



MEMORANDUM

TO: Mayor and City Council

FROM: Mike Peacock,
City Manager

DATE: May 2, 2023

SUBJECT: City Homestead Exemption

Currently the city offers a \$5,000.00 homestead exemption to residents to take advantage of, provided the property qualifies. In FY 2022-23 (current budget year) that exempted amount totals \$20,345M at a cost of \$145,000.00 to the annual budget.

I have prepared some projections based on increasing values up to an additional \$5K.

<u>Increase Amount</u>	<u>Projected Budget Cost</u>	<u>Cost Increase to Budget</u>
\$5,000.00	\$295,000.00	(\$145,000)
\$2,500.00	\$217,500.00	(\$72,500)
\$1,000.00	\$181,600.00	(\$36,600)

The cap for a homestead exemption is \$20,000. Once we have raised the amount, it cannot be lowered.

Considerations:

1. Current legislative session has multiple bills related to homestead exemptions.
2. Bond payment if passed.
3. Reduction in the tax rate because of likely being over the "No New Revenue Rate".
4. Significant increases in appraised values resulting protest losses.