



City of San Antonio

Agenda Memorandum

File Number:
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Agenda Item Number: 3

Agenda Date: August 17, 2022

In Control: Governance Committee Meeting

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Creation of the San Antonio Volunteer Exemption for Seniors Program

SUMMARY:

A City Council Consideration Request by Councilwoman Teri Castillo to establish a local property tax break and senior isolation reduction pilot program to be called The San Antonio Volunteer Exemption for Seniors (“SAVES”) Program for senior homeowners who perform volunteer activities for or on behalf of the City of San Antonio.

BACKGROUND INFORMATION:

The Texas Tax Code allows for performance of service in lieu of payment of City taxes on the homestead of an elderly person. A program may be adopted by the City through an ordinance and is available to a residence homestead owner age 65 or older.

The program provisions include: 1) a contract must be executed with the senior which outlines

the nature and length of the service to be performed; 2) for each hour served, a senior gets a credit against taxes owed equal to one hour at federal hourly minimum wage rate; 3) the credit is applied to current taxes only; and 4) the service is required to be performed not later than one year after delinquency date for taxes for which they want credit.

The City shall designate the number of persons who will be able to participate in the program and the maximum number of hours of service that a senior may perform for the City and facility/location where the services will be performed. The City may not reduce working hours for regular employees for services received under this program. While performing service, the senior is not an employee of the City, and is not entitled to any benefit, including workers' compensation, that the City provides to a City employee. Additionally, the senior is not entitled to indemnification from the City for injury or property damage.

ISSUE:

The City has long recognized the need for property tax relief for seniors. The City initially adopted a Over Age 65 exemption in the amount of \$3,000 in FY 1974, which was incrementally increased and is currently \$85,000 as of June 16, 2022. Additionally, a tax freeze for seniors and disabled persons was enacted in 2005 which freeze the tax bill at the time the homeowner turns age 65. This freeze helps to avoid displacement of senior homeowners due to increasing values or gentrification. A homeowner who turned 65 in 2012 would have the same City tax bill in 2022, unless they made significant improvements to their home. With the increased Over 65 exemption and lower tax rate in FY23, the senior's City tax bill may be less than their bill for FY22.

In FY 2023, 102,000 homestead owners will receive the Over Age 65 tax exemption as well as the tax freeze. Approximately 32,000 seniors have their tax bills frozen at \$0. As of May 2022, approximately 4,935 homesteads with senior exemptions were delinquent on City property taxes, with an average delinquent amount of \$1,830. Of these, 3,065 accounts have tax deferrals, for which the delinquent tax incurs no penalty but does accrue interest of 5% per year until the senior no longer owns the property.

FISCAL IMPACT:

In order to determine the fiscal impact associated with this program, the City would have to: 1) evaluate the cost of expanding the City volunteer program to accommodate this population and determine what City department would lead this program; 2) determine the value of the projected tax credit in lieu of tax payment to the City; and 3) coordinate with the Bexar County Tax Assessor Collector on the application of the credits to the tax bills.

The Department of Human Services has been developing their implementation plan for ARPA funding in the amount of \$5 million which has been allocated to senior services. The plan will be presented to the Community Health, Environmental & Culture Committee for consideration on August 9, and to City Council on August 18.

ALTERNATIVES:

The City Council could choose to address additional tax relief for seniors through an increased homestead exemption next year.

RECOMMENDATION:

The City recommends that the framework for a pilot program be designed in FY 2023 for implementation in FY 2024. This will allow sufficient time to work with City departments to develop the framework for the program to include coordination with the Bexar County Tax Assessor on the application of credit and administration, and to coordinate with the City Volunteer Program to identify opportunities available to seniors and how this program could be integrated with existing programs.