



FINANCE

To: Mayor and Town Council
From: Chris Landrum, Finance Director
Through: Mario Canizares, Town Manager
Bob Scott, Deputy Town Manager
Re: Homestead Tax Exemption

Town Council Meeting – June 25, 2023

Strategic Visioning Priority: 4. Provide Excellent Municipal Services

Agenda Item:

Consider and act upon an ordinance establishing a Homestead Tax Exemption.

Description of Agenda Item:

Section 11.13(n) of the State of Texas Tax Code provides for an optional residential homestead exemption by any taxing unit. Each taxing unit decides if it will offer the exemption and at what percentage. This optional homestead exemption cannot be less than \$5,000 or greater than twenty percent of the qualifying property's assessed value.

The Town Council initially approved a homestead exemption for the fiscal year 2016-2017 at seven and a half percent (7.5%). The Council increased the exemption for fiscal year 2017-2018 to ten percent (10%). The Council raised the homestead exemption to the current rate of twelve and a half percent (12.5%) for the fiscal year 2022-2023. For fiscal year 2023-2024, Council increased the exemption to fifteen percent (15%).

Finance staff presented multiple homestead exemption rate options to the Finance Sub-committee on June 20, 2024. The Finance Sub-committee recommended raising the homestead exemption rate to seventeen and a half percent (17.5%).

Budget Impact:

Staff estimates total savings to homestead property owners of \$1,159,628. The average savings per homestead property owner is \$111.31.

Legal Obligations and Review:

Terrence Welch of Brown & Hofmeister, L.L.P., has approved the attached documents as to form and legality.

Attached Documents:

1. Ordinance

Town Staff Recommendation:

Town Staff recommends that the Town Council establish a Homestead Tax Exemption of seventeen and a half percent (17.5%).

Proposed Motion:

I move to approve an ordinance establishing a Homestead Tax Exemption of seventeen and a half percent (17.5%).