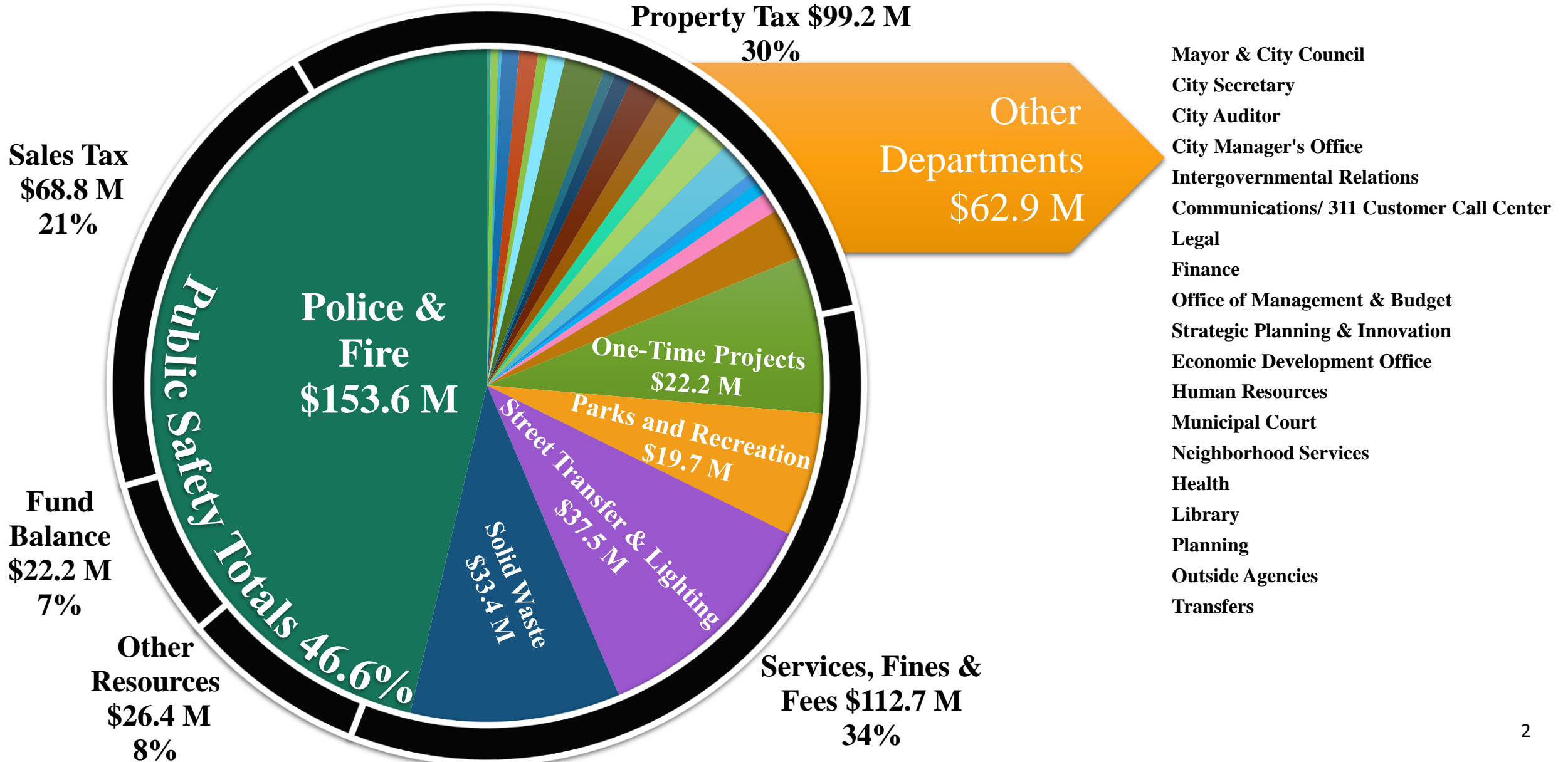


# Property Tax Exemptions



City Council Meeting  
March 28, 2023

# FY 2023 General Fund Budget: \$329.3 Million



The City of  
Corpus Christi  
receives

25%

of the property  
tax bill



- Corpus Christi ISD - 48%
- City of Corpus Christi - 25%
- Nueces County, Farm to Market Road, Hospital District - 16%
- Del Mar College - 11%



# City of Corpus Christi Property Tax Relief

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- ❖ City of Corpus Christi property tax rate was reduced by approximately 4% in FY 2023 from \$0.646264/\$100 valuation to \$0.620261/\$100 valuation.
  - Annual property tax revenue foregone in FY 2023 totaled \$6.5 million
  - Single family residence property count – 94,321
  
- ❖ *Homestead Exemption* – Lowers the taxable value of a homestead by 10% of the home's assessed value
  - Annual property tax revenue foregone in FY 2023 totaled \$7.5 million
  - 61,169 number of exemptions



# City of Corpus Christi Property Tax Relief (continued)

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- ❖ *Over-65 or Disabled Exemption* - Lowers the taxable value on a home owned by someone over-65 or disabled by \$50,000
  - Property tax revenue foregone in FY 2023 totaled \$8.6 million
  - 27,741 number of exemptions
  
- ❖ *Over-65 Property Tax Revenue Freeze* – Freezes a homeowner’s property taxes once the homeowner reaches the age of 65
  - Property tax revenue foregone in FY 2023 totaled \$7.3 million
  - 22,616 accounts

Property tax revenue is the highest revenue source in the General Fund.  
Total annual property tax revenue foregone is \$29.9 million



# Impact on Proposal to Increase Exemptions

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## Increasing Homestead Exemption from 10% to 20%

- ❖ Annual reduction of property tax revenue of approximately \$7.6 million
  - General Fund annual reduction of approximately \$4.9 million
  - Debt Service Fund annual reduction of approximately \$2.7
  - \$9.96 monthly savings to the average homeowner

## Increasing Over-65 or Disabled Exemption from \$50,000 to \$62,500

- ❖ Annual reduction of property tax revenue of approximately \$1.9 million
  - General Fund annual reduction of approximately \$1.2 million
  - Debt Service Fund annual reduction of approximately \$0.7 million
  - \$6.73 monthly savings to the average homeowner

Total impact would be a reduction in the General Fund of \$9.5 million in property tax revenue beginning in Fiscal Year 2024





# Consideration Factors

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## ❖ 2023 Texas Legislative Session

- Governor Greg Abbott proposes that lawmakers spend \$15 billion to lower Texans' property taxes as it relates to school property tax exemptions
- Uncertainty relating to legislation relating to municipal property tax revenue or assessed valuations
- Unfunded mandates

## ❖ FY 2024 Budget Process currently underway

- As of today, we do not know what revenue and expenditures will be included in the FY 2024 proposed budget
  - Uncertainty in the sustainability of General Fund revenue due to economic factors
  - Funding needed for 49 public safety officers added in FY 2023 at cadet levels
  - Continual need to fund infrastructure including residential streets
  - Reducing General Fund reserves to balance the budget is neither a sustainable nor prudent practice
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# City Staff's Recommendation

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City staff does NOT recommend approval of the Ordinance





# Questions