



**CITY OF SAN ANTONIO
OFFICE OF THE CITY COUNCIL
COUNCIL CONSIDERATION REQUEST**

TO: Mayor and City Council
FROM: Councilman Manny Pelaez, District 8
COPIES TO: Sheryl Sculley, City Manager; Leticia Vacek, City Clerk; Andy Segovia, City Attorney; John Peterek, Assistant to the City Manager; Christopher Callanen, Assistant to City Council
SUBJECT: Ad Valorem Tax Valuation Analysis - CCR
DATE: March 13, 2018

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Issue Proposed for Consideration

I ask for your support for the inclusion of the following item on the agenda of the earliest available meeting of the Governance Committee:

Discussion of the Bexar County Appraisal District's methodology for determining property tax valuations and request for a comprehensive property assessment to be conducted to examine property assessment processes and outcomes.

Brief Background

The property tax distribution for Bexar County is 22% for the City of San Antonio, 30% for the County, Community Colleges, San Antonio River Authority, and the University Health District, and 48% for public schools grades K-12.

The Bexar County Appraisal District (BCAD) is governed by the Appraisal District Board (ADB) which has no authority to set values or appraisal methods. Their primary responsibilities are to hire the chief appraiser and set the BCAD's budget.

Texas Property Tax Code section 25.18 requires that an appraisal district reappraise all property in its jurisdiction at least once every three years. Additionally, section 23.01 requires that appraisal districts comply with the Uniform Standards of Professional Appraisal Practice.

According to the Texas Comptroller's office, Bexar County was sued 3,850 times between 2012 and 2016. Of those lawsuits, 1,884 were resolved during the same period for a settlement ratio of 48.9%. For comparison, Dallas County's settlement ratio during the same period was 92.4%, followed by Harris County at 88.4%, Tarrant County at 85.4%, and Travis County at 49.2%, respectively.

In 2015, San Antonio commercial property owners reduced their valuations by \$1.60b, while homeowners reduced amounts by \$474.5m. In 2016, residential valuations went up 8.7%, while commercial properties went up by 16.2%.



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Based on these figures, it appears that BCAD's assessment practices are leading to overvaluations that are subsequently overturned during the settlement process at a higher rate than their counterparts.

Additionally, many economic development experts and real estate industry stakeholders report that this disparity in valuations and protest-outcomes, when comparing BCAD to other large appraisal districts, inhibit investment in San Antonio and motivates business to look at other cities in which to invest.

Furthermore, there is a sound argument to be made that our efforts to foment development of affordable housing in San Antonio is impeded if developers who we hope will develop projects in San Antonio are finding other markets more attractive because our tax valuation outcomes are perceived to be too onerous.

Therefore, I request a comprehensive study and a briefing by city staff that examines how ad valorem valuation practices in Bexar County (as compared to other Texas counties) impact our economic development; our efforts to address current and future housing needs including affordability for the average San Antonio homeowner; our infill development goals; the cost of real estate; our jobs competitiveness; the tourism industry's profitability; the cost to small businesses; and the impact on our other anchor industries. Additionally, I request that the study include an equity-lens breakdown (district by district and census tracts) of BCAD's tax valuation practices and protest/appeal/arbitration/lawsuit outcomes.

I also request that staff study and propose how COSA can improve communication to taxpayers about how their valuations are conducted and their legal rights to appeal, protest, arbitrate, and sue BCAD.

Manny Pelaez

Submitted for Council consideration by:

Councilman Manny Pelaez, District 8

Supporting Councilmembers' Signatures (4 only)

District

1. *[Signature]*

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2. *[Signature]*

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3. *[Signature]*

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4. *[Signature]*

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