



# SENATE BILL 1145 CHILDCARE FACILITY TAX EXEMPTION

OR-24-007

June 18, 2024

# Background

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## □ State Proposition 2 for Constitutional Amendment Election

- ▣ Proposed allowing a governing body of a county or municipality to exempt from property taxation all or part of the appraised value of real property used to operate a child-care facility. Proposed amendment would authorize the governing body to adopt the exemption as a percentage of the appraised value of the property, but that percentage could not be less than 50% of the appraised value of the property.

## ▣ Bell County Election Results for State Proposition 2

■ For	15,661	63.6%
■ Against	<u>8,957</u>	<u>36.4%</u>
■ Votes Cast	<u>24,618</u>	<u>100.0%</u>

# Definition

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## □ Definition of Child-care Facilities –

- Facility licensed by the Health and Human Services Commission to provide for a child not related by blood, marriage, or adoption to the owner or operator of the facility, for all or part of the 24-hour day, whether or not the facility is operated for profit or charges for the services it offers:

- Assessment
- Care
- Training
- Education
- Custody
- Treatment
- Supervision

# Criteria for Exemption

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## ❑ Qualifying Child-care Facility—

- Owner or operator participates in Texas Workforce Commission's Texas Rising Star Program as described by Section 2308.3155, Government Code, for that facility, and;
- At which at least 20% of the total number of children enrolled at the facility receive subsidized child-care services provided through the child-care services program administered by the Texas Workforce Commission

# Criteria for Exemption (cont'd)

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## □ Qualifying Child-care Facility (cont'd) –

- For a property owner leasing the property to a qualifying child-care facility, there is a specific affidavit form required certifying the property owner has provided to the child-care facility a disclosure in accordance with Tax Code Section 11.36(f)
  - Provide child-care facility with a disclosure statement stating the amount by which the taxes on the property are reduced as a result of the exemption and the method the person will implement to ensure that the rent charged for the lease of the property fully reflects that reduction
  - Reduction in the amount of taxes on the property resulting from the exemption through a monthly or annual credit against the rent

# Fiscal Impact

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- ❑ Texas Rising Star Program –
  - ▣ Currently 30 Providers listed with agreements on website
- ❑ Based on current taxable information available on BellCAD website for the listed addresses, if all properties were to be eligible
  - ▣ Fiscal impact at 50% tax exemption approximately \$30,000
  - ▣ Fiscal impact at 100% tax exemption approximately \$60,000

# Motion of Direction

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- ❑ Presented to City Council May 21, 2024
- ❑ City Council provided a motion of direction to bring back with 100% exemption option
- ❑ If passed, property tax exemption for real property of qualifying child-care facility would be effective:
  - ▣ January 1, 2025
  - ▣ 2025 Tax Year / FY 2026 Budget