



Legislation Details (With Text)

File #: 24-1956 **Version:** 1 **Name:**

Type: Policy **Status:** Passed

File created: 3/18/2024 **In control:** Commissioners Court

On agenda: 3/26/2024 **Final action:** 3/26/2024

Title: Request for discussion and possible action to create an exemption from Harris County ad valorem taxation of 100 percent of the appraised value of real property used to operate a child care facility, as defined in the Texas Tax Code.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
3/26/2024	1	Commissioners Court		

Department: County Judge

Department Head/Elected Official: Lina Hidalgo, Harris County Judge

Regular or Supplemental RCA: Regular RCA

Type of Request: Policy

Project ID (if applicable): N/A

Vendor/Entity Legal Name (if applicable): N/A

MWDBE Contracted Goal (if applicable): N/A

MWDBE Current Participation (if applicable): N/A

Justification for 0% MWDBE Participation Goal: N/A - Goal not applicable to request

Request Summary (Agenda Caption):

Request for discussion and possible action to create an exemption from Harris County ad valorem taxation of 100 percent of the appraised value of real property used to operate a child care facility, as defined in the Texas Tax Code.

Background and Discussion: During the 88th Legislative Session, the Texas Legislature passed Senate Bill (SB) 1145 and Senate Joint Resolution (SJR) 64 to amend Article VIII of the Texas Constitution to allow cities and counties the option to provide an exemption from ad valorem property taxation between 50 to 100 percent of the appraised value of all or a part of real property used to operate a child care facility, contingent on voter approval. On November 7, 2023, 64.8 percent of Texas voters approved the constitutional amendment (Proposition 2), which paved the way for SB 1145 and SJR 64 to officially become law on January 1, 2024. To be eligible for property tax exemptions, child care providers must participate in the Texas Workforce Commission’s Texas Rising Star Program and maintain a minimum 20 percent enrollment of children receiving

subsidized services through the Texas Workforce Commission, among other criteria outlined in SB 1145. This exemption would only apply to Harris County property taxes and is not applicable to the taxes for Harris County Flood Control District, Harris County Hospital District, or the Port of Houston Authority.

HCAD has given Harris County a recommended deadline of March 31, 2024 to authorize the exemptions if they are to be implemented in the 2024 tax year to allow HCAD to incorporate the exemptions into the certified appraisal roll used by the county to adopt its annual tax rate.

Expected Impact: The Harris County Office of Management and Budget (OMB) estimates that 327 of the 1,614 (20%) registered childcare providers in Harris County participate in the Texas Rising Star program (and are not already 100% tax exempt), and thus could potentially benefit from the SB1145 tax exemption. OMB further estimates the potential tax impact from a 100% tax exemption for these qualifying child care providers to be \$930,000. There is no revenue impact to the County.

Alternative Options: If Harris County authorizes the exemptions after March 31, 2024 and wishes the exemptions to apply to the 2024 tax year, this would result in a revenue loss for the county since HCAD will likely not have enough time to process applications and incorporate the exemptions into the certified 2024 appraisal roll. In this case, exemptions would appear on supplemental appraisal rolls which would require the county to issue tax refunds to child care providers and result in an estimated tax revenue loss of \$930,000. Alternatively, the county can wait to authorize the exemptions for the 2025 tax year which could delay critical financial assistance that many child care providers need immediately, now that federal funding has expired.

Alignment with Goal(s):

- Justice and Safety
- Economic Opportunity
- Housing
- Public Health
- Transportation
- Flooding
- Environment
- Governance and Customer Service

Prior Court Action (if any): N/A

Date	Agenda Item #	Action Taken

Location:

Address (if applicable): N/A

Precinct(s): Countywide

Fiscal and Personnel Summary		
Service Name	N/A	
	Current Fiscal Year Cost	Annual Fiscal Cost

	Labor	Non-Labor	Total	Recurring Expense
Funding Sources				
Existing Budget				
Choose an item.	\$	\$	\$	\$
Total Current Budget	\$	\$	\$	\$
Additional Budget Request <i>(Requires Fiscal Review Request Form)</i>				
Choose an item.	\$	\$	\$	\$
Total Additional Budget Request	\$	\$	\$	\$
Total Funding Request	\$	\$	\$	\$
Personnel (Fill out section only if requesting new PCNs)				
Current Position Count for Service	-	-	-	-
Additional Positions Request	-	-	-	-
Total Personnel	-	-	-	-

Anticipated Court Date: March 26, 2024

Anticipated Implementation Date (if different from Court date): N/A

Emergency/Disaster Recovery Note: Not an emergency, disaster, or COVID-19 related item

Contact(s) name, title, department: Fernanda Marrero, Senior Policy Advisor, County Judge’s Office

Attachments (if applicable): Policy and Sample Application