



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 19

Agenda Date: April 4, 2024

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Proposed Childcare Facility Property Tax Exemption

SUMMARY:

Texas Tax Code Section 11.36, as added by S.B. 1145 of the 88th Texas Legislature regular session, authorizes an exemption from property taxes on all or part of the appraised value of real property, or a portion thereof, operating as a qualifying childcare facility.

BACKGROUND INFORMATION:

On November 7, 2023, voters approved Texas Proposition 2, the Property Tax Exemption for Child-Care Facilities Amendment, which was on the ballot as a legislatively referred constitutional amendment. Proposition 2 is a constitutional amendment authorizing a local option exemption from ad valorem taxation by a county or municipality of all or part of the appraised value of real property used to operate a childcare facility. This is an optional exemption. The percentage specified may not be less than 50 percent.

As of February 2024, there are approximately 133 identified properties in the City that may be eligible for this exemption with a total taxable value of \$84 million.

To qualify for the exemption, childcare facilities need to meet the following requirements:

- Facility must be licensed by the Health and Human Services Commission to provide assessment, care, training, education, custody, treatment, or supervision for a child who is not related to the owner or operator of the facility.
- Owner/operator participates in the Texas Workforce Commission's Texas Rising Star Program.
- At least 20% of children enrolled at the facility receive subsidized childcare services.

Both owner-operated childcare facilities and those leased from another property owner may be considered for this exemption. The exemption may apply to both for-profit and non-profit facilities; home childcare facilities with a homestead exemption are ineligible.

In order to receive the childcare facility tax exemption, the person claiming the exemption must submit an application and necessary documentation to the Bexar Appraisal District. The deadline to apply for the 2024 tax year is April 30, 2024; however, the Bexar Appraisal District has extended that deadline to May 15, 2024.

ISSUE:

In order to be effective for the 2024 tax year, this exemption must be approved by City Council no later than June 30, 2024.

ALTERNATIVES:

City Council could choose not to move forward with the adoption of this exemption.

FISCAL IMPACT:

Based on current estimates, the fiscal impact would be approximately \$500,000 for FY 2025.

RECOMMENDATION:

Staff recommends approval of this ordinance that authorizes an exemption from the City's property tax of 100 percent of the appraised value for all or part of real property used as a qualified childcare facility.