

## Item H-4

Consider an ordinance approving a residential homestead property tax exemption increase of 6% for a total exemption of 20%, as authorized and defined by Section 11.13(n) of the Texas Property Tax Code in the City of Keller, Tarrant County, Texas; providing a penalty; and authorizing publication.

# Current Homestead Tax Relief Options

- Tax Rate Reduction
- **Local Option Homestead = 14%**
- Local Option Over 65 = \$40,000
- Local Option Disabled = \$10,000
- *Over 65 / Disabled Ceiling = Yes*

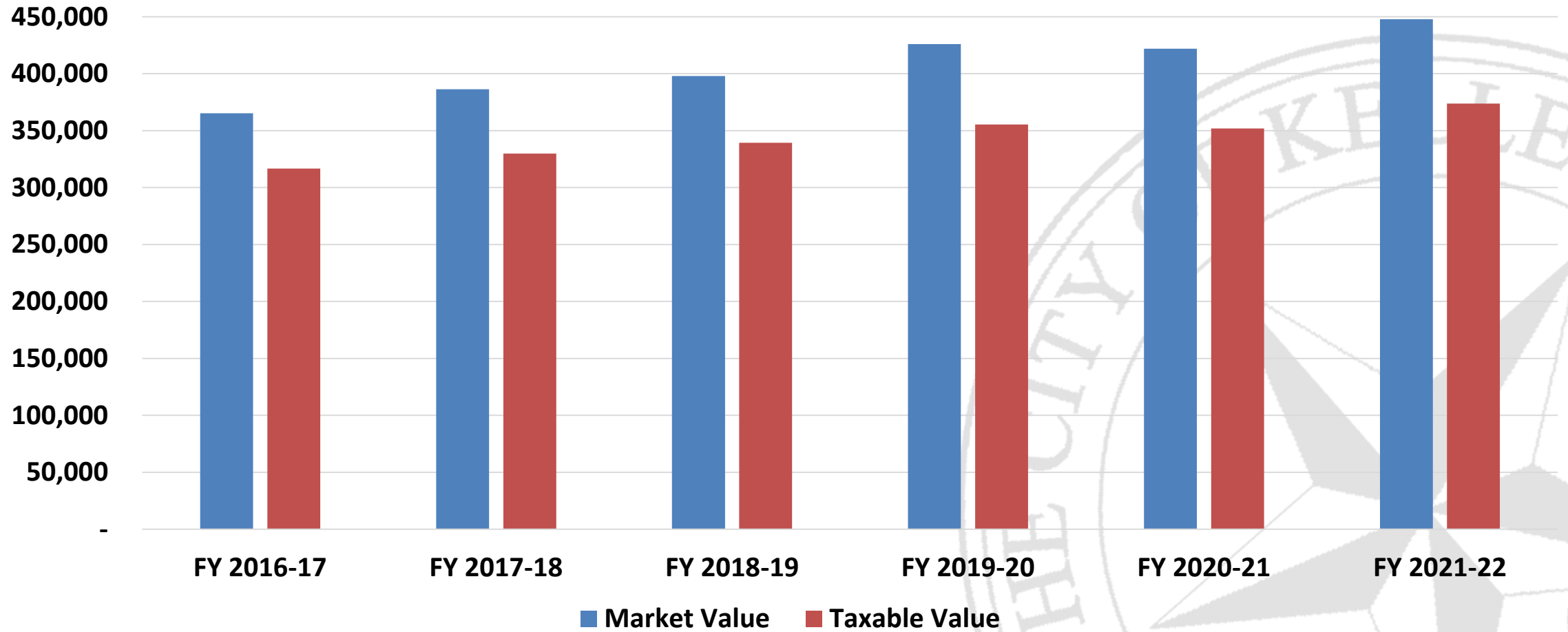


# Tax Mitigation Timeline

Fiscal Year	Tax Rate	Change from FY 2013-14	Homestead	Avg. Home Tax Bill without Mitigation
FY 2013-14	\$0.44219	\$0.00000	1%	1,791
FY 2014-15	\$0.43719	(\$0.00500)	1%	1,771
FY 2015-16	\$0.43469	(\$0.00750)	1%	1,760
FY 2016-17	\$0.43000	(\$0.01219)	4%	1,689
FY 2017-18	\$0.42750	(\$0.01469)	8%	1,609
FY 2018-19	\$0.41325	(\$0.02894)	10%	1,522
FY 2019-20	\$0.39990	(\$0.04229)	12%	1,440
FY 2020-21	\$0.39500	(\$0.04719)	14%	1,390

**\$0.3950 & 14% Homestead Exemption vs. FY 14 Rate & 1% HS = \$401 savings or ~3.5 month of services**

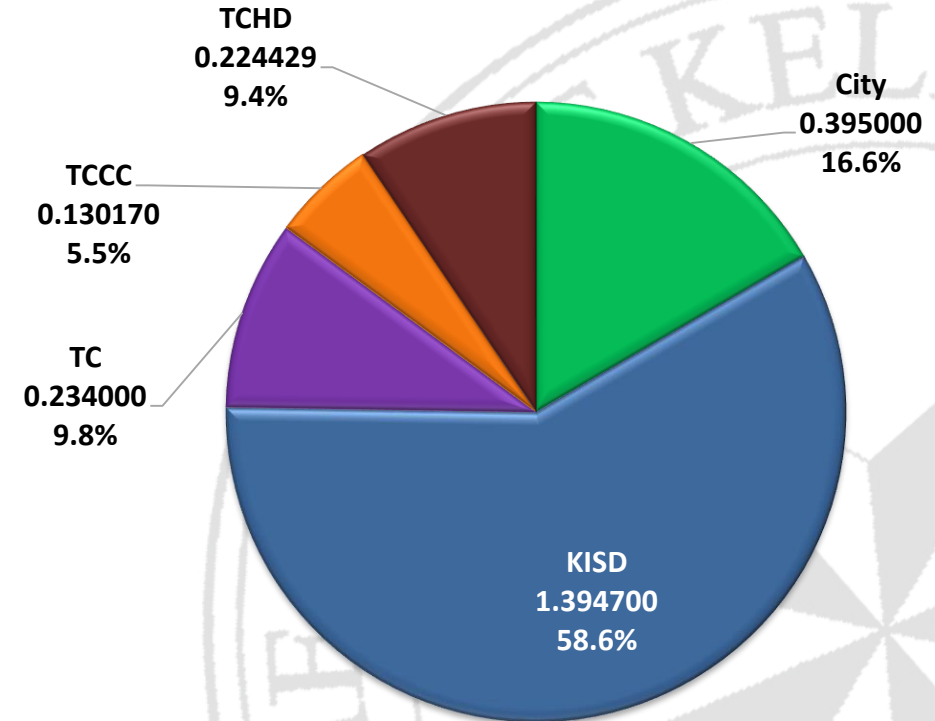
# Market vs. Taxable Home Value



# Overlapping Tax Rate / Average Homeowner Impact

Entity	2020 Levy	2021 Levy	Estimated
KISD	\$ 5,005	4,907	(\$98)
Keller	1,421	1,390	(31)
Tarrant County	832	823	(9)
TCHD	798	790	(8)
TCCC	463	458	(5)
<b>Total</b>	<b>\$ 8,519</b>	<b>\$8,368</b>	<b>(\$151)</b>

FY 2020-21 TAX RATE OVERLAP DISTRIBUTION



# Benchmark Cities

	<b>Keller</b>	Colleyville	Flower Mound	Southlake	Trophy Club	Westlake
<b>Homestead %</b>	<b>14%</b>	0%	2.5%	20%	1%	20%
<b>Over 65</b>	<b>40,000</b>	65,000	100,000	75,000	35,000	10,000
<b>Disabled</b>	<b>10,000</b>	65,000	100,000	75,000	0	10,000
<b>O65/D Ceiling</b>	<b>Y</b>	Y	N	Y	Y	Y
<b>Avg. Home Value</b>	<b>351,817</b>	562,115	432,336	607,365	476,836	1,612,042
<b>Tax Rate</b>	<b>0.3950</b>	0.304365	0.4365	0.4050	0.446442	0.16788
<b>Avg. Levy</b>	<b>1,390</b>	1,711	1,887	2,460	2,129	2,706

# Summary of Values at May

	Total Taxable Value	New Construction	Average Home
May 2021	6,587,849,309	80,739,967	373,725
Estimated Levy	24,925,725	318,923	1,476
May 2020	6,369,666,394 (3.4%)	90,156,227	364,215
Certified 2020	6,106,325,212 (7.9%)	73,036,931	351,817
Levy Comparison	1,343,290 (5.7%)	290,304 (9.9%)	86.54 (6.2%)

# Homestead Options

Based upon May FY 2021-22	14%	18%	19%	20%
Homeowner savings (annual)	\$(86.54)	\$(17.88)	\$(0.71)	\$16.46
Homeowner savings (monthly)	\$(7.21)	\$(1.49)	\$(0.06)	\$1.37
Existing Growth Levy	\$1,355,975	\$243,746	\$(34,312)	\$(312,369)
New Growth Levy	\$319,454	\$319,454	\$319,454	\$319,454
Levy Growth \$	\$1,675,429	\$563,200	\$285,143	\$7,085
Levy Growth %	7.1%	2.4%	1.2%	0.0%



# Homestead Exemption Proposal

- Recommending 6% Increase
  - Current = 14%
  - Proposed = 20%
  - Avg. Home Value reduced from \$373,725 to \$347,651 or \$26,074
  - Estimated levy reduction of \$1,107,904 based upon FY 2020-21
  - Estimated existed levy variance of \$1,668,344 based upon May values
- State code requires Council action by June 30
- Any increase reflected in July Certified Values

# Council Action

City Council has the following options:

- Approve As Presented
- Approve With Modifications
- Deny





*City of* **KELLER**  
FINANCE DEPARTMENT

**Questions?**

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