

# TAX EXEMPTION CHANGES

IMPACT FROM THIS YEAR TO NEXT YEAR

# Main Question:

- Taking into consideration the rapid increase in property valuations in Bexar County and BCAD's estimated increase in taxable values in 2023 using freeze adjusted values.... If the city:
  - increases the homestead exemption to 20%, and
  - increases the exemption for homeowners 65 years of age + and disabled persons from \$30,000 to \$50,000, and
  - Leaves the tax rate the same as 2022....
- What will be the net impact on our 2023 budget, specifically our ad valorem revenue?

# FY 2022 (last year)

- Budgeted TOTAL ad valorem revenue = \$5,476,000

<b>GENERAL FUND</b>				
<b>SUMMARY OF REVENUES AND EXPENDITURES</b>				
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>ESTIMATED</b>	<b>BUDGET</b>
	<b>2020-2021</b>	<b>2021-2022</b>	<b>2021-2022</b>	<b>2022-2023</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$ 3,441,167</b>	<b>\$ 3,361,144</b>	<b>\$ 3,361,144</b>	<b>\$ 3,101,144</b>
<b>Revenues</b>				
Ad Valorem Taxes	4,886,127	5,126,931	5,126,931	5,476,000
Sales Taxes	3,210,482	2,913,493	3,047,916	3,320,631
Franchise Fees	877,389	885,567	885,567	901,798
Licenses, Permits, Fees, Fines	3,363,842	3,185,079	3,218,379	1,645,000
Grants	64,425	199,550	234,550	150,000
Other	179,554	1,317,502	1,420,502	493,872
<b>Total Revenues</b>	<b>12,581,820</b>	<b>13,628,122</b>	<b>13,933,845</b>	<b>11,987,301</b>



# FY 2022

- Budgeted TOTAL ad valorem revenue = \$5,476,000
- Freeze adjusted total taxable (certified)= 1,100,334,683
- Total taxable value/100 x 0.484739 = \$5,333,751

16.	<b>Taxes refunded for years preceding tax year 2021.</b> Enter the amount of taxes refunded by the taxing unit for tax years preceding tax year 2021. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2021. This line applies only to tax years preceding tax year 2021. <sup>9</sup>	\$	73,505
17.	<b>Adjusted 2021 levy with refunds and TIF adjustment.</b> Add Lines 15 and 16. <sup>10</sup>	\$	5,333,762
18.	<b>Total 2022 taxable value on the 2022 certified appraisal roll today.</b> This value includes only certified values or certified estimate of values and includes the total taxable value of homesteads with tax ceilings (will deduct in Line 20). These homesteads include homeowners age 65 or older or disabled. <sup>11</sup>		
	<b>A. Certified values:</b> .....	\$	1,247,439,810
	<b>B. Counties:</b> Include railroad rolling stock values certified by the Comptroller's office:.....	+	\$
	<b>C. Pollution control and energy storage system exemption:</b> Deduct the value of property exempted for the current tax year for the first time as pollution control or energy storage system property:.....	-	\$ 0
	<b>D. Tax increment financing:</b> Deduct the 2022 captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which the 2022 taxes will be deposited into the tax increment fund. Do not include any new property value that will be included in Line 23 below. <sup>12</sup> .....	-	\$ 0
	<b>E. Total 2022 value.</b> Add A and B, then subtract C and D.	\$	1,247,439,810

<sup>9</sup> Tex. Tax Code § 26.012(15)  
<sup>10</sup> Tex. Tax Code § 26.012(15)  
<sup>11</sup> Tex. Tax Code § 26.012(15)  
<sup>12</sup> Tex. Tax Code § 26.03(c)  
<sup>13</sup> Tex. Tax Code § 26.012(13)  
<sup>14</sup> Tex. Tax Code § 26.012(13)  
<sup>15</sup> Tex. Tax Code § 26.012, 26.04(c-2)  
<sup>16</sup> Tex. Tax Code § 26.03(c)

# Historical YOY change in Ad Valorem tax revenue

- 2023 = X
- 2022 = 5,476,000\* (↑ \$349,169 from 2021; ↑ 6.8085%)
- 2021 = 5,126,931 (↑ \$240,804 from 2020; ↑ 4.9283%)
- 2020 = 4,886,127 (↑ \$206,900 from 2019; ↑ 4.4217%)
- 2019 = 4,679,227 (↑ \$309,507 from 2018; ↑ 7.0829%)
- 2018 = 4,369,720 (↑ \$119,329 from 2017; ↑ 2.8075%)
- 2017 = 4,250,391

\*calculated based on certified values on form 50-856

\*\*budgeted, not actual

GENERAL FUND SUMMARY OF REVENUES AND EXPENDITURES				
	ACTUAL 2020-2021	BUDGET 2021-2022	ESTIMATED 2021-2022	BUDGET 2022-2023
BEGINNING FUND BALANCE	\$ 3,441,167	\$ 3,361,144	\$ 3,361,144	\$ 3,101,144
<b>Revenues</b>				
Ad Valorem Taxes	4,886,127	5,126,931	5,126,931	5,476,000
Sales Taxes	3,211,882	2,913,493	3,019,916	3,327,631
Franchise Fees		885,567		
Licenses, Permits, Fees, Fines	3,311,222	3,185,079	3,185,079	1,111,000
Grants	1,111,222	199,550	199,550	0
Other	1,111,222	1,317,502	1,317,502	2
<b>Total Revenues</b>	<b>12,581,820</b>	<b>13,628,122</b>	<b>13,933,845</b>	<b>11,987,301</b>

# FY 2023- NO CHANGE IN EXEMPTIONS

- In ESTIMATES from BCAD, if there are no changes in exemptions and no change in tax rate:
  - Freeze adjusted taxable value= \$1,271,664,535
  - Total market value (appraised value) = \$ 1,712,762,381
  - Total ad valorem revenue =  $\$1,271,664,535/100*(0.484739)$   
**= \$6,164,254**

# Historical YOY Change Estimate- Based on No Changes to Exemptions

- 2023 = 6,164,254 (↑ \$688,254 from 2022; ↑ 12.5686%)
- 2022 = 5,476,000\* (↑ \$349,169 from 2021; ↑ 6.8085%)
- 2021 = 5,126,931 (↑ \$240,804 from 2020; ↑ 4.9283%)
- 2020 = 4,886,127 (↑ \$206,900 from 2019; ↑ 4.4217%)
- 2019 = 4,679,227 (↑ \$309,507 from 2018; ↑ 7.0829%)
- 2018 = 4,369,720 (↑ \$119,329 from 2017; ↑ 2.8075%)
- 2017 = 4,250,391

\*budgeted, not actual

# FY 2023- CHANGE IN EXEMPTIONS:

↑ HS to 20%; ↑ to \$50K for 65+ and DP)

- In ESTIMATES from BCAD, if we increase homestead exemption to 20% and increase exemption from \$30K to \$50K for homesteads >65 Y/O and disabled persons and leave tax rate the same:
  - Freeze adjusted taxable value= \$1,216,937,867
  - Total market value (appraised value) = \$ 1,712,762,381
  - Total ad valorem revenue =  $(\$1,216,937,867/100)*(0.484739)$   
**= \$5,898,972**



# Historical YOY Change Estimate- Based on Exemptions ↑ to 50K, ↑ HS to 20%

- 2023 = 5,898,972 (↑ \$422,972 from 2022; ↑ 7.7241%)
- 2022 = 5,476,000\*\* (↑ \$349,169 from 2021; ↑ 6.8085%)
- 2021 = 5,126,931 (↑ \$240,804 from 2020; ↑ 4.9283%)
- 2020 = 4,886,127 (↑ \$206,900 from 2019; ↑ 4.4217%)
- 2019 = 4,679,227 (↑ \$309,507 from 2018; ↑ 7.0829%)
- 2018 = 4,369,720 (↑ \$119,329 from 2017; ↑ 2.8075%)
- 2017 = 4,250,391

\*budgeted, not actual

# Conclusion

- Using the ESTIMATED appraisal values from BCAD, using the same tax rate as last year, increasing the homestead exemption to 20%, increasing the exemption for homeowners 65 years of age and older to \$50,000, and increasing the exemption for disabled persons to \$50,000 will result in:
  - Estimated increase in ad valorem tax revenue of \$422,972
  - An increase in ad valorem tax revenue of 7.7241%, the biggest ever ad valorem revenue increase in Leon Valley in at least the past 5 years

# Conclusion

- Using the ESTIMATED appraisal values from BCAD, using the same tax rate as last year, no changes to property tax exemptions will result in:
  - Estimated increase in ad valorem tax revenue of \$688,254
  - An increase in ad valorem tax revenue of 12.5686%, likely the greediest increase in ad valorem tax revenue in Leon Valley's history
  - Citizens of the community wishing we prioritized giving them relief instead of trying to run the city like a for-profit enterprise