



Proposed Property Tax Exemption – Childcare Facilities

B Session
March 20, 2024

Presented by Troy Elliott, Deputy Chief Financial Officer

Property Tax Exemption for Childcare Facilities Constitutional Amendment

November 3, 2023 – voters approved Texas Proposition 2

- Authorizes a county or municipality to grant a property tax exemption to a qualifying Childcare facility
- Exemption must be at least 50% of the appraised value of real property
- Applications for the exemption must be submitted to the appraisal district before April 30 - Tax Code allows for an extension of two weeks at the discretion of the Chief Appraiser
 - The Bexar Appraisal District has extended this deadline to May 15

Property Tax Exemption for Childcare Facilities

Requirements

- Licensed by the Health and Human Services Commission to provide childcare
- Participates in the Texas Workforce Commission's Texas Rising Star Program
- At least 20% of the children enrolled receive subsidized childcare services

Who May Receive Exemption

- Owner of Real Estate being used as a qualifying childcare facility
 - Leased childcare facility receives pass through benefit from landlord
 - Homesteads are ineligible

Qualifying Childcare Facilities

For FY 2023, there are 714 licensed Childcare Facilities in San Antonio



133 are identified as participating in the Texas Rising Star Program

- 4 are homesteads (ineligible)
- 36 are Tax-Exempt
- 17 are leased facilities *

76 Facilities with Taxable Value

* May qualify for exemption – Taxable Value unknown

Unknown: Facilities which meet the 20% threshold for children with subsidies criteria

Estimated Fiscal Impact

Total Taxable Value of all potentially qualified facilities is estimated at \$84 Million

EXEMPTION LEVEL	50%	75%	100%
ESTIMATED VALUE EXEMPTED	\$42M	\$63M	\$84M
ESTIMATED FOREGONE REVENUE	\$228,000	\$343,000	\$457,000

Note: Estimates are based on the City's total FY 2024 Tax Rate.

Recommendation

Recommend a 100% property tax exemption for qualified Childcare Facilities

- Present exemption for approval at City Council on April 4, 2024
- Provide outreach to all licensed Childcare Facilities in the City with application information
- Deadline for Childcare Facilities to apply is May 15, 2024, for the 2024 tax year (extended from April 30)
- Estimated fiscal impact of \$500,000



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