

## Exemptions for Historic District Properties

### City of New Braunfels Ordinances

The City of New Braunfels adopted an ordinance which provides property owners in historic districts to qualify for an exemption of property taxes assessed by the city.

Code of Ordinances City of New Braunfels, Historic Land Mark Preservation

Sec. 66-57.1. Tax Incentives.

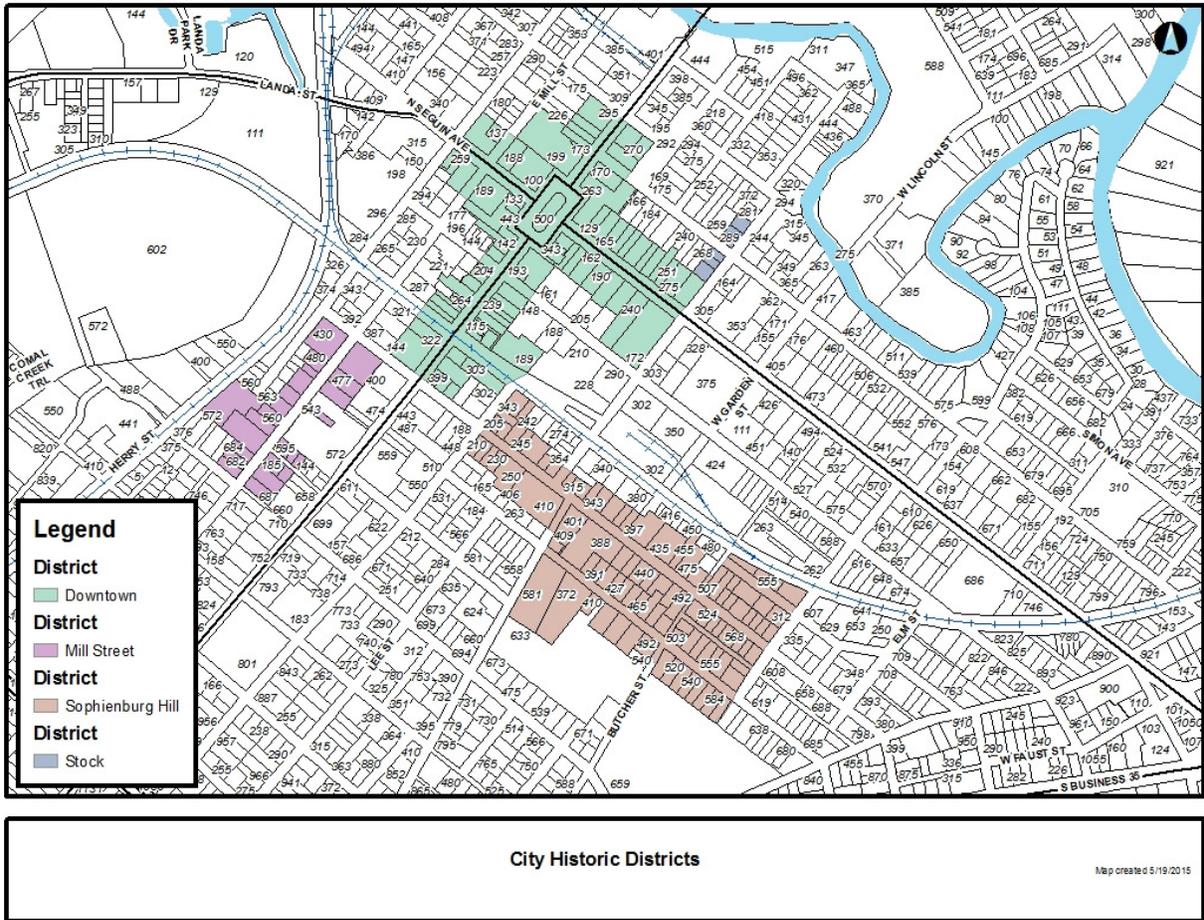
(f) Tax exemption for historic districts.

For properties located within a city designated historic district, property owners in the historic district will qualify for an ad valorem tax exemption of 20 percent of the assessed city ad valorem property tax. This tax exemption shall begin on the first day of the first tax year after designation of the historic district. (Ord. No. 2007-24)

### City of New Braunfels Creates Historic Districts

The city of New Braunfels established four (4) historic districts. A total of 212 properties are included in these districts.

<u>Historic District</u>	<u>By Ordinance</u>	<u>Number of Properties</u>
Sophienburg Hill	No. 2009-26	68
	No. 2010-29	34
Stock	No. 2011-36	5
Downtown	No. 2012-23	81
Mill Street	No. 2011-45	23
	No. 2013-70	1



## Texas Property Tax Code Requirements

The properties that are designated by the city as part of the historic district may qualify for an exemption per Sec.11.24 of the Texas Property Tax Code.

### Sec. 11.24. Historic Sites.

The governing body of a taxing unit by official action of the body adopted in the manner required by law for official actions may exempt from taxation part or all of the assessed value of a structure or archeological site and the land necessary for access to and use of the structure or archeological site, if the structure or archeological site is:

- (1) designated as a Recorded Texas Historic Landmark under Chapter 442, Government Code, or a state archeological landmark under Chapter 191, Natural Resources Code, by the Texas Historical Commission; or
- (2) designated as a historically or archeologically significant site in need of tax relief to encourage its preservation pursuant to an ordinance or other law adopted by the governing body of the unit.

In order to receive a Historic Site exemption, owners as of January 1 must apply for the exemption per Sec. 11.43(a) of the tax code. This specific exemption requires an annual application that must be submitted to the Comal Appraisal District before May 1 of the year for which a property owner is requesting an exemption. (Sec.11.43b and c).

### **Identification of Inaccuracies**

In the past, the tax office was responsible for applying the reduction in taxes to properties designated in the historic districts. This reduction was applied to all properties in the historic districts. Only a few property owners had actually submitted a historic exemption application with the appraisal district.

The state comptroller's office began conducting administrative audits of appraisal districts in 2010. These audits are completed in even number years for the Comal Appraisal District with the most recent audit currently underway. The state comptroller has reviewed properties with exemptions to ensure that appropriate applications and documentations are on file with the appraisal district. Although the historic exemption was not selected this year for review by the state, the District is seeking to be in compliance should the audit in future years include the review of historic exemptions. As a result, the District will administer this exemption entirely as of 2016.

## **Administrative Changes**

The tax office will no longer apply this exemption for reduction in city taxes. This function will be completed by the Comal Appraisal District to ensure the appropriate documentation has been submitted by the property owners.

## **Notifications**

Mill Street Historic District, Downtown Historic District, Sophienburg Hill Historic District, and Stock Historic District property owners were all sent a letter on January 29, 2016 from the Comal Appraisal District regarding this property tax exemption. This letter provided instructions to property owners on how to qualify for the historic exemption. Included in the mail out was an application for this type of exemption.

As of January 29, 2016, the District posted a news bulletin on the district's website (<http://www.comalad.org>) with information about the historical exemption.

The District has notified the tax office in writing regarding the changes but will be discussing it in detail with them at our next scheduled meeting.

## **Expectations**

The historical exemption application is an annual application with a submission deadline before May 1. All exemption applications have this same deadline. It is very likely that not every property owner within the historical districts will submit an application or submit a timely application. There is no provision in the tax code to approve a late application for historical exemptions. As a result, the Comal Appraisal District may send out reminder letters this year prior to the application deadline to any property owner who has not submitted their application.