



# FY 2022 Three Plus Nine Financial Report

**City Council "B" Session  
Presented by  
Justina Tate, Budget Director  
February 16, 2022**

# Overview

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**1<sup>ST</sup> Quarter Budget and  
Finance Report and 3+9  
Projections**



**FY 2023 Budget Calendar**



**Homestead Exemption**



# Financial Update

- Early financial update
- Positive financial position for first three months with most revenues performing better than budgeted
- Economic uncertainty from ongoing impact of public health crisis on economy
- Priority issues to address in upcoming budget

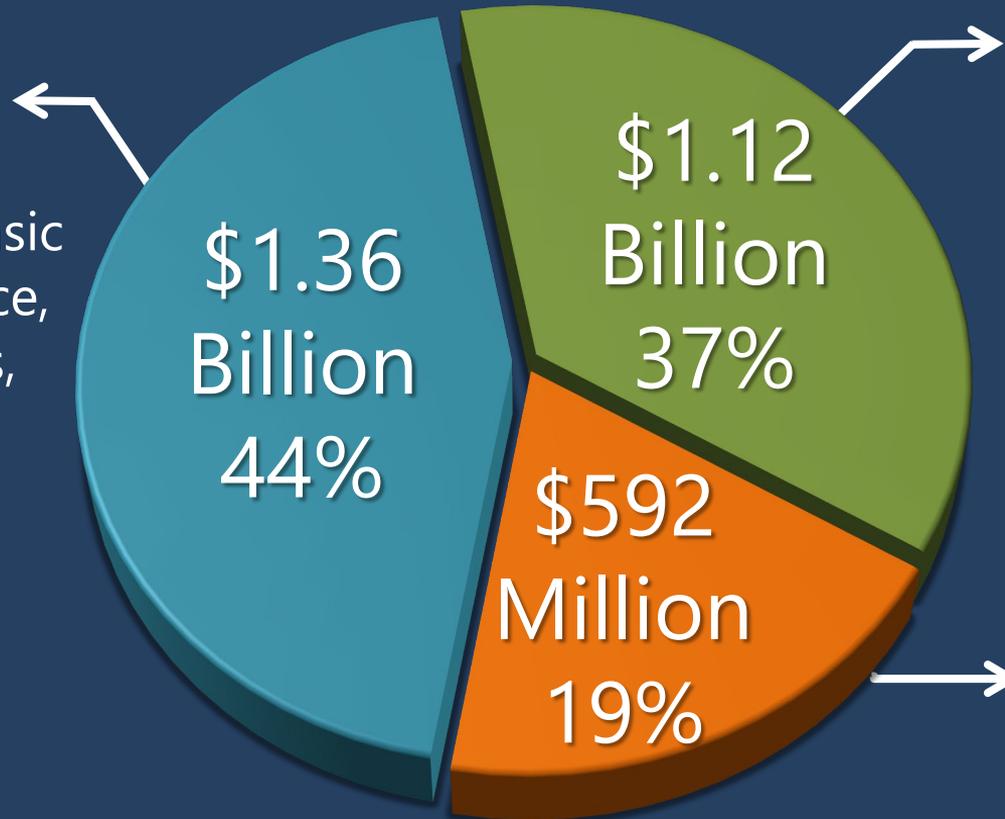
# 1<sup>st</sup> Quarter Financial Highlights

- Consumer confidence is optimistic
- Record collection in sales tax, 22% compared to last year
- Room nights sold in December 50% more than last year, but still 4.7% lower than pre-pandemic
- Airport passengers have more than doubled compared to 2021, but still 14% lower than 2019
- Building permit activities continue to be strong

# FY 2022 Adopted Budget \$3.1 Billion

## General Fund

Supports most basic City services: Police, Fire, Streets, Parks, Library



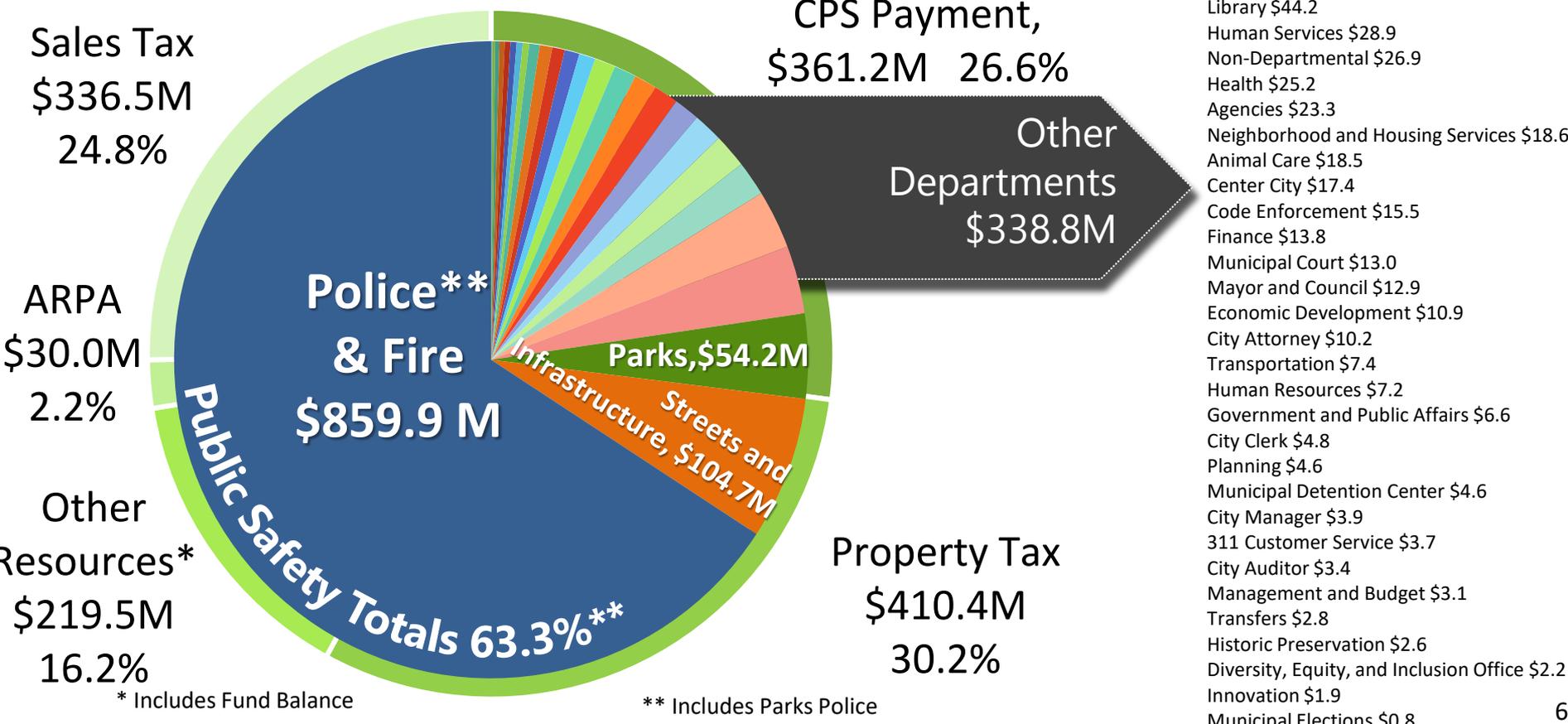
## Restricted Funds

- Airport Fund
- Development Services
- Hotel Occupancy Tax
- Solid Waste
- Grants

## Capital Program

- 2017 bond projects
- Airport projects

# FY 2022 General Fund Budget: \$1.36B



\* Includes Fund Balance

\*\* Includes Parks Police

# General Fund (\$ in Millions)

## 1<sup>st</sup> Quarter Results

### Revenues

Budget	Actuals	Variance
\$346.2	\$372.4	<b>\$26.2</b>

### Expenses

Budget	Actuals	Variance
\$301.9	\$301.9	<b>\$0</b>

**\$26.2 Million Ahead of Budget**

## FY 2022 3+9 Projections

### Revenues

Budget	Estimate	Variance
\$1,331.0	\$1,367.4	<b>\$36.4</b>

### Expenses

Budget	Estimate	Variance
\$1,357.5	\$1,357.5	<b>\$0</b>

**\$36.4 Million Ahead of Budget**

# General Fund Revenues (\$ in Millions)

Revenue Source (\$ in Millions)	FY 2022 Adopted Budget	3-month Variance	12-month Variance (Est)
 Property Tax	\$410.4	\$0.0	\$0.0
 Sales Tax	336.5	12.4	14.1
 CPS Energy	361.2	8.9	14.8
 Other	222.9	4.9	7.5
<b>Total</b>	<b>\$1,331.0</b>	<b>\$26.2</b>	<b>\$36.4</b>

# Priority Issues

## \$54 to \$59 Million

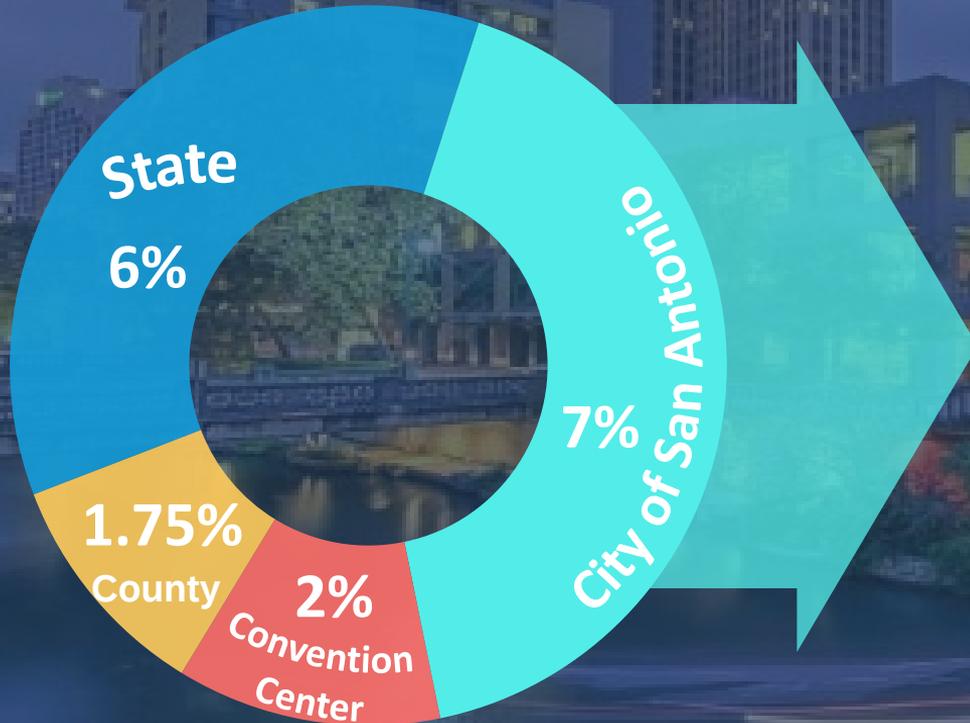
- Civilian Pay Plan Changes
- Policy Discussion on Residential Homestead Exemption
- Police Collective Bargaining Agreement
- Cash Fund Continuation of Edwards Aquifer Program
- Mandated Costs (Completion of St. Mary's police station and new Fire ladder company)
- Deficit balances in self insurance funds
- Initiatives funded one-time in FY 2022 (Housing Programs & Older Adult Technology Services)



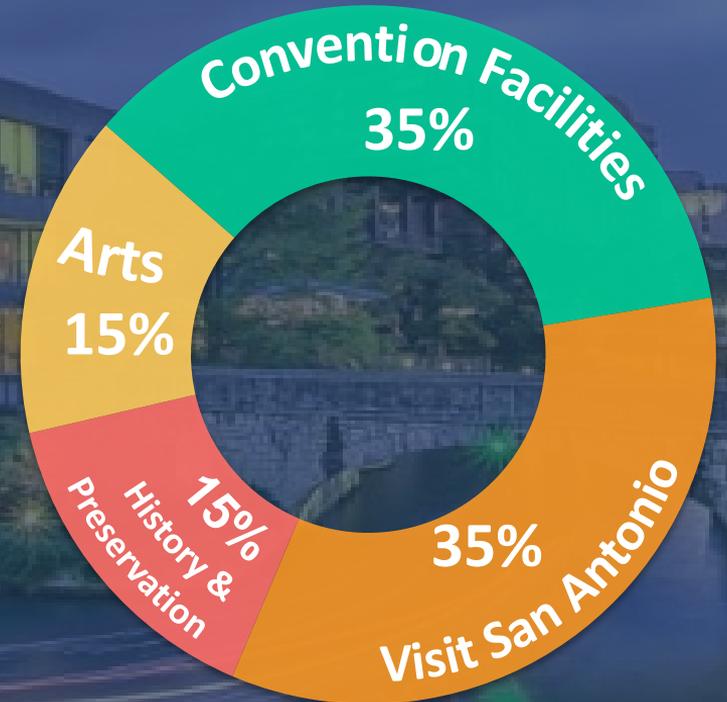
# Restricted Funds

# HOT OCCUPANCY TAX RATE

Total HOT Rate in San Antonio:  
16.75%



HOT Distribution of  
City's 7%



# HOT OCCUPANCY TAX REVENUES

## 1st Quarter Report (October to December)

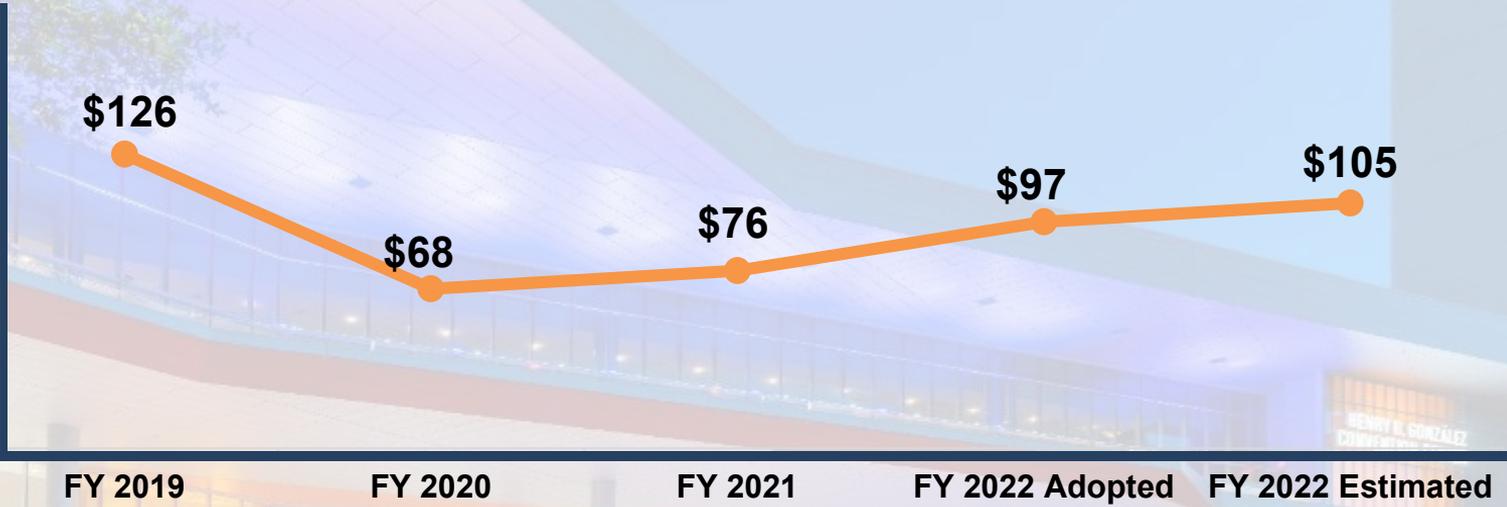
	Budget	Actuals	Variance
HOT Tax	\$13.5	\$17.5	\$4.0
Convention Center	\$3.0	\$2.7	(\$0.3)
Alamodome	\$2.5	\$2.9	\$0.4

## 3+9 Report (October to September)

	Budget	Actuals	Variance
HOT Tax	\$71.1	\$79.5	\$8.4
Convention Center	\$15.5	\$14.2	(\$1.3)
Alamodome	\$10.3	\$11.3	\$1.0

# Annual Hotel Occupancy Tax Related Revenue

**Revenues remain below 2019 collections**



	FY 2019	FY 2020	FY 2021	FY 2022 Adopted	FY 2022 Estimated
<b>HOT Tax</b>	<b>\$93.5</b>	<b>\$52.1</b>	<b>\$63.3</b>	<b>\$71.1</b>	<b>\$79.5</b>
<b>Convention Center</b>	<b>19.9</b>	<b>10.2</b>	<b>4.3</b>	<b>15.5</b>	<b>14.2</b>
<b>Alamodome</b>	<b>12.6</b>	<b>6.0</b>	<b>8.5</b>	<b>10.3</b>	<b>11.3</b>

# Hotel Occupancy Tax Budget Priorities \$100 Million

Facility needs identified for  
Convention Center and  
Alamodome prior to  
pandemic

- Preventative Maintenance
- Capital Replacements
- Facility Improvements



# AIRPORT FUND

## 1<sup>st</sup> Quarter Results

### Revenues

Budget	Actuals	Variance
\$30.1	\$32.8	\$2.7

### Expenses

Budget	Actuals	Variance
\$19.1	\$18.3	\$0.8

## FY 2022 3+9 Projections

### Revenues

Budget	Estimate	Variance
\$126.7	\$134.2	\$7.5

### Expenses

Budget	Estimate	Variance
\$98.0	\$97.2	\$0.8

**\$3.5 Million Ahead of Budget**

**\$8.3 Million Ahead of Budget**

# Monthly Airport Passengers

Passenger levels remain below 2019 levels



# DEVELOPMENT SERVICES FUND

## 1<sup>st</sup> Quarter Results

### Revenues

Budget	Actuals	Variance
\$9.1	\$9.8	\$0.7

### Expenses

Budget	Actuals	Variance
\$10.8	\$10.6	\$0.2

**\$0.9 Million Ahead of Budget**

## FY 2022 3+9 Projections

### Revenues

Budget	Estimate	Variance
\$40.1	\$41.2	\$1.1

### Expenses

Budget	Estimate	Variance
\$42.5	\$42.3	\$0.2

**\$1.3 Million Ahead of Budget**

# DEVELOPMENT SERVICES PERMITS



# Recommended Budget Calendar

Event	Date
FY 2023 Budget Goal Setting Session	Wednesday, April 13
5-Year Forecast, Trial Budget, & Mid-Year Adjustment	Wednesday, May 11
FY 2022 Mid-Year Ordinance	Thursday, May 19
Community Input on Trial Budget	May to June
FY 2023 Proposed Budget	Thursday, August 11
Budget Worksessions and Community Input	August to September
FY 2023 Budget Adoption	Thursday, September 15

# Conclusion

- Today is an early financial update
- Economic uncertainty from ongoing impact of public health crisis on economy
- Recommend that ending balance is reserved for priority issues to be incorporated into Five Year Forecast and Trial Budget in the Spring



# Homestead Exemption

**City Council "B" Session  
Presented by  
Troy Elliott, Deputy CFO  
February 16, 2022**

# FY 2022 Property Tax Summary\*

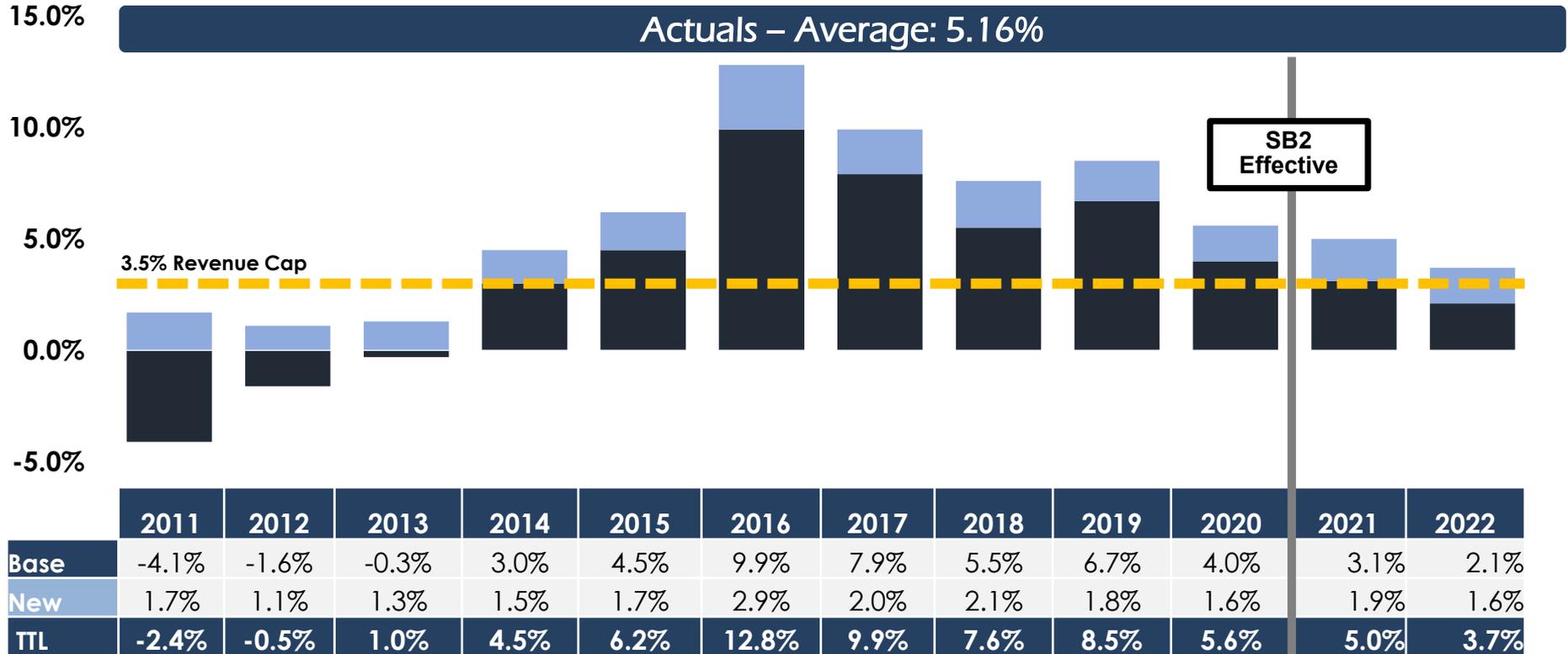
**Total Assessed Value**                      **\$156.337 Billion**  
**Total Taxable Value**                      **\$131.873 Billion**

	<b>Tax Rates</b>	<b>Tax Levy <sup>1</sup></b>
<b>M&amp;O Tax Rate</b>	<b>\$0.34677</b>	<b>\$410,350,992</b>
<b>Debt Service Tax Rate</b>	<b><u>\$0.21150</u></b>	<b><u>\$250,278,959</u></b>
<b>Total Tax Rate</b>	<b>\$0.55827</b>	<b>\$660,629,951</b>

\* Based on Tax Year 2021 Certified Bexar Appraisal District Values as July 24, 2021.

<sup>1</sup> Includes impact of TIRZ contributions, delinquencies, and Over Age 65 and Disabled property tax freeze.

# Property Tax Valuation % Change from Prior Year



# Current City Property Tax Relief

- State Legislature – SB2 reduced property tax Roll Back Rate from 8% to 3.5%
- City currently offers a .01% Local Homestead Exemption, a \$65,000 Over Age 65 and \$12,500 Disabled Persons Exemption along with a Tax Freeze
  - Approximately 45% of all homesteads receive a Tax Freeze
- In FY 2022, the City will forgo approximately \$72.4 million in property tax revenue from these exemptions and Tax Freeze:
  - \$6.2 million Local Homestead Exemption
  - \$35.2 million Over Age 65 Exemption
  - \$500,000 Disabled Persons Exemption
  - \$30.5 million Tax Freeze

# 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, 2022 to be effective in FY 2023

# Homestead Exemption Scenarios

				Current	Estimated Incremental Annual Tax Savings to Homeowner				
Homestead Value	Total Tax Bill	COSA Tax Bill	.01% <sup>1</sup> Exemption	1% Exemption	2% Exemption	3% Exemption	4% Exemption	5% Exemption	
\$100,000	\$2,317	\$530	\$28	\$0	\$0	\$0	\$0	\$0	
\$200,000	\$5,111	\$1,089	\$28	\$0	\$0	\$6	\$17	\$28	
\$300,000	\$7,904	\$1,647	\$28	\$0	\$6	\$22	\$39	\$56	
\$500,000	\$13,492	\$2,763	\$28	\$0	\$28	\$56	\$84	\$112	
\$600,000	\$16,286	\$3,322	\$28	\$6	\$39	\$73	\$106	\$140	
<i>FY22 Average Homestead</i>	\$208,908	\$5,360	\$1,166	\$28	\$0	\$0	\$7	\$19	\$30
Incremental Revenue Loss to General Fund <sup>2</sup>			\$3,866,102	\$78,512	\$708,676	\$2,012,774	\$3,622,863	\$5,347,329	
Incremental Revenue Loss to Debt Service Fund			2,357,991	47,886	432,231	1,227,620	2,209,636	3,261,412	
<b>Total Revenue Loss</b>			<b>\$6,224,093</b>	<b>\$126,398</b>	<b>\$1,140,907</b>	<b>\$3,240,394</b>	<b>\$5,832,499</b>	<b>\$8,608,741</b>	

<sup>1</sup> Results in the statutory minimum of a \$5,000 exemption. <sup>2</sup> Revenue data as of February 2022

# Homestead Exemption Scenarios

				Current	Estimated Annual Tax Savings to Homeowner				
Homestead Value	Total Tax Bill	COSA Tax Bill	.01% <sup>1</sup> Exemption	1% Exemption	2% Exemption	3% Exemption	4% Exemption	5% Exemption	
\$100,000	\$2,317	\$530	\$28	\$28	\$28	\$28	\$28	\$28	
\$200,000	\$5,111	\$1,089	\$28	\$28	\$28	\$33	\$45	\$56	
\$300,000	\$7,904	\$1,647	\$28	\$28	\$33	\$50	\$67	\$84	
\$500,000	\$13,492	\$2,763	\$28	\$28	\$56	\$84	\$112	\$140	
\$600,000	\$16,286	\$3,322	\$28	\$33	\$67	\$100	\$134	\$167	
<i>FY22 Average Homestead</i>	\$208,908	\$5,360	\$1,166	\$28	\$28	\$28	\$35	\$47	\$58
Incremental Revenue Loss to General Fund <sup>2</sup>			\$3,866,102	\$3,944,614	\$4,574,778	\$5,878,876	\$7,488,965	\$9,213,431	
Incremental Revenue Loss to Debt Service Fund			2,357,991	2,405,877	2,790,222	3,585,611	4,567,627	5,619,404	
<b>Total Revenue Loss</b>			<b>\$6,224,093</b>	<b>\$6,350,491</b>	<b>\$7,365,000</b>	<b>\$9,464,487</b>	<b>\$12,056,592</b>	<b>\$14,832,835</b>	

<sup>1</sup> Results in the statutory minimum of a \$5,000 exemption. <sup>2</sup> Revenue data as of February 2022

# Tax Rates and Homestead Exemptions

Local Jurisdiction	FY 2022 Rate	Local Option Homestead	Mandatory Homestead Exemption	Over-65 Exemption	Disabled Persons Exemption	Senior Tax Freeze
Bexar County Road & Flood	0.023668		\$3,000		\$5,000	Y
Alamo Community College	0.149150			\$30,000	\$5,000	Y
Hospital District	0.276235			\$10,000		N
<b>San Antonio</b>	<b>0.55827</b>	<b>.01%</b>		<b>\$65,000</b>	<b>\$12,500</b>	<b>Y</b>
Bexar County	0.276331			\$50,000	\$5,000	Y
San Antonio River Authority	0.01858	.05%		\$5,000	\$5,000	N
San Antonio Independent School District	1.491600	.01%	\$25,000	\$10,000*	\$10,000*	Y*

\*Exemptions for Over-65, Disabled and Freeze are mandatory for school districts.

# Tax Rates and Homestead Exemptions

Jurisdiction	Average Taxable Homestead Value	Tax on Average Homestead	FY 2022 Rate	Local Option Homestead	Over-65 Exemption	Disabled Persons Exemption	Senior Tax Freeze
Austin	\$389,211	\$2,157	0.55420	10%	\$113,000	\$113,000	N
Houston	\$262,026	\$1,443	0.55083	20%	\$160,000	\$160,000	N
Dallas	\$257,158	\$1,989	0.77330	20%	\$100,000	\$100,000	N
<b>San Antonio</b>	<b>\$208,908</b>	<b>\$1,166</b>	<b>0.55827</b>	<b>0.01%</b>	<b>\$65,000</b>	<b>\$12,500</b>	<b>Y</b>
Fort Worth	\$175,900	\$1,288	0.73250	20%	\$40,000	\$40,000	Y
Corpus Christi	\$159,104	\$1,088	0.64626	10%	\$50,000	\$50,000	Y
El Paso	\$145,343	\$1,319	0.90730	0.01%	\$40,000	\$40,000	N



# Homestead Exemption

**City Council "B" Session  
Presented by  
Troy Elliott, Deputy CFO  
February 16, 2022**