



Tax Rate Discussion and Homestead Exemption Options

PRESENTED TO THE CITY COUNCIL ON AUGUST 12, 2024

Homestead Exemption History

- On August 5, 2024, the city manager filed the proposed annual budget for Fiscal Year 2024-2025. On that same day, the city manager delivered a copy of the proposed budget to the city council.
- As part of the FY2021-2022 budget process, city council approved a 1% residential homestead exemption to be effective for Tax Year 2022 (FY2022-2023). This was the first residential homestead exemption in the history of City of Burleson. As part of the 5-year projections, City staff projected 1% increase each of the following years.
- As part of the FY2022-2023 budget process, city council approved a 1% increase to the residential homestead exemption, for a total of 2%, to be effective for Tax Year 2023.
- As part of the FY2023-2024 budget process, city council approved a 1% increase to the residential homestead exemption, for a total of 3%, to be effective for Tax Year 2024.
- City Council must adopt a homestead exemption before July 1st of the tax year the exemption is effective. A homestead exemption for Tax Year 2025 (FY2025-2026) must be approved by Council prior to July 1, 2025.
- Staff are scheduled to present a proposed ordinance that would add another 1% increase to the residential homestead exemption, for a total of 4%, to be effective for Tax Year 2025 (FY2025-2026).
- At the August 5, 2024, City Council meeting, staff received a request to evaluate the possibility of increasing the homestead exemption to 5%, to be effective for Tax Year 2025 (FY 2025/2026) instead of the 4%.

Average Residential Fee Totals @ 3% HS

Property Tax Rate	Average Monthly Tax Increase	Cumulative Monthly Tax Increase	Average Homestead Decrease	Monthly Solid Waste Increase	Average Water & Wastewater Increase	Total Average Monthly Increase	Total Average Annual Increase
No New Revenue Rate	\$0.00	\$0.00	(\$4.68)	\$2.39	\$6.91	\$4.62	\$55.44
Current Rate	\$2.15	\$2.15	(\$4.74)	\$2.39	\$6.91	\$6.71	\$80.52
Voter Approval Rate (Without Increment)	\$3.52	\$5.67	(\$4.85)	\$2.39	\$6.91	\$10.12	\$121.44
Voter Approval Rate (With Increment)	\$4.02	\$9.69	(\$4.97)	\$2.39	\$6.91	\$14.02	\$168.24

Average Residential Fee Totals @ 4% HS

Property Tax Rate	Average Monthly Tax Increase	Cumulative Monthly Tax Increase	Average Homestead Decrease	Monthly Solid Waste Increase	Average Water & Wastewater Increase	Total Average Monthly Increase	Total Average Annual Increase
No New Revenue Rate	\$0.00	\$0.00	(\$6.24)	\$2.39	\$6.91	\$3.06	\$36.72
Current Rate	\$2.15	\$2.15	(\$6.32)	\$2.39	\$6.91	\$5.13	\$61.56
Voter Approval Rate (Without Increment)	\$3.52	\$5.67	(\$6.46)	\$2.39	\$6.91	\$8.51	\$102.12
Voter Approval Rate (With Increment)	\$4.02	\$9.69	(\$6.62)	\$2.39	\$6.91	\$12.37	\$148.44

Average Residential Fee Totals @ 5% HS

Property Tax Rate	Average Monthly Tax Increase	Cumulative Monthly Tax Increase	Average Homestead Decrease	Monthly Solid Waste Increase	Average Water & Wastewater Increase	Total Average Monthly Increase	Total Average Annual Increase
No New Revenue Rate	\$0.00	\$0.00	(\$7.80)	\$2.39	\$6.91	\$1.50	\$18.00
Current Rate	\$2.15	\$2.15	(\$7.90)	\$2.39	\$6.91	\$3.55	\$42.60
Voter Approval Rate (Without Increment)	\$3.52	\$5.67	(\$8.02)	\$2.39	\$6.91	\$6.89	\$82.68
Voter Approval Rate (With Increment)	\$4.02	\$9.69	(\$8.28)	\$2.39	\$6.91	\$10.71	\$128.52

Total Homestead Exemption Revenue Impact

Year	Taxable Value	Taxable Value Increase	Total Revenue Loss
2023	\$ 51,845,948		\$ 340,732
2024	\$ 66,525,723	\$ 14,679,775	\$ 420,775
2025	\$ 106,660,676	\$ 40,134,953	\$ 706,840
2026*	\$ 146,795,629	\$ 40,134,953	\$ 972,815
2026**	\$ 186,930,582	\$ 80,269,906	\$ 1,238,789

* Homestead 4%

** Homestead 5%

Council Feedback Sought Today

- Support a 1% increase in the homestead exemption from 3% to 4%
- Support a 2% increase in the homestead exemption from 3% to 5%
- The Finance Committee recommended increasing the exemption by 2% from 3% to 5%



QUESTIONS/COMMENTS?