



PROPERTY TAX RELIEF SCENARIOS

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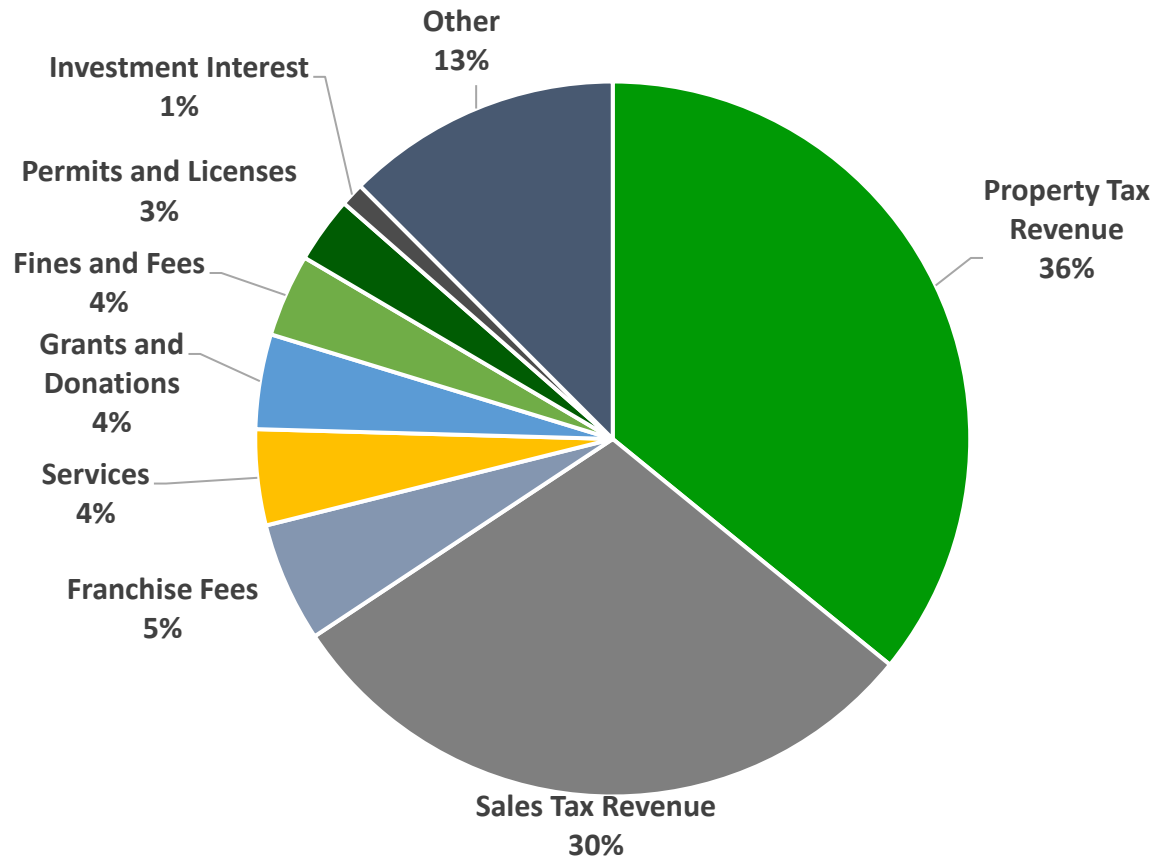
Sticker shock?

- Appraisal values reportedly increasing by an average of 28%
- State law caps assessment growth to 10%
- State law caps property tax growth in cities
- Fair Oaks Ranch relies much more on property taxes than most Texas cities
- Fair Oaks Ranch receives less than \$2 for over every \$10 of homestead property tax

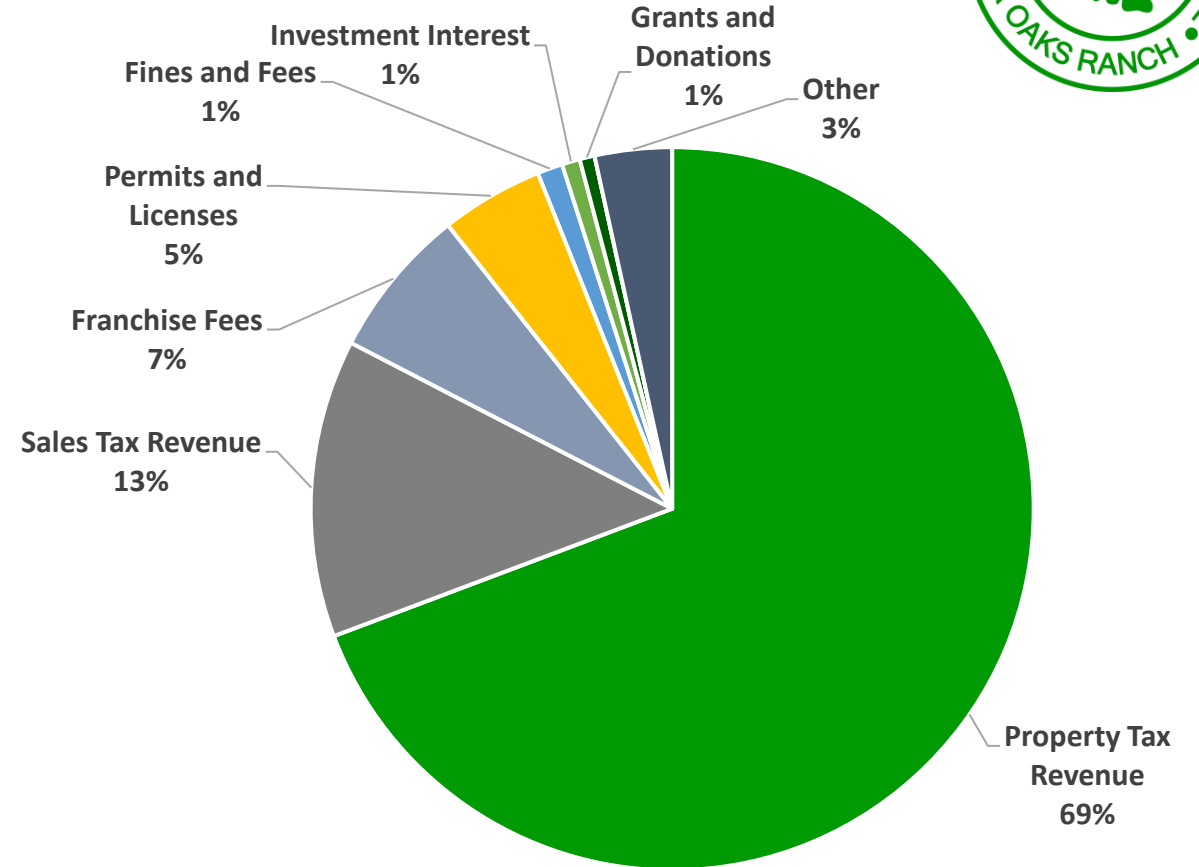


Governmental Fund Revenue

Average Texas City vs. Fair Oaks Ranch

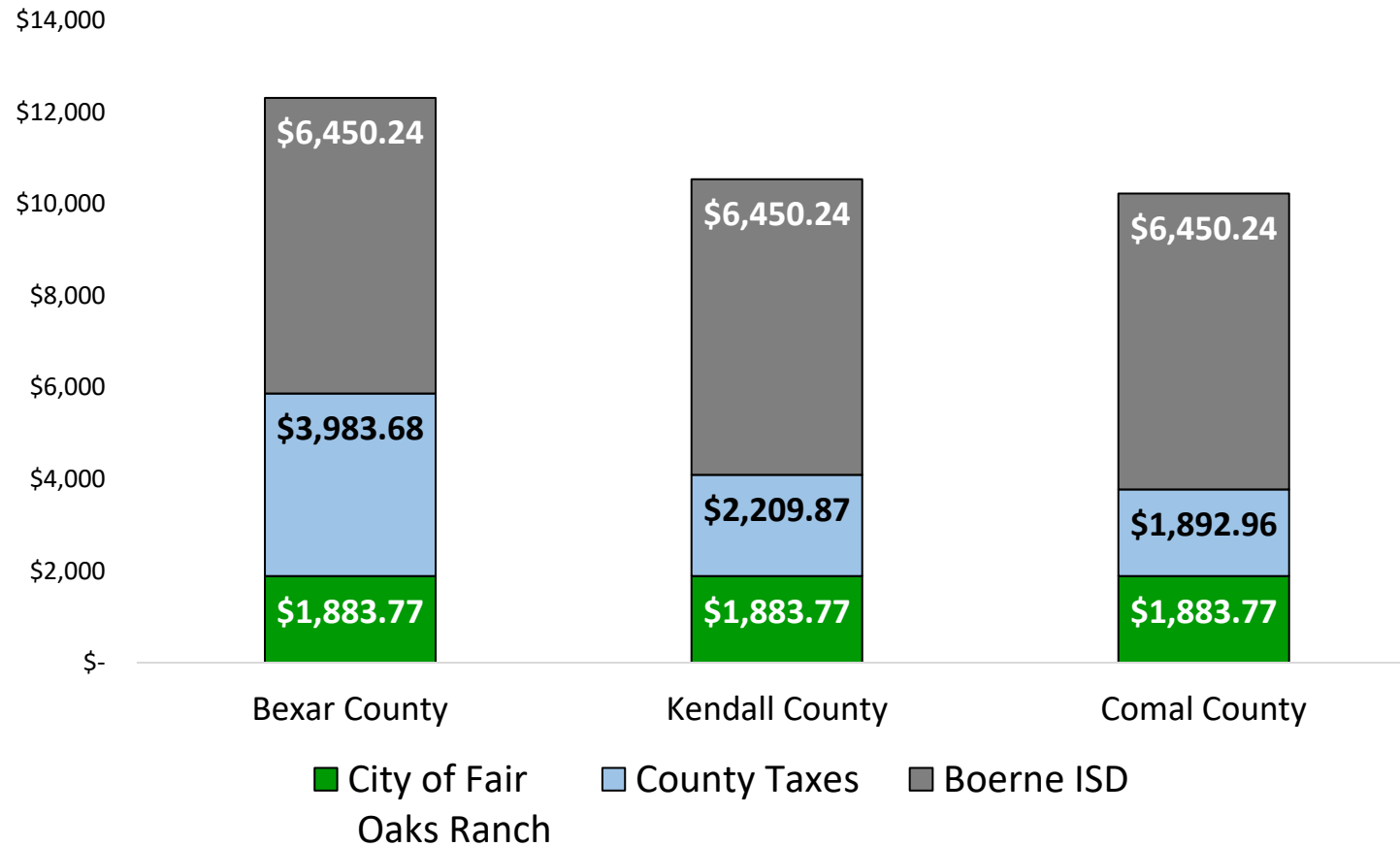


Average of Peer Cities



FAIR OAKS RANCH

Average Tax Bill* Breakdown By Entity



*Based on tax rates applied to a home value of \$535,467



Current Exemptions

City

- Homestead: \$5,000
- Over 65: \$20,000

State Mandated

- Disabled Veteran 1: \$5,000
- Disabled Veteran 2: \$7,500
- Disabled Veteran 3: \$10,000
- Disabled Veteran 4: \$12,000
- 100% Disabled Veteran: 100%

Options and Analysis



1. Proposed Exemption

- \$25,000 exemption for Disabled Persons
- \$25,000 exemption for Disabled and \$5,000 additional exemption for Residents Over 65

2. Freeze options

- Disability Freeze
- Disability & Over 65 Freeze

Assumptions

- Average homestead value \$535,467 (FY 2022 Adopted)
- Average homestead value growth of 5%
- Collection rate of 99.1%
- Number of exemptions per 2021 Certified Tax Rolls
- No change in City Tax Rate





\$25,000 Exemption– Disability



6 Homesteads



**\$87 savings
per homestead
per year**



**\$5,200 reduced
revenue over 10
years**

\$25,000 Exemption Disability Additional \$5,000 for Over 65



**1365
Homesteads**



**\$87 savings
per homestead
per year**



**\$1.2 Million
(\$237,000 additional)
reduced revenue
over 10 years**

Disability Freeze



6 Homesteads



**\$93 savings
per homestead
per year**



**\$36,000 reduced
revenue over 10
years**

Disability & Over 65 Freeze



**1365
Homesteads**



**\$93 savings
per homestead
per year**



**\$8.2 million \$(7.8
million additional)
reduced revenue
over 10 years**



Considerations

Additional tax exemptions and tax freezes may not be applied to disabled veteran categories by a municipality.

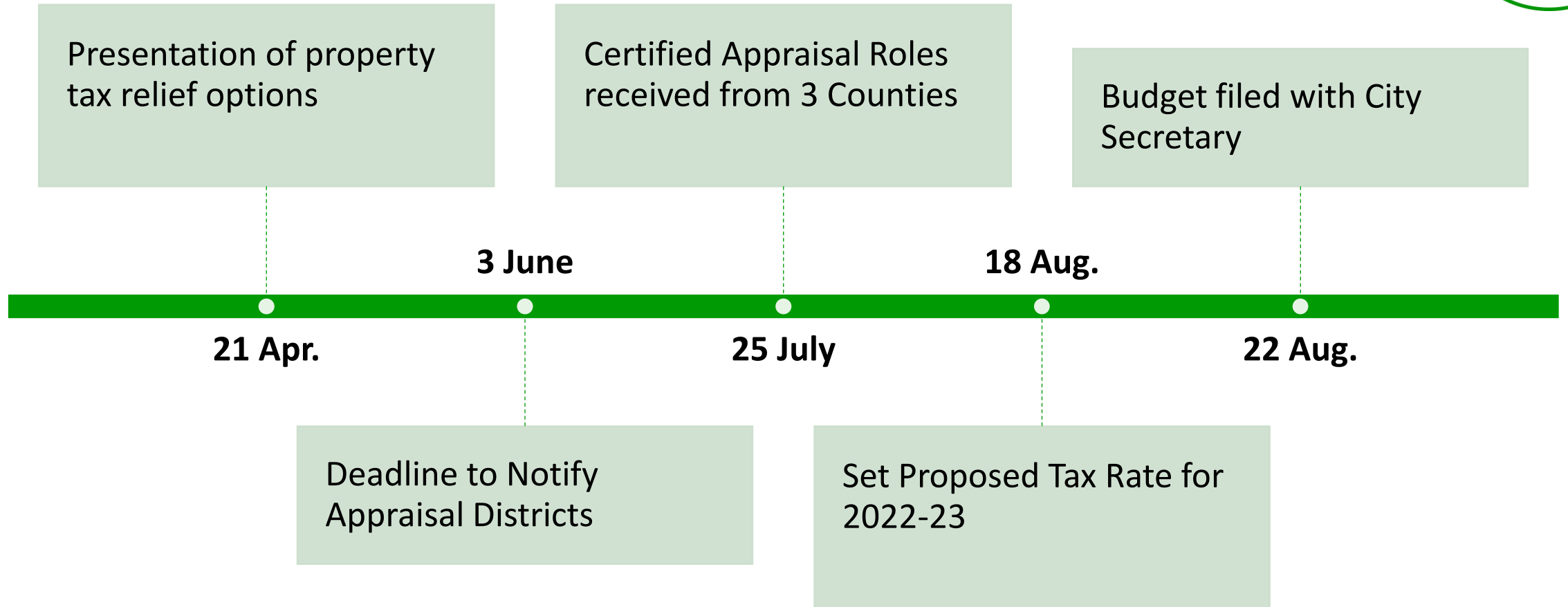
A tax freeze once enacted cannot be repealed -Texas Constitution Article VIII, section 1-b(h)

A tax freeze effectively caps the tax levy of a homestead, freezing the taxable valuation and tax rate.

A property must be a designated homestead in order to receive an exemption or freeze



Timeline





Questions?