


**CITY OF SAN ANTONIO
OFFICE OF THE CITY MANAGER**

TO: Mayor & City Council

FROM: Sheryl Sculley, City Manager 

COPY: Executive Leadership Team;
Justina Tate, Budget Director; Troy Elliott, Deputy Chief Financial Officer;
Trey Jacobson, Office of the Mayor Chief of Staff

DATE: February 6, 2018

SUBJECT: Residential Homestead Exemption

As requested at a City Council "B" Session in 2017, this correspondence provides information regarding the process and timeline for studying a residential homestead exemption. The table below provides a summary of this process.

February 14 "B" Session	Overview of the property appraisal process presented by Michael Amezcuita, Chief Appraiser of the Bexar Appraisal District. Councilman Roberto Treviño is the Vice Chair of the Bexar Appraisal District Board.
April "B" Session	Budget Director Justina Tate presents the Mid-Year Financial Report and the Five Year Financial Forecast including financial scenarios of the impact of a potential homestead exemption if enacted for FY 2019.
May Special Session	Budget Goal Setting Session for the City Council to provide policy direction for the FY 2019 Budget.
June "A" Session	If City Council were to elect to establish a homestead exemption at the May Budget Goal Setting Session for FY 2019, an ordinance setting the amount of the exemption must be approved before July 1.

During the February 14 "B"-Session, information regarding the property appraisal process as well as property tax relief options to include the homestead exemption will be presented. Additionally, staff will provide an analysis of the recently released proposal by Governor Abbott regarding property tax relief that is expected to be taken up during the next State legislative session. Staff will also present information about the \$47 million in exemptions already in place for seniors residents and disabled veterans.

By way of background, under the Texas State Tax Code, municipalities have the option to offer a general homestead exemption and/or over-65/disabled homestead exemptions. Currently, the City offers three exemptions:

- The over-65 exemption is for property owners who are 65 years of age or older and claim their residence as their homestead. This exemption is a maximum of \$65,000 of assessed valuation.
- The disabled veterans' exemption is applicable to a veteran of the armed services who is classified as disabled by the Veterans' Administration. This exemption ranges from \$5,000 to \$12,000 and is based on the disability rating of the veteran.
- The disabled residence homestead exemption is for individuals that meet the definition of disabled for the purpose of receiving disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act administered by the Social Security Administration.

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Additionally, in FY 2005, San Antonio voters approved Proposition 3 which freezes the amount of property taxes imposed on residential homesteads owned by persons 65 years of age or older or disabled. The total amount of ad valorem taxes imposed by the City on a homestead that receives the exemption may not be increased while it remains the resident homestead of that person or that person's spouse who is disabled or 65 years of age or older. In 2018, the City of San Antonio will forego approximately \$47 million in property tax revenue from an estimated 92,000 senior and nearly 9,000 disabled homestead exemptions and frozen City tax payments.

Should you have any questions about this process, please let me know.