



## FINANCE DEPARTMENT

**To:** Mayor and Town Council  
**From:** Harlan Jefferson, Town Manager  
**Re:** Town Council Meeting – June 28, 2022

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**Agenda Item:**

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

**Description of Agenda Item:**

Chapter 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's current assessed homestead tax exemption rate is 10%.

Property tax revenue is split between the General Fund (Maintenance and Operations) and the Interest and Sinking Fund (Debt Service). The 2022 tax rate as approved during the last budget cycle provides for the following tax rate:

\$0.3280 for Maintenance and Operations  
\$0.1820 for Debt Service  
\$0.5100 Total Tax Rate

**Budget Impact:**

Staff is estimating lost revenue based on the preliminary roll information provided by the appraisal districts to be approximately \$778,000.

**Legal Obligations and Review:**

Terrence Welch with Brown & Hofmeister, L.L.P., has reviewed the attached ordinance 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 twelve and a half percent (12.5%).

**Proposed Motion:**

I move to approve an ordinance establishing a Homestead Tax Exemption of twelve and a half percent (12.5%).