure and public safety services related to phase 2 annexation and operation
- Maintenance costs for infrastructure of parks and recreation facilities and libraries.

PREPARED BY: Rebecca Seligman, Legislative Liaison Assistant

FISCAL IMPACT: Yes

DATE: May 29, 2014

ATTACHMENTS: Resolution
FIR

1 CITY OF SANTA FE, NEW MEXICO

2 RESOLUTION NO. 2014 – ____

3 INTRODUCED BY:

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5 Councilor Peter Ives

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10 A RESOLUTION

11 RELATING TO THE CITY OF SANTA FE FISCAL YEAR 2014/2015 BUDGET;
12 AMENDING RESOLUTION NO. 2014-35 TO INCLUDE THE ENACTMENT OF A
13 PROPERTY TAX RATE INCREASE OF 2 MILL PER \$1000 OF NET TAXABLE VALUE
14 TO BE USED FOR ITT INFRASTRUCTURE, INFRASTRUCTURE AND PUBLIC SAFETY
15 SERVICES RELATED TO PHASE 2 ANNEXATION AND OPERATION AND
16 MAINTENANCE COSTS FOR INFRASTRUCTURE OF PARKS AND RECREATION
17 FACILITIES AND LIBRARIES.

18
19 WHEREAS, the Governing Body of the Municipality of Santa Fe, State of New Mexico has
20 developed a budget for fiscal year 2014/2015; and

21 WHEREAS, the budget was developed on the basis of need and through cooperation with all
22 user departments, elected officials and other department supervisors; and

23 WHEREAS, the official meetings for the review of the budget documents were duly
24 advertised in compliance with the New Mexico Open Meetings Act; and

25 WHEREAS, on May 14, 2014, the Governing Body adopted Resolution No. 2014-35 to

1 adopt the 2014/2015 budget for submittal and approval from the Local Government Division of the
2 Department of Finance and Administration; and

3 **WHEREAS**, the Governing Body desires to amend the 2014/2015 budget resolution to
4 include the enactment of a municipal property tax increase; and

5 **WHEREAS**, since FY 2008/2009, the city's gross receipts tax revenue has fallen from FY
6 2007/2008 level of \$88.5 million for general operations (excludes water related) to \$80 million in FY
7 2009/2010 to \$84.2 million in FY 2012/2013; and

8 **WHEREAS**, the city relies heavily on gross receipts tax to pay for essential city services;
9 and

10 **WHEREAS**, since FY 2008/2009, the city has not cut services but rather the city has cut
11 spending by \$6.3 million which includes eliminating management positions; reducing overall
12 employees form 1860 authorized, budgeted positions to 1524 filled positions through attrition,
13 doubling duties, and making efficiencies: reducing overtime costs through more efficient staffing and
14 making other budget reductions: and

15 **WHEREAS**, the City is in need of a stable and adequate budget in order to ensure essential
16 city services for the residents of Santa Fe; and

17 **WHEREAS**, there is a need to identify funding sources for ITT infrastructure; increased
18 infrastructure and public safety services for Phase 2 Annexation costs; and operation and maintenance
19 costs for infrastructure of parks and recreation facilities and library services; and

20 **WHEREAS**, during these tough economic times, the city with its employees and the public
21 must come together and all commit to doing their part to ensure essential city services and invest in a
22 strong city; and

23 **WHEREAS**, Section 7-37-7 NMSA 1978 authorizes municipalities to impose a property tax
24 rate for general purposes of up to \$7.65 per \$1000 of net taxable value; and

25 **WHEREAS**, the city currently imposes a property tax of \$2.87 per \$1000 of net taxable

1 value of both residential and nonresidential property allocated to the City which is much less than
2 other cities in New Mexico (Imposed rates for Albuquerque - \$6.54 per \$1,000; Las Cruces - \$5.12
3 per \$1000; and Rio Rancho – \$7.65 per \$1000); and

4 **WHEREAS**, according to Section 7-37-7 NMSA 1978 the actual rate of property tax to be
5 imposed is determined in the municipality’s budget process; the municipality determines its
6 expenditures and how much of those expenditures is to be covered by property tax revenues; and the
7 municipality submits its budget to the New Mexico department of finance and administration who
8 approves the budget and confirms the municipality’s mill rate by September; and

9 **WHEREAS**, the levy and collection of taxes by the City will benefit residents and taxpayers
10 by enabling the City to provide maintenance and operation of facilities and by providing for the
11 acquisition and financing of public improvements for ITT infrastructure; maintenance of
12 infrastructure of parks, recreation and libraries, and infrastructure and public safety services related to
13 Phase 2 annexation; and

14 **WHEREAS**, the Governing Body desires to increase the rate of property tax imposed by the
15 City of Santa Fe by 2 mill per \$1000 assessed value which would generate \$7 million per year; and

16 **WHEREAS**, it is the majority opinion of this Governing Body that the proposed budget
17 meets the requirements as currently determined for fiscal year 2014/2015 with the inclusion of a
18 property tax increase of 2 mill per \$1000 assessed value.

19 **NOW THEREFORE, BE IT HEREBY RESOLVED BY THE GOVERNING BODY OF**
20 **THE CITY OF SANTA FE, STATE OF NEW MEXICO** that:

- 21 1. The Governing Body hereby amends City of Santa Fe Resolution No. 2014-35, the
22 2014/2015 annual budget resolution, to include the enactment of a property tax rate
23 increase of 2 mill per \$1000 of net taxable value.
- 24 2. For purposes of meeting the operating expense of the budget for fiscal year
25 2014/2015 of the City, there is hereby levied a property tax of 4.87 per \$1000 net

1 taxable value of property in the City.

2 3. The proceeds from the increased property tax shall be used to meet the expenses of
3 the City to provide ITT infrastructure; infrastructure and public safety services
4 related to Phase 2 Annexation; operation and maintenance costs for infrastructure of
5 parks and recreation facilities and libraries.

6 4. The City Clerk is hereby authorized and directed to immediately certify to the Board
7 of the County Commissioners of Santa Fe County and the New Mexico Department
8 of Finance, the levies for the City hereinabove determined and set. That said
9 certification shall be substantially following the form as is requested or required by
10 Santa Fe County and the New Mexico Department of Finance.

11 **BE IT FURTHER RESOLVED** that the Governing Body adopts the budget hereinabove
12 described, as to funds, categories and departments, and respectfully requests approval from the Local
13 Government Division of the Department of Finance and Administration.

14 PASSED, APPROVED and ADOPTED this _____ day of June, 2014.

15 MUNICIPAL GOVERNING BODY OF THE CITY OF SANTA FE, NEW MEXICO:

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17 _____
18 MAYOR JAVIER M. GONZALES

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20 _____
21 COUNCILOR PATTI BUSHEE

COUNCILOR BILL DIMAS

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23 _____
24 COUNCILOR CARMICHAEL DOMINGUEZ

COUNCILOR PETER IVES

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COUNCILOR SIGNE LINDELL

COUNCILOR JOSEPH MAESTAS

COUNCILOR CHRISTOPHER RIVERA

COUNCILOR RONALD TRUJILLO

ATTEST:

YOLANDA Y. VIGIL, CITY CLERK

APPROVED AS TO FORM:

Kelley A. Brennan

KELLEY BRENNAN, INTERIM CITY ATTORNEY

**City of Santa Fe
Fiscal Impact Report (FIR)**

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

Section A. General Information

(Check) Bill: _____ Resolution: X

(A single FIR may be used for related bills and/or resolutions)

Short Title(s): **A RESOLUTION RELATING TO THE CITY OF SANTA FE FISCAL YEAR 2014/2015 BUDGET; AMENDING RESOLUTION NO. 2014-35 TO INCLUDE THE ENACTMENT OF A PROPERTY TAX RATE INCREASE OF 2 MILL PER \$1000 OF NET TAXABLE VALUE TO BE USED FOR ITT INFRASTRUCTURE, INFRASTRUCTURE AND PUBLIC SAFETY SERVICES RELATED TO PHASE 2 ANNEXATION AND OPERATION AND MAINTENANCE COSTS FOR INFRASTRUCTURE OF PARKS AND RECREATION FACILITIES AND LIBRARIES.**

Sponsor(s): Councilor Ives

Reviewing Department(s): Finance Department

Persons Completing FIR: Marcos Tapia Date: 5/29/14 Phone: 955-6530

Reviewed by City Attorney: *Kelley A. Brennan* Date: 5/29/14
(Signature)

Reviewed by Finance Director: *[Signature]* Date: 5/29/14
(Signature)

Section B. Summary

Briefly explain the purpose and major provisions of the bill/resolution:

The purpose of the resolution is to amend Resolution No. 2014-35 to include the enactment of a property tax rate increase of 2 mill per \$1000 of net taxable value to be used for ITT infrastructure, infrastructure and public safety services related to Phase 2 annexation and operation and maintenance costs for infrastructure of parks and recreation facilities and libraries.

Section C. Fiscal Impact

Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

- a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)
- b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)
- c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)*

1. Projected Expenditures:

- a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)
- b. Indicate: "A" if current budget and level of staffing will absorb the costs
"N" if new, additional, or increased budget or staffing will be required
- c. Indicate: "R" – if recurring annual costs
"NR" if one-time, non-recurring costs, such as start-up, contract or equipment costs
- d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns
- e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

Finance Director: *[Signature]*

_____ Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
	Expenditure Classification	FY <u>14/15</u>	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY <u>15/16</u>	"A" Costs Absorbed or "N" New Budget Required	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected

Personnel*	\$ _____	_____	_____	\$ _____	_____	_____	_____
Fringe**	\$ _____	_____	_____	\$ _____	_____	_____	_____
Capital Outlay	\$ _____	_____	_____	\$ _____	_____	_____	_____
Land/ Building	\$ _____	_____	_____	\$ _____	_____	_____	_____
Professional Services	\$ _____	_____	_____	\$ _____	_____	_____	_____
All Other Operating Costs	\$ _____	_____	_____	\$ _____	_____	_____	_____
Total:	\$ _____			\$ _____			

* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. **For fringe benefits contact the Finance Dept.

2. Revenue Sources:

- a. To indicate new revenues and/or
- b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #:	1	2	3	4	5	6
	Type of Revenue	FY 14/15	"R" Costs Recurring or "NR" Non-recurring	FY _____	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected

Property Tax	\$7,000,000	<u>R</u>	\$ _____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____
Total:	\$7,000,000		\$ _____		

3. Expenditure/Revenue Narrative:

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

By enacting the proposed property tax increase, the City would generate annual revenue in the amount of \$7 million. For example the tax on a \$300,000 home (\$100,000 assessed value) would be increased by \$200 per year.

Section D. General Narrative

1. Conflicts: Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

No

2. Consequences of Not Enacting This Bill/Resolution:

Are there consequences of not enacting this bill/resolution? If so, describe.

Funding for ITT infrastructure, infrastructure and public safety services related to Phase 2 annexation and operation and maintenance costs for infrastructure of parks and recreation facilities and libraries would be have to be generated through a different source which is currently not identified.

3. Technical Issues:

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

None that staff is aware of.

4. Community Impact:

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

The enactment of a property tax rate increase of 2 mill per \$1000 of net taxable value to be used for ITT infrastructure, infrastructure and public safety services related to Phase 2 annexation and operation and maintenance costs for infrastructure of parks and recreation facilities and libraries would benefit the community.

Form adopted: 01/12/05; revised 8/24/05; revised 4/17/08