



# Proposed Property Tax Exemption – Childcare Facilities

April 4, 2024  
Agenda Item # 19

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 2024, 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

- Effective for 2024 tax year
- Estimated fiscal impact of \$500,000 annually

# Timeline

---

March 20, 2024	Recommendation for a 100% property tax exemption for qualified Childcare Facilities presented at City Council B Session
March 22, 2024	Provided outreach to all licensed Childcare Facilities in the City with application information
May 15, 2024	Deadline for Childcare Facilities to apply for the 2024 tax year (extended from April 30)
April 4, 2024	City Council consideration of 100% property tax exemption for qualified Childcare Facilities





# Proposed Property Tax Exemption – Childcare Facilities

April 4, 2024

Presented by Troy Elliott, Deputy Chief Financial Officer