

Streets Maintenance Tax

Election to Reauthorize

Streets Maintenance Tax

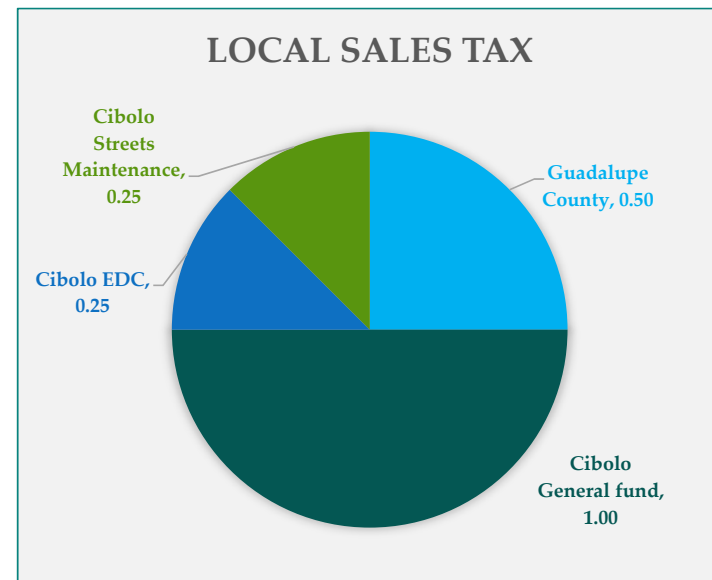
- ❖ Section 327.004 of the Tax Code authorizes cities to raise their local sales tax rate by increments of $\frac{1}{8}$ of one percent up to $\frac{1}{4}$ of one percent if the funds are dedicated to street and maintenance repair and the combined local sales tax rate does not exceed the maximum combined rate of 2.00%.
- ❖ This sales tax was first authorized by the voters in 2006 at $\frac{1}{4}$ of one percent (0.25%) and must be reauthorized every 4 years.
 - ❖ It was reauthorized in 2010 and 2014.
 - ❖ This will again be considered by the voters on the November 6th election ballot.
- ❖ One of the primary benefits of this special tax is the dedicated funding of streets maintenance from sales tax and removing the obligation from property taxes to some degree.

Streets Maintenance Tax

- ❖ The streets maintenance sales tax is paid by a consumer (*resident/non-resident*) on taxable sales from local businesses (*e.g. Walmart, CVS*) and on certain online purchases when the business has a location in Texas. It is a portion of the 8.25% tax paid on all taxable sales (*excludes purchases of food, medicine, and certain personal services*).
- ❖ If the sales tax for streets maintenance is not reauthorized by the voters, the general fund of the City would be burdened with the additional cost of streets maintenance, which may impact the City M&O tax rate by approximately 2-cents. Additionally, any sales tax savings for the consumer may be lost if the County has an election to authorize the collection of this 0.25% for other purposes.

Local Sales Tax Rate

- ❖ Combined Local Sales Tax (maximum of 2.00%)
 - ❖ County Sales Tax – 0.5%
 - ❖ City Sales tax – 1.5%
 - ❖ General maintenance and operations – 1.0%
 - ❖ Sales tax adopted for EDC – 0.25%
 - ❖ Sales tax for streets maintenance – 0.25%

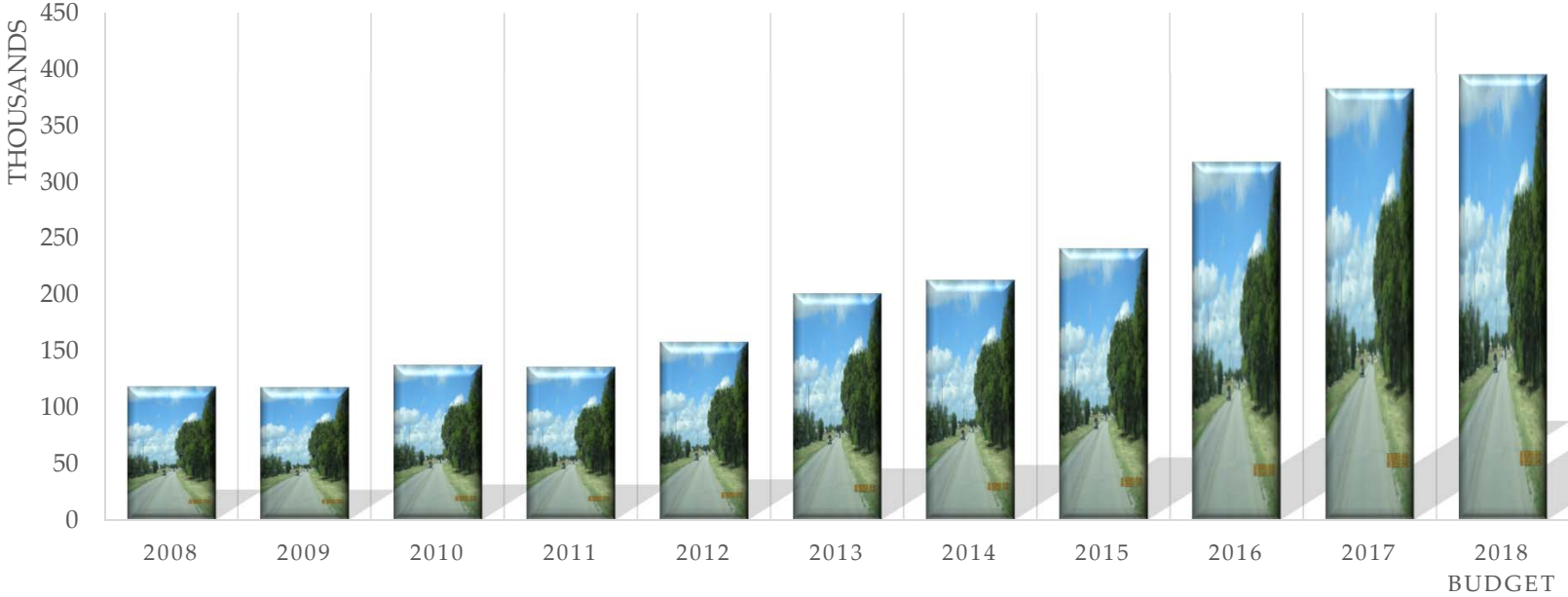


Streets Maintenance Tax

- ❖ Since the last reauthorization in November 2014, the City has utilized these funds for:
 - ❖ Maintenance of Town Creek Road at Schlather Park,
 - ❖ Replacement of the Cibolo Creek Low Water Crossing at Lower Seguin Road,
 - ❖ Repairs and upgrade of sidewalks along Main Street,
 - ❖ Pavement repairs along Cibolo Valley Drive,
 - ❖ Asphalt “Mill and Overlay” of Deer Creek Blvd., from Oak Creek Drive east to Cordero Drive to replace failing pavement (*scheduled for Summer 2018*),
 - ❖ Restriping of Cibolo Valley Drive, from Borgfeld north to Green Valley Road,
 - ❖ The purchase of a specialized asphalt truck, as well as,
 - ❖ General street maintenance using city workforce.

Growth

STREET MAINTENANCE TAX



Revenues

- Accounted for separately in a restricted fund.
- Streets maintenance tax generated \$383,210 in fiscal year 2017 for streets maintenance.
- The budget for streets maintenance tax for fiscal year 2018 amounts to \$395,600.
- Continued growth is expected as our commercial sector grows.
- The property tax equivalent of this tax would be over 2-cents annually.

	FY 2017	FY 2018
Sales tax	\$383,210	\$395,600
Property values	\$1,734,072,894	\$1,848,678,572
Tax Rate needed to generate the same amount of revenue	\$0.02210	\$0.02140



↑ Repair/maintenance of the Lower Seguin Road low water crossing project



↓ Public Works Streets division installing a 2" layer of black base prior to repaving a section of Cibolo Valley Drive



→ Public Works Streets division installing 2" of asphalt along Cibolo Valley Drive after completing pavement section repairs