



## AGENDA ITEM SUMMARY FORM

---

**MEETING DATE:** 6/25/2024

**PREPARED BY:** Phill Conner, Finance Director

**AGENDA CONTENT:** Discussion and possible action to approve Ordinance No. 20240625-014 adopting an increase in the homestead exemption from ad valorem taxes.

**AGENDA ITEM SECTION:** Regular Agenda

---

**BUDGETED AMOUNT:** N/A

**FUNDS REQUESTED:** N/A

**FUND:** N/A

### EXECUTIVE SUMMARY:

The Texas Tax Code allows cities to adopt property tax exemptions for homesteads, taxpayers who are over 65 and for taxpayers who are disabled.

Section 11.13 (n) - In addition to any other exemptions provided by this section, an individual is entitled to an exemption from taxation by a taxing unit of a percentage of the appraised value of his residence homestead if the exemption is adopted by the governing body of the taxing unit before July 1 in the manner provided by law for official action by the body. If the percentage set by the taxing unit produces an exemption in a tax year of less than \$5,000 when applied to a particular residence homestead, the individual is entitled to an exemption of \$5,000 of the appraised value. The percentage adopted by the taxing unit may not exceed 20 percent.

Section 11.13(d) - In addition to the exemptions provided by Subsections (b) and (c) of this section, an individual who is disabled or is 65 or older is entitled to an exemption from taxation by a taxing unit of a portion (the amount of which is fixed as provided by Subsection (e) of this section) of the appraised value of his residence homestead ...

Increasing the Homestead Exemption from 3% to 3 1/2% will result in a decrease of \$26,439 in property tax revenue.

The analysis includes analyses of the Over 65 and Disabled Persons exemptions. The City currently exempts \$55,000 of appraised value for both Over 65 and Disabled Persons. If the Council were to choose to increase Over 65 from \$55,000 to \$60,000 it would cost \$43,933 in property tax revenue. To increase the Disabled Persons exemption from \$55,000 to \$60,000 the City will cost \$2,772 property tax revenue.

**RECOMMENDATION:**

Staff recommends the Council adopt Ordinance no. 20240625-014 adopting an increase in the homestead exemption from ad valorem taxes