



# AGENDA ITEM SUMMARY FORM

**MEETING DATE:** 5/9/2023

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

**AGENDA CONTENT:** Discussion and guidance on the percentage for Homestead Exemption, the Over 65 Exemption and Disabled Person 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 ...

I have attached an analysis of a 2%, 3%, 4% and 5% local general homestead option using 2023 preliminary values and the adopted tax rate from 2022. Angleton currently has a 2% local general homestead option. The difference between 2% and 3% exemption is \$48,648.

The analysis includes analyses of the Over 65 and Disabled Persons exemptions. The City currently exempts \$50,000 of appraised value for both Over 65 and Disabled Persons. If the Council were to choose to increase Over 65 from \$50,000 to \$75,000 it would cost \$243,946 in property tax revenue. To increase the Disabled Persons exemption from \$50,000 to \$75,000 the City would lose \$18,563 property tax revenue.

**RECOMMENDATION:**

Staff is requesting guidance from the Council so an ordinance making any changes can be brought back at a later date.