



# Budget Policy Issues for FY 2020 Property Tax Relief

Presented by: Ben Gorzell, Jr.  
June 21, 2019



# CCR from Councilman Courage & Councilman Perry

- Requested consideration of studying the establishment of:
  - General Homestead Exemption
  - Increasing the Over Age 65 Exemption
  - Increasing Disabled Persons Exemption



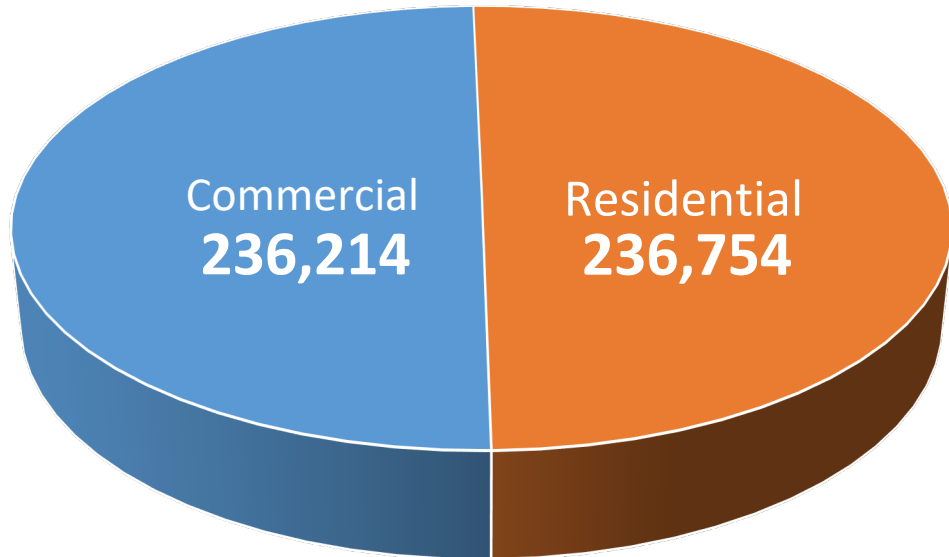
# Current City Property Tax Relief

- City currently offers a \$65,000 Over Age 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



# FY 2019 Property Tax Statistics

**472,968 Total Parcels  
on City Property Tax Roll**



44% of Residential Homesteads  
have a Over Age 65 & Disabled  
Exemptions

- Exemptions with a Tax Freeze
  - 96,504 Over Age 65
  - 8,769 Disabled
- Statutory Exemptions
  - 23,867 Disabled Veteran
  - Other Statutory Exemptions



# FY 2019 Property Tax Statistics

Years In Home	Number of Homesteads	Number of HS With Over-65 or Disabled	% of HS With Over-65 or Disabled
< 10	99,646	24,740	25%
11 to 20	71,894	27,195	38%
21 to 30	34,336	24,335	71%
> 30	30,878	29,003	94%
Total	236,754	105,273	44%



# San Antonio Area Exemption Comparison

Jurisdiction	Homestead Exemption	Over-65 Exemption	Disabled Exemption	Senior Tax Freeze
City	x	✓	✓	✓
County	x	✓	✓	✓
School Districts	✓	✓	✓	✓
UHS	x	✓	x	x
Alamo Colleges	x	✓	✓	✓
SARA	✓	✓	✓	x



# Impact of Over Age 65 and Tax Freeze All Taxing Units

Example Tax Bill		
	Age 64 Homeowner	Age 65 Homeowner
<b>Homestead Value</b>	<b>\$200,000</b>	<b>\$200,000</b>
City	\$1,117	\$754
County	\$602	\$463
San Antonio ISD	\$2,656	\$2,500
UHS	\$552	\$524
Alamo Colleges	\$298	\$254
SARA	\$36	\$35
<b>Total Tax Bill</b>	<b>\$5,261</b>	<b>\$4,530</b>

- ✓ 14% Bill Reduction and all taxing entities frozen except SARA and UHS



# SB 2 Property Tax Reform

- Reduces Rollback Rate from 8% to 3.5%
- Includes ability to carryforward unused capacity





Had a 3.5 % revenue cap with a 3 year carryforward been in place during the past decade

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**\$81  
Million**

Less revenue to the City over 10 years

**\$37  
Million**

Smaller General Fund in FY 2019

**\$12  
Dollars**

Average annual savings to City average Homestead (Average monthly \$0.98)



# Impact of Increasing Over Age 65 and Disabled Exemptions

Over Age 65 Exemption			
Current \$65,000 Revenue Foregone \$32 Million	Alternative \$75,000	Alternative \$100,000	
Incremental Foregone Revenue	\$4 Million	\$12.7 Million	

Disabled Exemption			
Current \$12,500 Revenue Foregone \$550K	Alternative \$50,000	Alternative \$75,000	Alternative \$100,000
Incremental Foregone Revenue	\$1.6 Million	\$2.4 Million	\$3 Million



# Homestead Exemption Requirements

- 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



# Homestead Exemption Scenarios

## Estimated Annual Tax Savings to Homeowner

Homestead Value	Total Tax Bill	COSA Tax Bill	0.01% (Min \$5,000) 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
Revenue Loss to General Fund <sup>1</sup>			\$3,643,775	\$7,535,929	\$14,842,174	\$29,478,696
Revenue Loss to Debt Service Fund <sup>1</sup>			2,225,024	4,605,752	9,071,715	18,020,754
<b>Total Revenue Loss</b>			<b>\$5,868,799</b>	<b>\$12,141,681</b>	<b>\$23,913,889</b>	<b>\$47,499,450</b>



# M&O Tax Rate Reduction

Decrease in M&O Rate			
Impact to General Fund			
¼ Cent	½ Cent	¾ Cent	1 Cent
\$2.8m	\$5.6m	\$8.4m	\$11.2m
Annual Impact to Average Homestead of \$178,929			
¼ Cent	½ Cent	¾ Cent	1 Cent
\$4.47	\$8.95	\$13.42	\$17.89



# Summary

- City will forego \$52 Million this year in Tax Relief
- 44% of our Homesteads are frozen because they are Over Age 65 or Disabled
- New Rollback Rate of 3.5% starting in FY 2021
- Existing M&O Property Taxes cannot grow by more than 3.5% without an election
- City will forego \$7 Million in base General Fund revenue due to SB 1152 - Cable Telecom Bill starting in FY 2020



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