



Proposal to amend Titles 20.20 and 3.04.35 of the El Paso Municipal Code

Expanding Tax Exemption Eligibility

Presentation Overview

- ❑ **Current tax exemption incentive for historically significant sites**
- ❑ **Proposed changes to Title 20.20
*Title 20 (Zoning), Section 20
(Historic Landmark Preservation)***
- ❑ **Proposed changes Title 3.04.035
*Title 3 (Revenue and Finance),
Section 4 (Property Taxes), sub-
section 35 (Exemption--
Historically significant sites)***



Current Tax Exemption Incentive

- **Title 3.04.35 was adopted in 2006**
- **Allows for a tax exemption for renovation, rehabilitation or restoration of historically significant sites in need of tax relief to encourage preservation.**
- **Eligibility is limited to exterior work and only for designated historic districts**
- **No properties have applied for the program since its creation**



Current Tax Exemption Incentive

The city's portion of the assessed ad valorem taxes is based on the assessed value prior to preservation, and does not increase based on the following schedule:

Value of Improvements as compared to value prior to preservation on a percentage basis	Exemption Period (Years)
50% or more of assessed value	10
between 40% and 49.99% of assessed value	8
between 30% and 39.99% of assessed value	6
between 20% and 29.99% of assessed value	4





Proposed Changes To Title 20.20

- 1. Allows some interior work to be eligible for the tax exemption when done in conjunction with exterior work**
- 2. Creates the ability to designate additional areas as Areas of Potential Effect that can also be eligible for the tax exemption**
 - Establishes criteria for designating Areas of Potential Effect: areas that abut designated historic landmarks and districts and include one or more historically significant sites**
 - Establishes the process to designate Areas Potential Effect: By a Resolution of City Council**

Proposed Changes To Title 3.04.35

1. Clarifies the application process and the determination of eligibility for the tax exemption for historically significant sites
2. Allows for Areas of Potential Effect to be eligible for the tax exemption
3. Provides for a sunset provision for tax relief for Areas of Potential Effect set for August 31, 2015.



Next Steps

- 1. Marketing for the expanded tax exemption program including:**
 - **Press releases**
 - **Publications in various city-sponsored newsletters (El Centro for downtown, MCAD webpage, etc.)**
 - **Chanel 15 segment**
 - **Outreach presentations through Neighborhood Associations with Historic Districts and Historic District Associations**
- 2. Creation of the first Areas of Potential Effect to be proposed later this month for some areas in downtown**

QUESTIONS

A Simple Example for the Tax Exemption

1. Building valued at \$100,000 in 2007 has a property tax bill of \$2,639.11 of which \$671.10 is the city's portion.
2. In 2008, the property owner makes improvements to the exterior valued at \$20,000 (20% of pre-improvement value)
3. The building value after the improvements is \$120,000; therefore, 2008 property taxes to the city without the exemption would be \$805.32. With exemption, property taxes to the city are the same amount as in 2007, or \$671.10, a savings of \$134.22.
4. For 4 years, from 2008 to 2012, the property taxes to the City remain the same, with a savings of \$536.88 over the eligible period.