



GOVERNANCE COMMITTEE

Council Consideration Request
on a General Homestead Exemption and Increase to the
Existing Over-65 and Disabled Tax Exemptions

Presented By:

Chief Financial Officer Ben Gorzell

March 20, 2019

PRESENTATION OVERVIEW

- FY 2019 Property Tax Overview
- Homestead Exemption
- Existing Over-65 and Disabled Tax Exemptions
- Legislative Issues

FY 2019 Property Tax Statistics

| | |
|---------------------------|---------------------|
| Total Assessed Valuation: | \$132.6 Billion |
| Less: Exemptions | <u>17.9 Billion</u> |
| Total Taxable Valuation | \$114.7 Billion |

| | |
|-------------------|----------------|
| Residential | \$52.2 Billion |
| Commercial | \$31.2 Billion |
| Multi-Family | \$13.6 Billion |
| Personal Property | \$11.0 Billion |
| Other | \$6.7 Billion |

FY 2019 Property Tax Statistics

472,968

Parcels on City
Property Tax
Rolls

236,754

Homesteads

Optional Exemptions with Tax Freeze

✓ **96,504** Over-65

✓ **8,769** Disabled Persons

Statutory Exemptions

✓ **23,867** Disabled Veteran

FY 2019 Property Tax Statistics

| Years In Home ² | Number of Homesteads ³ | % of HS With Over-65 & Disabled |
|----------------------------|-----------------------------------|---------------------------------|
| < 10 | 99,646 | 25% |
| 11 to 20 | 71,894 | 38% |
| 21 to 30 | 34,336 | 71% |
| > 30 | 30,878 | 94% |
| Total | 236,754 | 44% |

¹ Data from Bexar Appraisal District 2018 Certified Roll (February 28, 2019).

² Includes residences that submitted Residence Homestead Exemption application to BCAD.
Number of years based on initial qualification year for the homestead exemption.

³ Properties include single family residences and mobile homes that are qualified homesteads.

Residential Homestead Properties

65,000

Owned Homes

Over 20 Years

82% Receive Over-65 or Disabled
Persons exemption with Tax Freeze

53,338 Homes

Residential Homestead Properties

171,500
Owned Homes
20 Years
or Less

30% Receive Over-65 or
Disabled Persons exemption or
Tax Freeze

51,935 Homes

Homestead Exemption

- Applies to all homesteads regardless of value
- May not be adopted as a dollar amount, only as a percentage
- Limit of up to 20% of appraised value with a minimum of \$5,000
- Must be approved by City Council prior to July 1, 2019 to be effective in FY 2020

Preliminary Based on Homestead Exemption Only

Tax Rates and Homestead Exemption

Estimated Annual Tax Savings to Homeowner

| Homestead Value | Total Tax Bill | COSA Tax Bill | \$5K Exemption | 5% Exemption | 10% Exemption | 20% Exemption |
|-----------------|----------------|---------------|----------------|--------------|---------------|---------------|
| \$100,000 | \$2,396 | \$558 | \$28 | \$28 | \$56 | \$112 |
| \$200,000 | \$5,261 | \$1,117 | \$28 | \$56 | \$112 | \$223 |
| \$300,000 | \$8,127 | \$1,675 | \$28 | \$84 | \$167 | \$335 |
| \$500,000 | \$13,859 | \$2,791 | \$28 | \$140 | \$279 | \$558 |

| | | | | | | |
|----------------|-----------|-------|------|------|-------|-------|
| <i>Average</i> | \$178,929 | \$999 | \$28 | \$50 | \$100 | \$200 |
|----------------|-----------|-------|------|------|-------|-------|

| | | | | | | |
|------------------------|--|--|--------------------|---------------------|---------------------|---------------------|
| Impact to General Fund | | | \$3,760,992 | \$7,174,069 | \$13,901,007 | \$27,621,886 |
| Impact to Debt Service | | | 2,293,883 | 4,375,568 | 8,478,424 | 16,846,985 |
| Total Impact | | | \$6,054,875 | \$11,549,637 | \$22,379,431 | \$44,468,871 |

Tax Rates and Homestead Exemption

| Jurisdiction | FY 2019 Rate | Local Homestead | Over-65 Exemption | Disabled Exemption | Senior Tax Freeze |
|--------------------|----------------|-----------------|-------------------|--------------------|-------------------|
| Houston | 0.58831 | 20% | \$160,000 | \$160,000 | N |
| Austin | 0.44030 | 10% | \$88,800 | \$88,800 | N |
| Dallas | 0.77670 | 20% | \$90,000 | \$90,000 | N |
| San Antonio | 0.55827 | 0 | \$65,000 | \$12,500 | Y |
| Fort Worth | 0.78500 | 20% | \$40,000 | \$40,000 | Y |
| El Paso | 0.84333 | .01% | \$40,000 | \$40,000 | N |
| Corpus Christi | 0.62626 | 10% | \$50,000 | \$50,000 | Y |

Tax Rates and Homestead Exemption

- Other entities in Bexar County offering an Over-65 or Disabled Persons Tax Freeze
 - Bexar County
 - Alamo Colleges
 - All school districts have a mandatory Tax Freeze

Over 65 and Disabled Persons Exemptions

- The City currently offers a \$65,000 Over-65 and \$12,500 Disabled persons tax exemption along with a Tax Freeze
- In FY 2019, the City will forego nearly \$52 million in property tax revenue from these exemptions and Tax Freeze

State Legislative Session

- Senate Bill 2 and House Bill 2 have been filed which propose to lower the current property tax rollback rate from 8% to 2.5%
- Significantly impacts the City's ability to deliver critical services
- Anticipated to impact City's FY 2021 Budget

If a 2.5% cap had been in place during the past decade

**\$304
Million**

Less revenue to the City over 10 years

**\$82
Million**

Less General Fund services in FY 2019

**\$45.24
Dollars**

Average Annual savings to average City Homeowner (\$3.77 Average Monthly)

Recommendation

- Continue to analyze the impact of offering a Homestead Exemption, an increase to the over-65 and disabled person exemptions, and property tax caps
- Provide an update as part of the City's Five Year Financial Forecast at B-Session on April 17th