

FY 2025 Goal Setting



Property Tax Update

Presented by: Troy Elliott, Deputy Chief Financial Officer
April 18, 2024

Financial Policies

Property Taxes

- Annually review the impact of the State-imposed 3.5% property tax cap on service delivery and provide a recommendation on whether to adjust the property tax rate
- Annual review property tax relief with a focus on homeowners

Current City Property Tax Relief

FY 2023

Homestead Exemption

.01% (\$5,000)*  10%

Over-65 Exemption

\$65,000  \$85,000

Disabled Persons Exemption

\$12,500  \$85,000

FY 2024

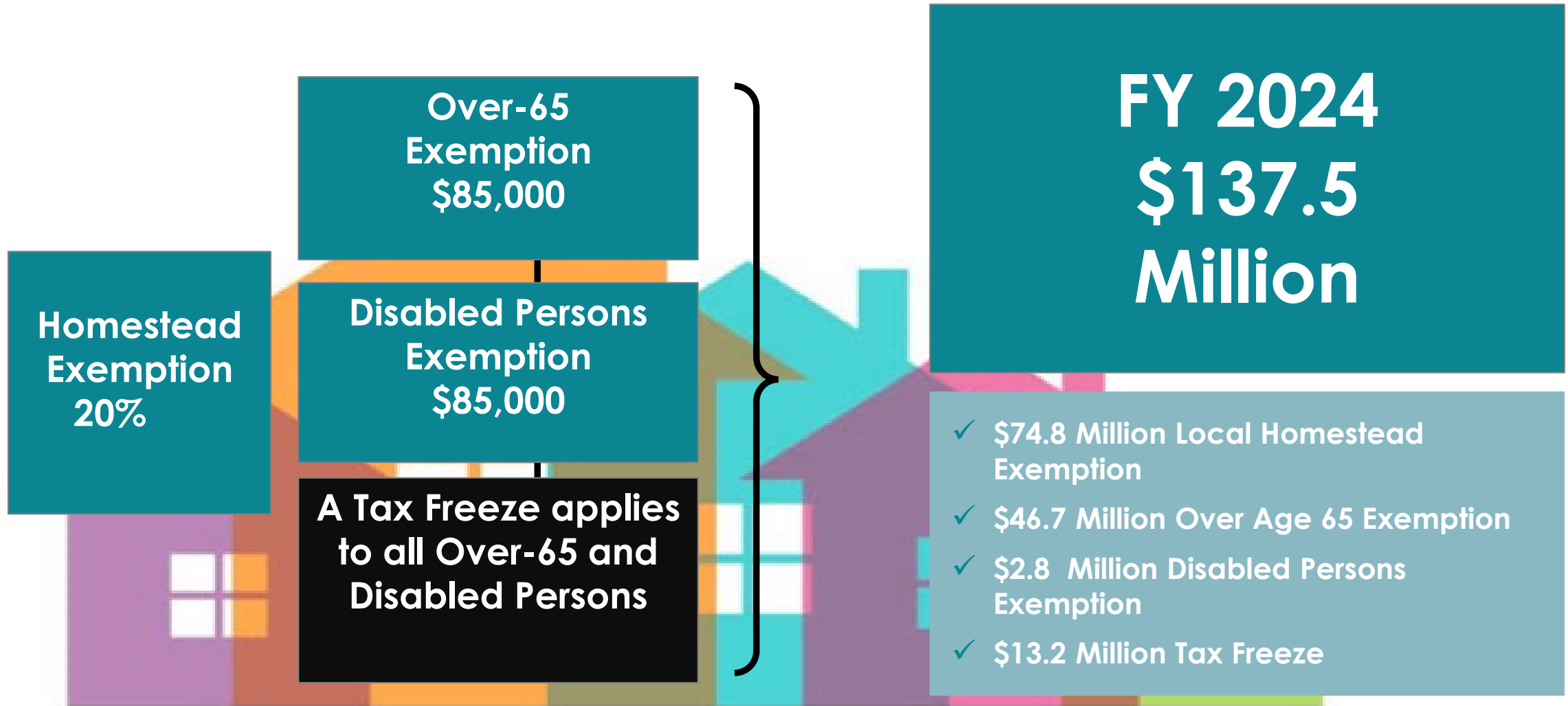
Homestead Exemption

10%  20%

* Initial Homestead Exemption of .01% adopted for FY 2020

A Tax Freeze applies to all Over-65 and Disabled Persons

Current City Property Tax Relief



Statutory Limitations



All homesteads in Texas are limited to 10% appraisal value increase per year

- This “Appraisal cap” ensures that homesteads have a cap in place in the event market values significantly increase

In 2019, Senate Bill 2 reduced property tax Roll Back Rate (Voter Approval Rate) from 8% to 3.5% applicable to the Maintenance and Operations (M&O) portion of the Tax Rate

- This revenue cap applies to base value growth only and does not apply to new improvements value
- The City cannot go above 3.5% revenue cap without triggering an automatic election
- The City has the option to use previous year's unused increment for Tax Rates adopted under the 3.5% revenue cap

Key Terms



Sales Price = Actual sales data

Market (Appraised) Value = What home would sell for

Assessed Value = Market Value with 10% appraisal cap applied

Taxable Value = Assessed Value minus exemptions

PRELIMINARY Market Value Growth

	FY 2023	FY 2024	FY 2025*
<u>Market Value Increase</u>			
San Antonio – Total	17.5%	12.6%	6.2%
Single Family Residential	22.6%	11.4%	2.6%
Multi-Family Residential	16.5%	13.5%	12.0%
Commercial	11.6%	13.9%	9.3%

*Information based on preliminary data from the Bexar Appraisal District which will change through certification July 2024.

PRELIMINARY Taxable Value Growth

	FY 2023	FY 2024	FY 2025*
<u>Taxable Value Increase</u>			
San Antonio – Total	8.5%	7.4%	7.4%
Single Family Residential	4.8%	2.2%	6.6%
Multi-Family Residential	16.4%	13.6%	9.5%
Commercial	10.6%	11.7%	7.6%

* Information based on preliminary data from the Bexar Appraisal District with estimated adjustment for historical value loss which will change through certification July 2024.

Property Tax Rate

	FY 2022	FY 2023	Current FY 2024
M&O Tax Rate	\$0.34677	\$0.33011	\$0.33009*
Debt Service Rate	\$0.21150	\$0.21150	\$0.21150
Total Tax Rate	\$0.55827	\$0.54161	\$0.54159

*FY 2024 incorporated \$0.0098 of the \$0.01475 unused increment available from prior years

New Legislation

On November 3, 2023, voters approved the following constitutional amendments:

- **Texas Proposition 4** which temporarily limits all non-homestead real property valued at \$5 million or less to a 20% appraisal value increase per year.
 - Temporary term for appraisal cap is three years, starting in FY 2025
- **Texas Proposition 2** the Property Tax Exemption for Child-Care Facilities Amendment, as a local option exemption.
 - Authorizes a county or municipality to grant a property tax exemption to a qualifying Childcare facility

New Legislation

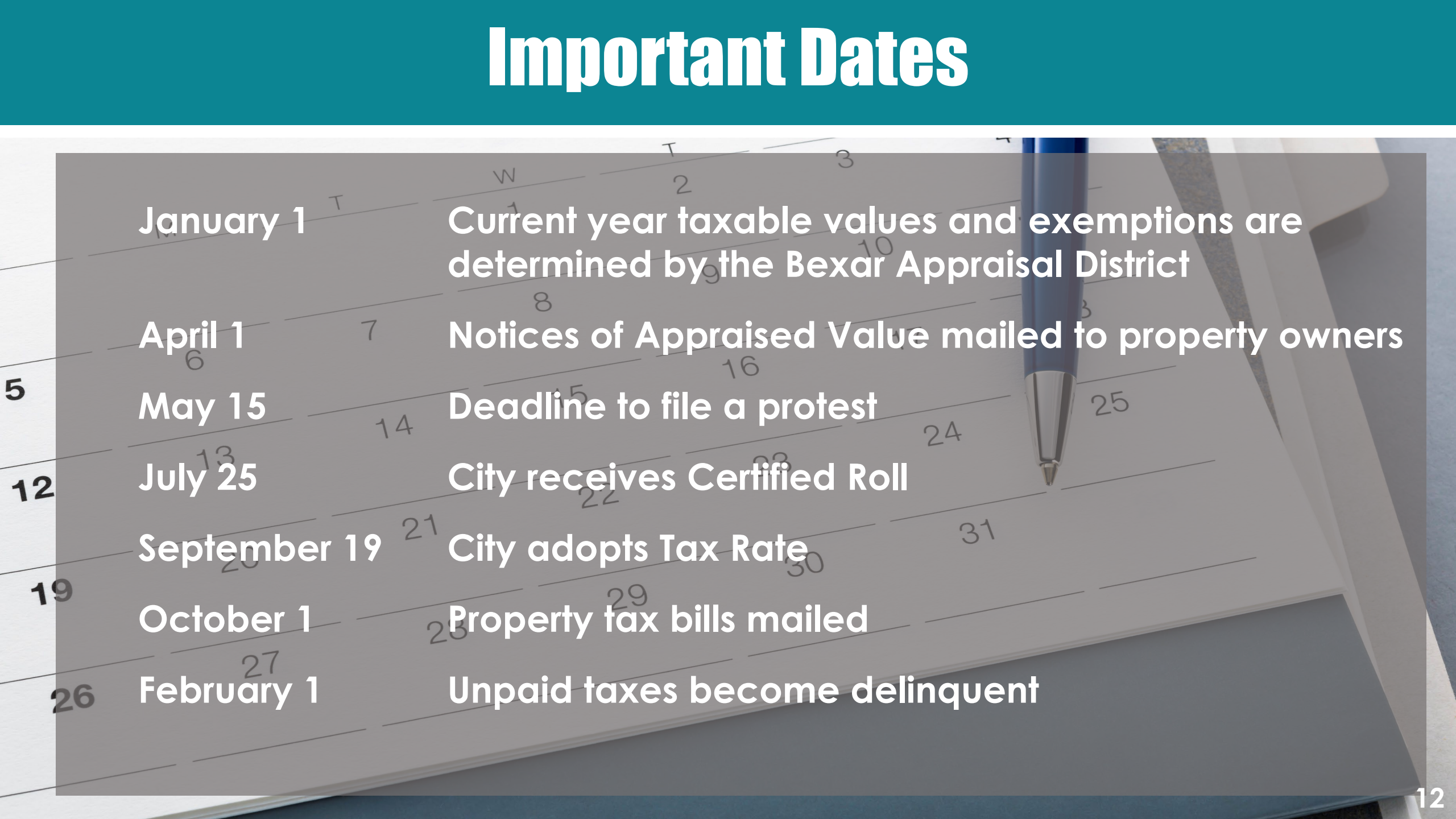


SB 1999 – Unused Increment Rate Calculation

- Previous calculation allowed for a “bank” of unused increment from the previous year for which the City adopted a rate lower than the statutory maximum
- New legislation requires the banked increment to be converted to a dollar amount of \$5.5 million for the applicable year which can be added to the current year as a tax rate

In FY 2024, \$0.0098 of available increment was used, which equated to \$13.8 million in revenue.

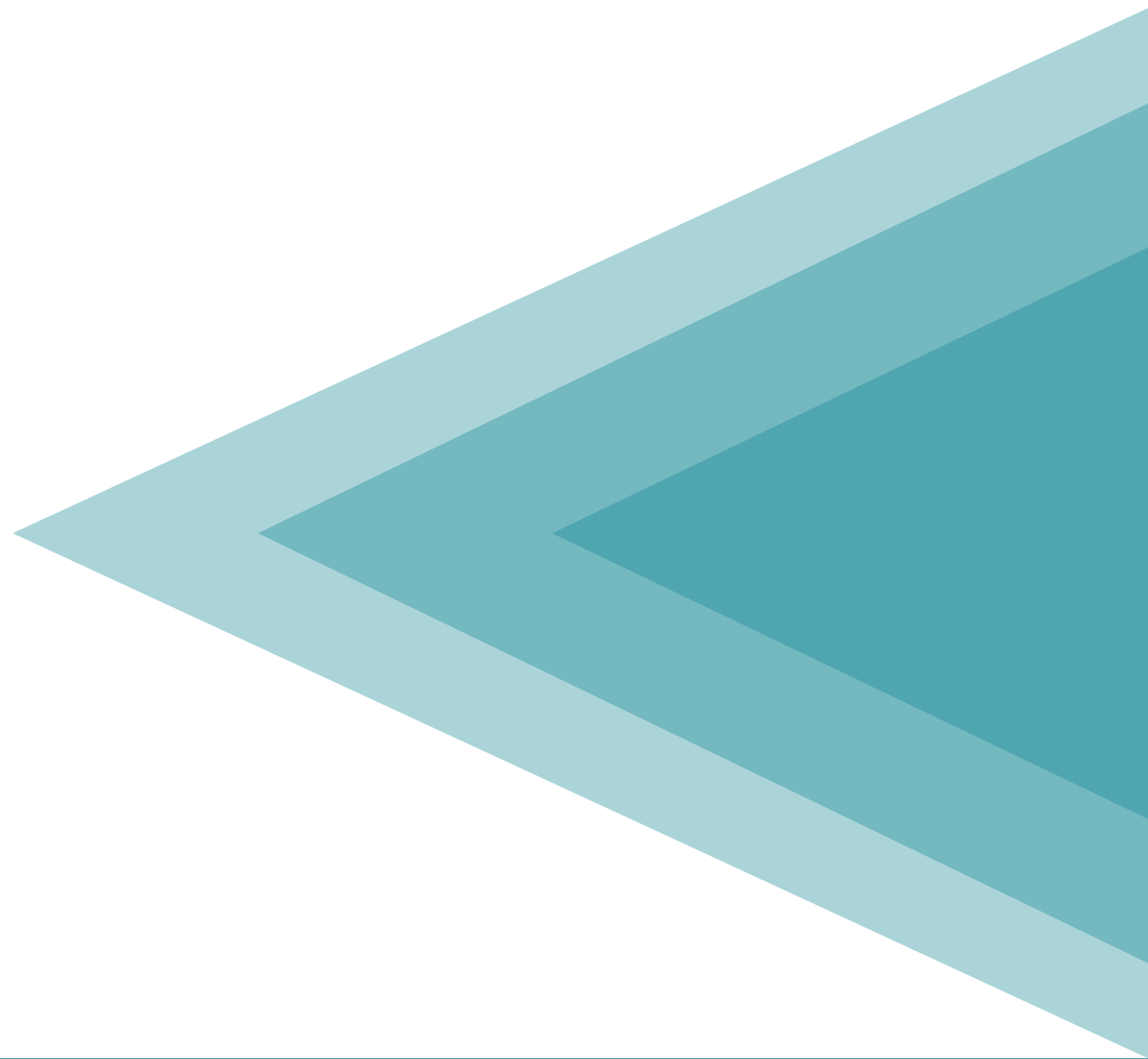
Important Dates

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- January 1** Current year taxable values and exemptions are determined by the Bexar Appraisal District
 - April 1** Notices of Appraised Value mailed to property owners
 - May 15** Deadline to file a protest
 - July 25** City receives Certified Roll
 - September 19** City adopts Tax Rate
 - October 1** Property tax bills mailed
 - February 1** Unpaid taxes become delinquent

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