



Property Tax Relief

City Council Agenda Item # 4

June 16, 2022

Presented by: Deputy Chief Financial Officer Troy Elliott

Property Tax Relief Briefings

April 13, 2022 - Budget Goal Setting Session

- Minimum 5% General Homestead Exemption
- Requested to explore opportunities for additional property tax relief

May 11, 2022 - “B” Session on Trial Budget & Proposed Tax Relief

- Recommendations to:
 - Increase Homestead Exemption to 10%
 - Increase Over-65 Exemption from \$65,000 to \$85,000
 - Increase Disabled Persons Exemption from \$12,500 to \$85,000

June 16, 2022 - Consideration and Approval of proposed changes to property tax exemptions



PRELIMINARY

FY 2023 Taxable Value Growth*

Taxable Value Increase*

<u>San Antonio – Total</u>	<u>14.1%</u>
Single Family Residential	15.0%
Multi-Family Residential	20.0%
Commercial	11.1%

*Assumes a reduction in Market Value due to protests and appeals. Information based on preliminary data from the Bexar Appraisal District as of April 26, 2022, which will change through certification in July 2022. **Does not include recommended increases to exemptions for FY 2023.**

FY 2023 Appeals and Process

Deadline to Protest was May 16, 2022, or 30 days after receipt of the Notice of Value

- 170,200 protests have been filed with Bexar Appraisal District (BCAD)
- 18,500 resolved to date
- Estimate \$5 Billion in value loss due to protests

Final appraised values will be received on July 25, 2022 and used to:

- Calculate the proposed FY 2023 Tax Rate
- Estimate property tax revenue for the FY 2023 Proposed Budget



Statutory Tax Limitations

All homesteads in Texas are limited to 10% appraisal value increase per year

- This “Appraisal Cap” ensures that homesteads have a value limitation in place in the event market values significantly increase

State Legislature – in 2019, Senate Bill 2 reduced property tax Roll Back Rate (“Voter Approval Rate”) from 8% to 3.5% applicable to the Maintenance and Operations (M&O) portion of the tax rate

- This revenue cap applies to base value growth only and not to new value
- The City cannot go above 3.5% revenue cap without triggering an automatic election
- The City has the option to use previous year’s unused increment for tax rates adopted under the 3.5% revenue cap

Current City Property Tax Relief

Homestead Exemption

- Current Homestead Exemption is .01% or minimum of \$5,000
- Applies to all homesteads regardless of value
- May be adopted only as a percentage
- Limited to a maximum of 20% of appraised value
- Any changes must be approved by City Council prior to July 1, 2022 to be effective in FY 2023



Current City Property Tax Relief

Over-65: \$65,000 Exemption

- Homestead owner is age 65 or older

Disabled Persons: \$12,500 Exemption

- Homestead owner is 100% disabled and receives benefits under Federal Old-Age, Survivors and Disability Insurance
- Must be adopted as a dollar amount
- May not receive both Exemptions at the same time
- Any changes must be approved by City Council prior to July 1, 2022 to be effective in FY 2023



City Property Tax Relief

Recommendation



Homestead Exemption

.01% (\$5,000)



10%

Over-65 Exemption

\$65,000



\$85,000

Disabled Persons Exemption

\$12,500



\$85,000

A Tax Freeze applies to all Over-65 and Disabled Persons

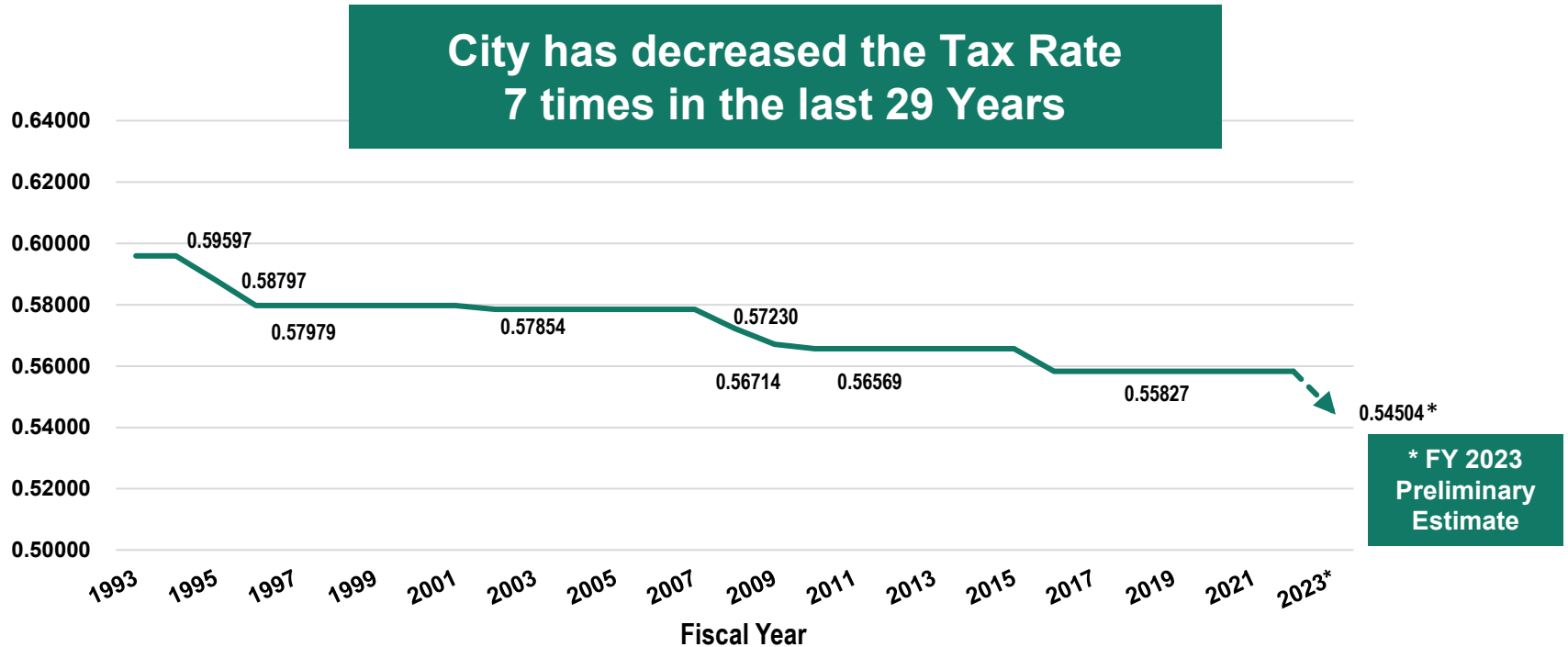
Tax Rate Change*

	Current FY 2022	5% Homestead	RECOMMENDED 10% Homestead	10%** Homestead Plus Unused Increment
		With \$85,000 Over-65 and Disabled Person Exemption		
M&O Tax Rate	\$0.34677	\$0.32982	\$0.33354	\$0.34091
Debt Service Rate	\$0.21150	\$0.21150	\$0.21150	\$0.21150
Total Tax Rate	\$0.55827	\$0.54132	0.54504	\$0.55241

*Information based on preliminary data from the Bexar Appraisal District as of April 26, 2022, which will change through certification in July 2022. Preliminary estimates of tax rates are for illustration purposes only and final tax rates will be calculated in July 2022.

**M&O Rate includes partial unused increment from prior years of \$0.00737 out of a total of \$0.01475 available.

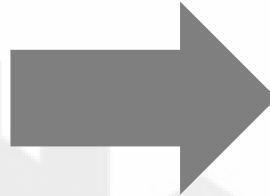
City Tax Rate History



* Information based on preliminary data from the Bexar Appraisal District as of April 26, 2022, which will change through certification in July 2022. **Preliminary estimate of the FY 2023 Tax Rate is for illustration purposes only and the final tax rate will be calculated in July 2022.**

City Property Tax Relief

FY 2022
\$72.4
Million



FY 2023*
\$93.8
Million

- ✓ \$6.2 Million Local Homestead Exemption
- ✓ \$35.2 Million Over Age 65 Exemption
- ✓ \$500,000 Disabled Persons Exemption
- ✓ \$30.5 Million Tax Freeze - Approximately 45% of Homesteads

- ✓ \$28.2 Million Local Homestead Exemption
- ✓ \$45.3 Million Over Age 65 Exemption
- ✓ \$2.7 Million Disabled Persons Exemption
- ✓ \$17.6 Million Tax Freeze – Approximately 45% of Homesteads

*Information based on **preliminary** data from the Bexar Appraisal District as of April 26, 2022, which will change through certification in July 2022. Includes recommended increases to exemptions for FY 2023.

City Average Homestead Values

FY 2022			FY 2023*	
City Council District	Average Homestead Market Value	Average Homestead Taxable Value	Average Homestead Market Value	Average Homestead Taxable Value
1	\$260,290	\$183,435	\$270,292	\$155,171
2	\$192,462	\$119,558	\$208,008	\$101,611
3	\$177,848	\$106,806	\$186,060	\$87,366
4	\$171,552	\$117,053	\$189,888	\$97,915
5	\$131,763	\$62,649	\$141,402	\$47,157
6	\$211,031	\$159,771	\$237,206	\$136,405
7	\$234,466	\$177,773	\$253,027	\$150,492
8	\$366,011	\$306,404	\$392,883	\$268,714
9	\$398,063	\$336,124	\$432,464	\$296,062
10	\$277,145	\$222,433	\$300,788	\$192,237

* Includes FY 2023 Exemption Recommendations:

- Increase Homestead Exemption to 10%
- Increase Over-65 Exemption to \$85,000
- Increase Disabled Exemption to \$85,000

* Information based on preliminary data from the Bexar Appraisal District as of April 26, 2022, which will change through certification in July 2022.

Zero Property Tax Bills

*Information based on preliminary data from the Bexar Appraisal District as of April 26, 2022, which will change through certification in July 2022.

Includes FY 2023 recommended Property Tax Exemption increases.

City Council District	FY 2022	FY 2023*
1	2,832	3,065
2	4,693	5,236
3	5,329	5,778
4	4,372	4,838
5	7,220	8,118
6	2,684	3,164
7	1,985	2,310
8	844	1,083
9	1,366	1,730
10	1,480	1,969
Total	32,805	37,291

General Homestead

SAMPLE City Tax Bill*

	FY 2022	FY 2023 *	
Market Value	\$200,000	\$230,000	Assumes 15% Increase in Market Value
Assessed Value	\$200,000	\$220,000	10% Appraisal Cap
Homestead Exemption	- 5,000	- 22,000	Increase in Homestead Exemption to 10%
Taxable Value	\$195,000	\$198,000	
Tax Rate	X \$0.55827	X \$0.54504	Reduced due to the Tax Rate Cap
Tax Bill	\$ 1,089	\$ 1,079	
Difference		- \$10	

* Information based on preliminary data from the Bexar Appraisal District as of April 26, 2022, which will change through certification in July 2022. **Preliminary estimate of the FY 2023 Tax Rate is for illustration purposes only and the final tax rate will be calculated in July 2022. Includes recommended increases to Homestead Exemptions for FY 2023.**

Senior Over-65 Homestead

SAMPLE City Tax Bill*

Homeowner turns 65 in FY 2022

	FY 2022	FY 2023 *
Market Value	\$200,000	\$230,000
Assessed Value	\$200,000	\$220,000
Homestead Exemption	- 5,000	- 22,000
Over 65 Exemption	- 65,000	- 85,000
Taxable Value	\$130,000	\$113,000
Tax Rate	X \$0.55827	X \$0.54504
Tax Bill	\$ 726	\$ 616
Difference		- \$110

Assumes 15% Increase in Market Value

10% Appraisal Cap

Increase in Homestead Exemption to 10%

Increase in Over 65 Exemption to \$85,000


Reduced due to the Tax Rate Cap

Future growth in taxable value can bring tax bill up to the tax ceiling - frozen amount of \$726

Tax Ceiling \$726

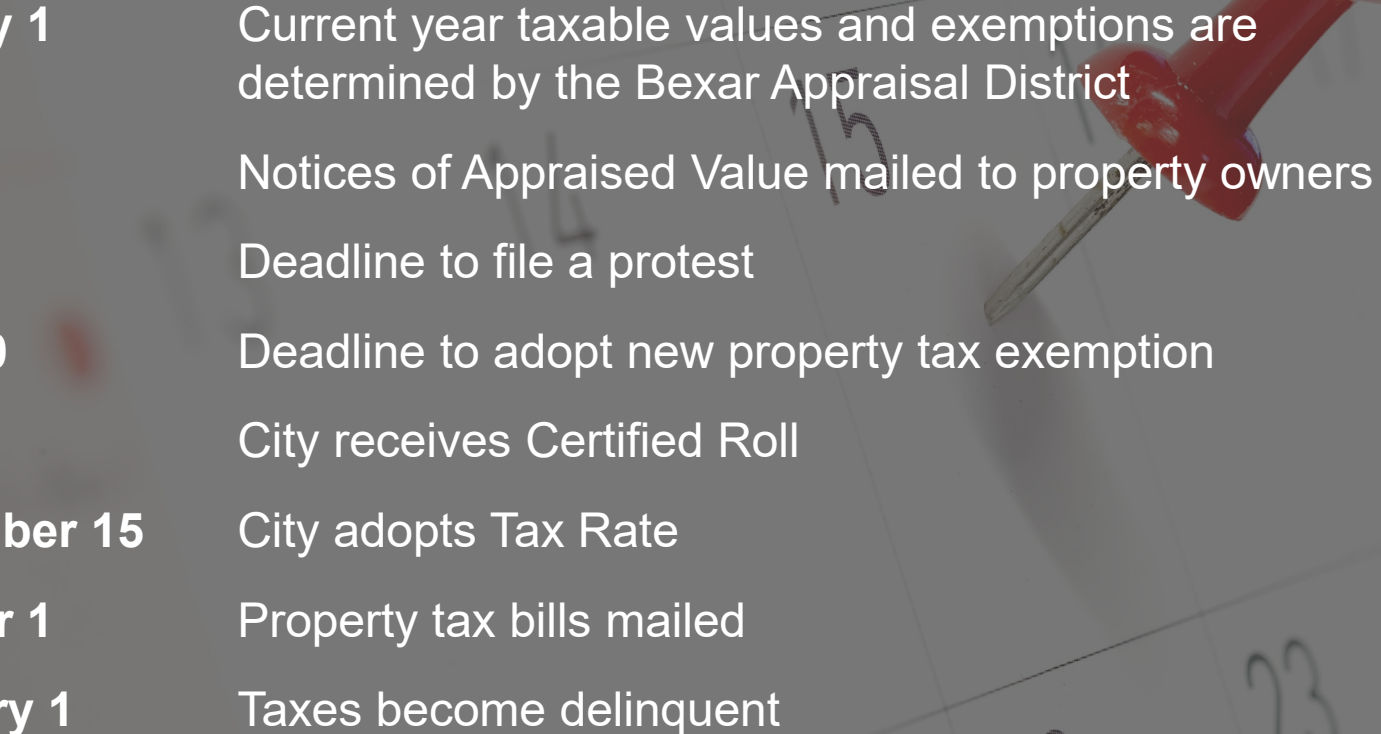
* Information based on preliminary data from the Bexar Appraisal District as of April 26, 2022, which will change through certification in July 2022. Preliminary estimate of the FY 2023 Tax Rate is for illustration purposes only and the final tax rate will be calculated in July 2022. Includes recommended increases to Homestead Exemptions for FY 2023.

10% Homestead Exemption

				Estimated Annual Tax Savings*	
				Additional	Total
	Homestead Assessed Value	Homestead Taxable Value	COSA Tax Bill	10% Exemption	10% Exemption
	\$100,000	\$90,000	\$491	\$28	\$55
	\$200,000	\$180,000	\$981	\$82	\$109
	\$300,000	\$270,000	\$1,472	\$137	\$164
	\$500,000	\$450,000	\$2,453	\$246	\$273
	\$600,000	\$540,000	\$2,943	\$300	\$327

* Information based on **preliminary** data from the Bexar Appraisal District as of April 26, 2022, which will change through certification in July 2022. Preliminary estimate of FY 2023 Tax Rate is for illustration purposes only and the final tax rate will be calculated in July 2022. Includes recommended increases to Homestead Exemptions for FY 2023.

Important Dates



January 1	Current year taxable values and exemptions are determined by the Bexar Appraisal District
April 1	Notices of Appraised Value mailed to property owners
May 16	Deadline to file a protest
June 30	Deadline to adopt new property tax exemption
July 25	City receives Certified Roll
September 15	City adopts Tax Rate
October 1	Property tax bills mailed
February 1	Taxes become delinquent

Significant Property Tax Relief Provided By:

SB2 – Reduced Tax Rate

10% Homestead Exemption

\$85,000 Over-65 Exemption

\$85,000 Disabled Persons Exemption

Benefits:

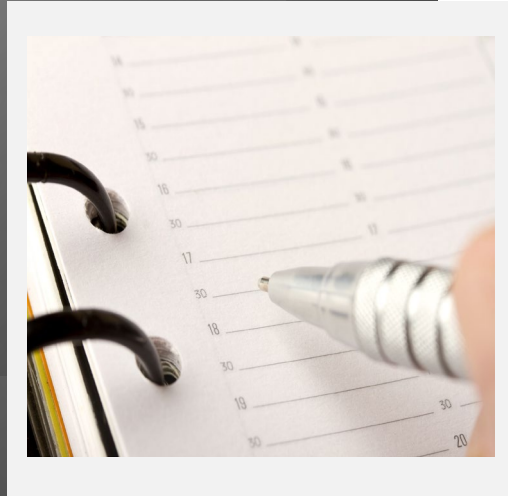
- SB2 provides relief to both Residential and Commercial properties through a reduced tax rate
- Increased Homestead exemptions provide relief to all Homestead owners
- Provides flexibility to pursue legislative options for more equitable tax relief



Recommendation

- ✓ Increase Homestead Exemption to 10%
- ✓ Increase Over-65 Exemption to \$85,000
- ✓ Increase Disabled Persons Exemption to \$85,000
- ✓ Pursue additional legislative options for Homestead tax relief
- ✓ Annually review property tax relief with focus on homeowners in compliance with City Council Adopted Financial Policies

Next Steps



1. Submit approved Ordinance with changes to Homestead Exemptions to Bexar Appraisal District before July 1st
2. Present proposed FY 2023 Tax Rate for City Council consideration on August 11, 2022 along with the FY 2023 Proposed Budget
3. New exemptions and tax rates would be reflected on the 2022 tax bill issued on October 1



Property Tax Relief

City Council Agenda Item # 4

June 16, 2022

Presented by: Deputy Chief Financial Officer Troy Elliott