

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: City Manager's Office

AGENDA DATE: April 23, 2024

CONTACT PERSON NAME / PHONE NUMBER: Robert Cortinas, Chief Financial Officer/Deputy City Manager (915) 212-1067

DISTRICT(S) AFFECTED: All

STRATEGIC GOALS: Goal 6: Set the Standard for Sound Governance and Fiscal Management

SUBJECT:

An Ordinance approving the adoption of an ad valorem property tax exemption for qualified child-care facilities and amending Title 3 (Revenue and Finance) of the El Paso Municipal Code, Chapter 3.04 (Property Taxes) by adding section 3.04.042 (Exemption- Child-care facilities). This Ordinance shall be effective January 1, 2024 upon adoption by the City Council of the City of El Paso.

BACKGROUND / DISCUSSION:

During the 88th Regular Session, the Texas Legislature passed enabling legislation, SB 1145, to place a constitutional amendment on the ballot for voters on November 7, 2023, which if approved, would allow cities and counties to have the option to provide an exemption from ad valorem property taxation of between 50 to 100 percent of the appraised value of all or part of real property used to operate a commercial child-care facility. Texas voters approved the constitutional amendment on November 7, 2023.

PRIOR COUNCIL ACTION:

AMOUNT AND SOURCE OF FUNDING:

Ad valorem taxes

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:



(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF EL PASO, TEXAS APPROVING THE ADOPTION OF AN AD VALOREM PROPERTY TAX EXEMPTION FOR QUALIFIED COMMERCIAL CHILD-CARE FACILITIES AND AMENDING TITLE 3 (REVENUE AND FINANCE) OF THE EL PASO MUNICIPAL CODE, CHAPTER 3.04 (PROPERTY TAXES) BY ADDING SECTION 3.04.042 (EXEMPTION - CHILD-CARE FACILITIES) FOR ENTITIES THAT QUALIFY UNDER THE CURRENT CODE.

WHEREAS, during the 88th Regular Session, the Texas Legislature passed enabling legislation, SB 1145, to place a constitutional amendment on the ballot for voters on November 7, 2023, which if approved, would allow cities and counties to have the option to provide an exemption from ad valorem property taxation of between 50 to 100 percent of the appraised value of all or part of real property used to operate a commercial child-care facility; and

WHEREAS, to be eligible, licensed child-care facilities must meet the criteria as described in Texas Tax Code Section 11.36, among other criteria; and

WHEREAS, if a child-care facility is leasing the facility, the benefit must be passed down to the provider and not retained by the property owner; and

WHEREAS, current estimates show that under this eligibility criteria, some local providers would be eligible for this property tax relief; and

WHEREAS, federal funding that has allowed many child-care providers to stay open and retain staff during the pandemic will soon expire, possibly resulting in increased instability for working families and our community's child-care providers, who already operate with incredibly thin profit margins; and

WHEREAS, it is a long-established goal of the City to advance policies, programs, and investments that support child-care providers and the families they serve;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

SECTION 1. That the City Council of the City of El Paso adopts the following findings:

- A. That Texas Tax Code Section 11.36, authorizes an exemption from ad valorem (property) taxes on all or part of the appraised value of real property, or a portion thereof, operating as a qualifying child-care facility; and

ORDINANCE NO. _____

- B. An exemption, as described in section (A) above, of 100 percent of the appraised value of all or a portion of real property used to operate a qualifying child-care facility is in the public interest.

SECTION 2. That the City Council of the City of El Paso adopts an exemption, as authorized by Texas Tax Code Section 11.36, entitling qualifying persons to an exemption from taxation by the City of 100% of the appraised value of:

- (A) the real property the person owns and operates as a qualifying child-care facility; or
- (B) the portion of the real property that the person owns and leases to a person who uses the property to operate a qualifying child-care facility.

SECTION 3. As set forth in Texas Tax Code Section 11.36(g), a person cannot claim the child-care facility exemption on property they own and lease to another to operate a qualifying child-care facility if the person also claims a Texas Tax Code Section 11.13 residence homestead exemption on the property or leases any part of the property to another for use as a principal residence.

SECTION 4. That Chapter 3.04. of the El Paso Municipal Code is amended to add the following Code Section:

Section 3.04.042 – Exemption – Child-Care Facilities.

- A. Effective January 1, 2024, a Qualifying Child-Care Facility, as defined by Texas Tax Code Section 11.36, as may be amended, shall be exempt from 100% of ad valorem taxes hereafter levied by the city for that year.
- B. To determine eligibility for the property tax exemption outlined in this Section 3.04.042, a child-care facility must comply with the criteria as outlined in Texas Tax Code Section 11.36, as may be amended.
- C. Owners of properties used to operate child-care facilities are required to apply for the tax exemption through the appraisal district in accordance with Texas Tax Code Section 11.43, as may be amended.

SECTION 5. That this Ordinance shall be effective January 1, 2024 upon adoption by the City Council of the City of El Paso.

SECTION 6. Except as herein amended and revised, Title 3, Revenue and Finance, of the El Paso City Code shall remain in full force and effect.

ADOPTED this ____ day of _____, 2024.

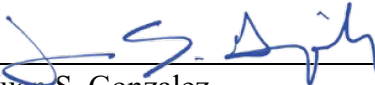
CITY OF EL PASO:

Oscar Leoser
Mayor

ATTEST:


Laura D. Prine
City Clerk

APPROVED AS TO FORM:



Juan S. Gonzalez
Senior Assistant City Attorney

APPROVED AS TO CONTENT:



Maria O. Pasillas
City Tax Assessor/Collector

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