CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Maria Öberg

SUBJECT: **Fiscal Year 2026-2027 Property Tax Levy for General Obligation Bonds**

DATE: July 20, 2026

Approved: Jennifer A. Maguire

Date: 7/22/2026

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Adopt a resolution establishing the Fiscal Year 2026-2027 property tax levy on all taxable property within the City of San José for the purpose of funding the City's general obligation bonded indebtedness and to pay the respective administration fee to the County of Santa Clara.

SUMMARY AND OUTCOME

Approval of the recommendation will place the property tax levy on the Fiscal Year (FY) 2026-2027 tax roll, which will generate tax revenue sufficient to pay (i) when combined with other funds, debt service due in calendar year 2027 on the following series of general obligation (GO) Bonds issued by the City of San José (City):

> Series 2019 Bonds (Series 2019A-1, Series 2019B, and Series 2019C)[1], Series 2021 Bonds (Series 2021A Bonds[2]) and Series 2025 Bonds (Series 2025A, and Series 2025B[3]);

and (ii) the annual administrative fee of the County of Santa Clara (County) for the respective tax roll collections for the GO Bonds

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[1] The Series 2019A-1 and Series 2019B Bonds were issued under Measure T (2018) authorization and Series 2019C Bonds and Series 2019D Bonds refunded all outstanding bonds issued under the Measure O (2000), Measure P (2000), and Measure O (2002) authorizations, and utilized then remaining unissued authorizations under Measure O (2000) and Measure O (2002). The Series 2019A-2 matured on September 1, 2019 and the Series 2019D Bonds matured on September 1, 2024.

[2] The Series 2021C Bonds matured on September 1, 2021 and the Series 2021B Bonds matured on September 1, 2022.

[3] The Series 2025C Bonds matured on September 1, 2025.

This action will result in the collection of approximately $46.1 million in secured tax and $2.5 million in unsecured tax which, when combined with approximately $11.2 million of cash balance remaining from prior year tax collections, will be sufficient to pay $59.7 million in debt service due on the City's GO Bonds in March 2027 and September 2027 and the County's $0.1 million annual administrative fee.

BACKGROUND

General Obligation Bond Measures

Measure O (2000) and Measure P (2000). At the City's general election held on November 7, 2000**,** voters approved Measure O (2000), the *San José Neighborhood Libraries Bond,* that authorized the issuance of GO bonds not-to-exceed $211,790,000 and Measure P (2000), the *San José Safe Parks Neighborhood Parks and Recreation Bond,* that authorized the issuance of GO bonds not-to-exceed $228,030,000. The projects authorized to be funded by Measure O (2000) included the construction of new and expanded neighborhood library facilities; projects authorized to be funded by Measure P (2000) included the construction of improvements to parks and recreational facilities. The principal amount authorized under Measure O (2000) was issued in 2001, 2002, 2004, 2005, 2006, 2008, and 2019, in seven tranches. The principal amount authorized under Measure P (2000) was issued in 2001, 2002, 2004, 2006, 2007, 2008, and 2019, in seven tranches. There is no remaining authorization under Measure O (2000) or Measure P (2000).

Measure O (2002). At the City's primary election held on March 5, 2002, voters approved Measure O (2002), the *San José 911, Fire, Police, Paramedic, and Neighborhood Security Act*, that authorized the issuance of GO bonds in the not-to-exceed amount of $159,000,000. The projects authorized to be funded by Measure O (2002) included the acquisition of property and construction of and improvements in various areas throughout the City to add and improve police stations, fire stations and training facilities, and create a state-of-the-art 911 communications facility. The principal amount authorized under Measure O (2002) was issued in 2002, 2004, 2005, 2007, 2009, and 2019, in six tranches. There is no remaining authorization under Measure O (2002).

Measure T (2018). At the City's general election held on November 6, 2018, voters approved Measure T, *Disaster Preparedness, Public Safety, and Infrastructure,* that authorized the issuance of GO bonds in the not-to-exceed amount of $650,000,000 for the purpose of acquiring property for and constructing improvements to improve emergency and disaster response, repair deteriorating bridges vulnerable to earthquakes, repave streets and potholes in the worst condition, prevent flooding and water contamination, including the acquisition of land in the Coyote Valley for these purposes, and repair critical infrastructure, of which a total of $300,000,000 is dedicated to street repair. The principal amount authorized under Measure T was issued in 2019, 2021, and 2025, in three tranches. There is no remaining bond authorization under Measure T.

General Obligation Tax Levy

The GO Bonds are general obligations of the City. In accordance with all relevant provisions of law, including Chapter 14.28 of the San José Municipal Code, the City is obligated to levy ad valorem taxes upon all property within the City subject to taxation by the City without limitation of rate or amount (except with respect to certain personal property that is taxed at limited rates) for the payment of the GO Bonds and interest thereon. The City must direct the County to collect such ad valorem taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service on the GO Bonds. Debt service payments on the GO Bonds are due each year on March 1 and September 1.

Section 1216 of the San José City Charter limits the outstanding GO Bond debt of the City to 15% of the total assessed value of all real and personal property within the city limits (debt limit). For FY 2026-2027, the total assessed value of taxable property, provided by the County, is approximately $278.7 billion, which results in a total debt limit of approximately $41.8 billion (total assessed value x 15% = debt limit). As of the date of this City Council meeting, the City has $668.7 million in GO Bond debt outstanding, representing 1.6% of the debt limit and leaving a debt margin of $41.1 billion (debt limit less outstanding GO Bond debt). On September 1, 2026, the City will pay off $27.3 billion in GO Bonds, leaving an outstanding balance of $641.4 million.

The amount of the ad valorem tax to be levied by the City to repay the GO Bonds is determined by the relationship between the assessed valuation of all taxable property in the city and the amount of annual debt service due on the GO Bonds, by dividing the amount of the annual debt service due on the GO Bonds by the assessed valuation. Fluctuations in the annual debt service on the GO Bonds, caused by future GO bond issuances or redemptions of bonds and changes in the assessed value of taxable property in the city, cause the annual tax rate to vary each year. The amount of tax levied each year is reduced to reflect a credit for any remaining balance from prior year tax collections.

For the County to place the City GO Bond tax levy on the FY 2026-2027 property tax bill, the City Council must adopt a resolution approving the tax rate for FY 2026-2027. The FY 2026-2027 tax rate is based on the debt service payable on March 1, 2027, and September 1, 2027. The City then submits this tax rate to the County each year in August of the applicable tax year. Any collections in excess of the amounts needed to make the debt service payments are used as credits in the calculation of the GO Bond tax levy rate for the following year.

Presented below is a summary of the City's GO Bond issuances and outstanding balances.

City of San José
General Obligation Bonds
Issuance Amounts and Outstanding Balances

Issuance	Final Maturity	Issuance Amount: Measure T	Issuance Amount: 2019 Refunding	Principal Outstanding as of September 2, 2026 (3)
Series 2019A-1	9/1/2049	$140,360,000		$140,360,000
Series 2019A-2 (2)	9/1/2019	33,040,000		-
Series 2019B	9/1/2027	66,500,000		17,760,000
Series 2019C (1)	9/1/2035		$158,185,000	148,955,000
Series 2019D (2)	9/1/2024		103,935,000	-
Series 2021A	9/1/2051	151,210,000		139,485,000
Series 2021B (2)	9/1/2022	8,450,000		-
Series 2021C (2)	9/1/2021	40,870,000		-
Series 2025A	9/1/2055	181,740,000		181,740,000
Series 2025B	9/1/2031	15,190,000		13,105,000
Series 2025C (2)	9/1/2025	12,640,000		-
Total		**$650,000,000**	**$262,120,000**	**$641,405,000**

(1) A portion of the 2019C Bonds funded remaining projects under Measure O (2000) in the amount of $5,905,000 and under Measure O (2002) in the amount of $3,325,000.

(2) The Bond Series 2019A-2, Series 2019D, Series 2021B, Series 2021C and Series 2025C matured and are fully redeemed.

(3) The anticipated outstanding balance is the remaining (unamortized principal) on the GO Bonds. The FY 2026-2027 Tax Levy is calculated based on principal and interest due on these bonds in March and September 2027.

ANALYSIS

As of September 2, 2026, there will be $641,405,000 of GO Bonds principal outstanding. The total GO Bond debt service payments due in calendar year 2027 is $59,714,228, which includes the principal and interest as shown in the table below.

City of San José
General Obligation Bonds
Debt Service – Tax Levy Requirements

		(A)	(B)	(A - B)
Issuance	**Final Maturity**	**Debt Service Due Calendar Year 2027**	**Cash on Hand Applied to Calendar Year 2027 Debt Service[1]**	**Net Debt Service for Tax Levy**
Series 2019A-1	9/1/2049	$7,018,000	$1,322,064	$5,695,936
Series 2019B	9/1/2027	18,221,760	3,432,649	14,789,111
Series 2019C	9/1/2035	11,717,750	2,207,412	9,510,338
Series 2021A	9/1/2051	9,899,250	1,864,839	8,034,411
Series 2025A	9/1/2055	9,087,000	1,711,826	7,375,174
Series 2025B	9/1/2030	3,770,468	710,288	3,060,180
Total		**$59,714,228**	**$11,249,078**	**$48,465,150**
		County Administrative Fee	0.25%	121,163
		Total GO Bonds Debt Service to be Levied		**$48,586,313**

[1] Cash on Hand (Fund 498) as of July 7, 2026, includes supplementary property tax revenue, which includes new construction and reassessed properties.

The tax rate levy is calculated based on the total debt service due, net of funds on hand, plus the County administrative fee, which for FY 2026-2027 totals $48,586,313. Due to the timing of receipt of property tax revenues, debt service payments due in calendar year 2027 are placed on the property tax roll for FY 2026-2027.

The secured tax rate for FY 2026-2027 is determined based on the City's total assessed valuation on property in the City for FY 2026-2027; the unsecured tax rate is the prior fiscal year's secured tax rate (i.e., FY 2025-2026). The secured taxes are *ad valorem* property taxes assessed to the owner of record as of January 1 of each year. The unsecured property tax is applied to personal property such as furniture, fixtures, machinery and equipment, and luxury items such as boats, jet skis, and planes; unsecured taxes are not secured by real property such as land. The Office of the County Controller-Treasurer has confirmed the secured and unsecured assessed valuations for FY 2026-2027 as shown in the tables below.

City of San José
General Obligation Bonds
FY 2026-2027 Tax Rate Calculation

		Total GO Bonds Debt Service to be Levied [1]		**$48,586,313**
	FY 2026-2027 Unsecured Tax Roll Collections (Estimated)			
(A)	FY 2025-2026 Secured Tax Rate [2]		0.01970%	
(B)	5-Year Average Collection Rate for Unsecured Property [2]		98.082%	
(C)	FY 2026-2027 Unsecured Property Assessed Value [2]		12,795,510,330	
	(A) x (B) x (C) =	Estimated Unsecured Tax Roll Revenue		(2,472,368)
		Remaining GO Bonds Debt Service to be Levied		**$46,113,945**
	FY 2026-2027 Secured Tax Roll Collections (Estimated)			
(D)	Remaining GO Bonds Debt Service to be Levied		$46,113,945	
(E)	FY 2026-2027 Secured Property Assessed Value [2]		265,858,626,161	
	(D) / (E) =	Estimated Secured Tax Roll Rate (Rounded and per $100 in assessed value)		0.01730

[1] Net of funds on hand
[2] Controller-Treasurer, Property Tax Division, County of Santa Clara, July 2026.

City of San José
Total Assessed Valuation
FY 2026-2027

Types of Property [1]	Net Assessed Value [1]	Tax Rate (per $100 in assessed value)
Secured	$ 265,858,626,161	0.01730
Unsecured	12,795,510,330	0.01970
Total	$ 278,654,136,491	

[1] Provided by the County's Controller-Treasurer.

This action will result in the collection of approximately $46.1 million in secured tax collections and $2.5 million in unsecured tax collections which, when combined with approximately $11.2 million of cash balance remaining from prior year tax collections, will be sufficient to pay $59.7 million in debt service due on the City's GO Bonds, in

March 2027 and September 2027 and the County's $0.1 million annual administrative fee.

For FY 2026-2027, the City will levy approximately $17 per $100,000 of assessed value, or $134 on a single-family and condominium of an assessed valuation of approximately $777,000[4].

EVALUATION AND FOLLOW-UP

This action places the property tax levy required for funding the City's GO Bond indebtedness and the County's administrative fee on the tax roll for FY 2026-2027. No additional follow-up action with the City Council is expected at this time.

COORDINATION

This memorandum was coordinated with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the August 11, 2026 City Council meeting. As described above, the voters authorized four separate GO Bond programs in 2000 (Measures O and P), 2002 (Measure O), and 2018 (Measure T).

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

No board, commission, or committee recommendation or input is associated with this action.

[4] Per the Santa Clara County Assessor's 2025-2026 Annual Report (p. 44), the average assessed value for a single-family condominium home in San José is $776,738.

CEQA

Not a Project, File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project which may result in a potentially significant physical impact on the environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

Maria Öberg
Director of Finance

For questions, please contact Qianyu Sun, Deputy Director of Debt and Treasury Management, Finance Department at qianyu.sun@sanjoseca.gov or (408) 535-7832.