

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

Average

\$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