

Montgomery City Council
AGENDA REPORT

Meeting Date: July 20, 2021	Budgeted Amount: N/A
Department: Admin	Prepared By: Dave McCorquodale

Subject

Consideration and possible action regarding adoption of a Resolution setting City of Montgomery tax exemptions for 2021.

Recommendation

Adopt the Resolution as presented or with amendments as City Council sees fit.

Discussion

The City Council authorized the following tax exemptions at the May 11th City Council Meeting:

- Homestead: \$10,000
- Over 65: \$50,000
- Disability: \$70,000

While the Over 65 and Disability exemptions can be set as a dollar amount, Texas Tax Code requires cities to adopt the Homestead exemption as a percentage of appraised value. MCAD contacted the City last week to ask for an amended homestead exemption format. The following summary helps explain how the proposed percentage calculation compares with the previously approved \$10,000 amount:

- Total properties with a homestead exemption on file in the City = 437
- Average home valuation in the City = \$260,000
- 4% of \$260,000 = \$10,400

The proposed 4% homestead exemption represents a reduction in City ad valorem tax collections of approximately \$18,000 for 2021, or about \$40 less in property taxes for the average Montgomery homeowner with a homestead exemption.

While cities may adopt fractional percentages (e.g., 3.85%), staff recommends an even number for simplicity. The city attorney is currently drafting the resolution which will be presented at the meeting. Staff will email the draft resolution to City Council early next week when it is available. The resolution will include all property tax exemptions for ease of reference in the future.

Approved By

Asst. City Administrator	Dave McCorquodale	Date: 07/16/2021
City Administrator	Richard Tramm	Date: 07/16/2021