

CITY OF SACRAMENTO

CITY MANAGER'S OFFICE
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DEPARTMENT OF FINANCE
915 I STREET
ROOM 112
SACRAMENTO, CALIFORNIA 95814
TELEPHONE (916) 449-5736

JACK R. CRIST
DIRECTOR OF FINANCE
FRANK MUGARTEGUI
ASSISTANT DIRECTOR

May 22, 1981

City Council
Sacramento, California

APPROVED
BY THE CITY COUNCIL

Honorable Members in Session:

JUN 2 - 1981

SUBJECT: Debt Service Property Tax Override

OFFICE OF THE
CITY CLERK

SUMMARY

This report recommends the City Council adopt a policy position statement regarding imposition of a debt service property tax override for the City's General Obligation Bond payments for FY 1981-82.

BACKGROUND

Proposition 13 (State Constitution Article XIII A) permits a City to receive, in addition to its share of the one percent (1%) property tax, the amount necessary to pay principal and interest on outstanding general obligation bonds. To date, the City has not exercised its authority to assess for the principal and interest payments on the 1965 General Fund General Obligation Bonds issued for Flood and Drainage control.

DISCUSSION

During the preparation of the FY 1981-82 Preliminary Budget, it became obvious that this additional revenue source would be necessary to achieve a balanced budget. This is the only additional revenue source which is certain, significant and available for use in FY 1981-82. The decision to impose the override must be conveyed to the County by mid-June, in order to be included for collection in FY 1981-82. The exact amount to be imposed can be determined as late as mid August.

FINANCIAL

The \$852,741 which can be generated by the debt service tax override has been included in the revenues used to balance the General Fund FY 1981-82 Preliminary Budget. The cost to an individual taxpayer is estimated to be an increase of one percent (1%) of the present tax bill. The dollar impact on a piece of property valued at \$50,000 would be \$5.00.

RECOMMENDATION

It is recommended that the City Council adopt the attached Resolution of intent to levy an additional Ad Valorem Tax on all taxable real and personal property within

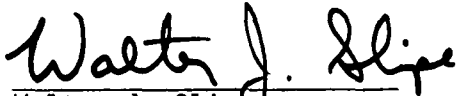
the City of Sacramento pursuant to Section 1 (b) of Article XIII A of the California Constitution.

Respectfully submitted,



Jack R. Crist
Director of Finance

Recommendation Approved:



Walter J. Slipes
City Manager

RESOLUTION NO. 81-390

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

RESOLUTION OF INTENTION TO LEVY AN
ADDITIONAL AD VALOREM TAX ON ALL
TAXABLE REAL AND PERSONAL PROPERTY
WITHIN THE CITY OF SACRAMENTO PURSUANT
TO SECTION 1(b) OF ARTICLE XIII A OF
THE CALIFORNIA CONSTITUTION

WHEREAS, subsection (b) of Section 1 of Article XIII A of the California Constitution permits the City to levy an ad valorem tax on all taxable real and personal property within the City of Sacramento to pay the interest and redemption charges on any indebtedness approved by the voters prior to the effective date of Article XIII A;

WHEREAS, in 1964 the voters of the City of Sacramento approved general obligation Municipal Improvements bonds. The interest and redemption charges on said bonds for the fiscal year 1981-82 are \$852,741;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO AS FOLLOWS:

That the City Council hereby expresses its intent to levy an ad valorem tax on all taxable real and personal property within the City of Sacramento for the fiscal year 1981-82 in an amount sufficient to pay the interest and redemption charges on said bonds for said fiscal year.

Be it further resolved that the City Clerk be and she is hereby authorized and directed to forward a copy of this resolution to the Auditor-Controller of the County of Sacramento.

MAYOR

ATTEST:

CITY CLERK



CITY OF SACRAMENTO

OFFICE OF THE CITY CLERK

915 I STREET
CITY HALL ROOM 203

SACRAMENTO, CALIFORNIA 95814
TELEPHONE (916) 448-5426

LORRAINE MAGANA
CITY CLERK

June 3, 1981

Mr. Edgar A. Sayre, Jr.
Auditor-Controller
County of Sacramento
700 H Street
Sacramento, CA 95814

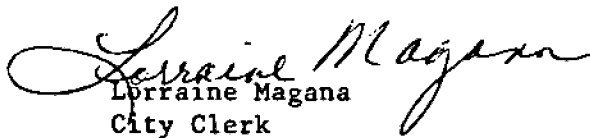
Dear Mr. Sayre:

The Council of the City of Sacramento adopted the attached Resolution of Intention to levy an additional Ad Valorem Tax for FY 1981-82 on Tuesday, June 2, 1981.

It is the City's understanding that this Resolution only puts into action the mechanism to permit the levy and is not an authorization for the levy. It is the City's further understanding that should an actual levy be adopted by the City Council, the Resolution authorizing the exact amount of the levy can be delivered to your office in early August, 1981, for FY 1981-1982 collections.

Please contact Jack R. Crist, the Director of Finance for the City of Sacramento, should our understandings be incorrect or should you require additional information.

Sincerely,


Lorraine Magana
City Clerk

LM:sj
cc: Walter J. Slipe, City Manager
Jack R. Crist, Director of Finance
Encl.