

Item D-1

Discuss Property Tax Rate Calculations and
Homestead Exemption

Tax Rate Components

O&M Rate = Operations and Maintenance Rate

- General Fund
- \$0.324190/\$100 or 82.1% of total rate

I&S = Interest and Sinking Rate

- Debt Service Fund
- \$0.070810/\$100 or 17.9% of total Rate

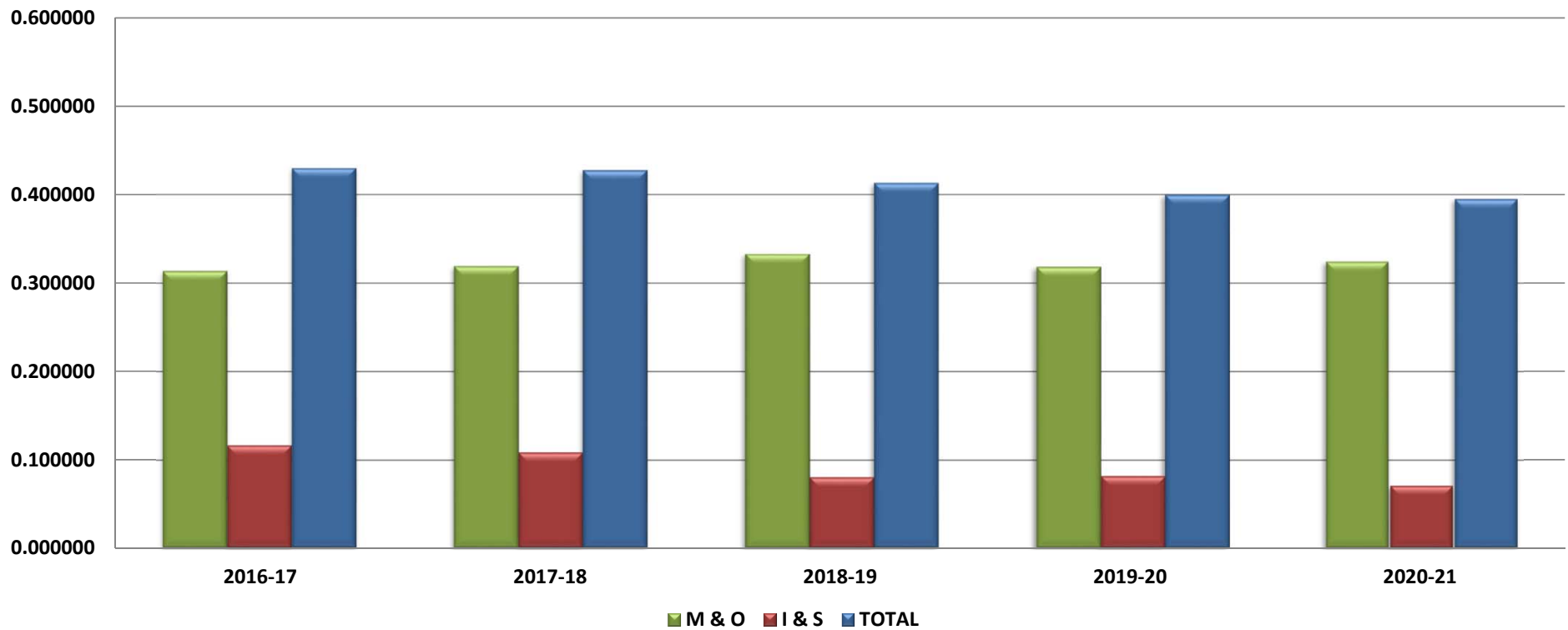
Total Adopted Rate = \$0.3950/\$100

Levy = Value X Rate

- Tarrant Appraisal District determines value
- City adopts rate and exemptions
- Tarrant County collects the levy



Tax Rate Components By Year



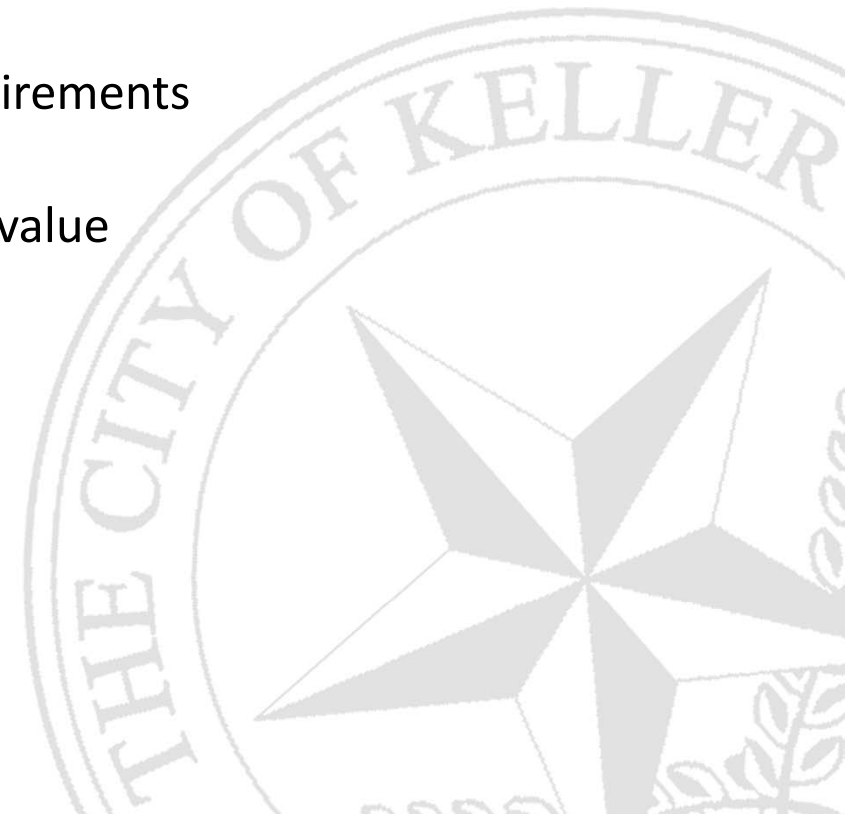
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No New Revenue Rate Calculation

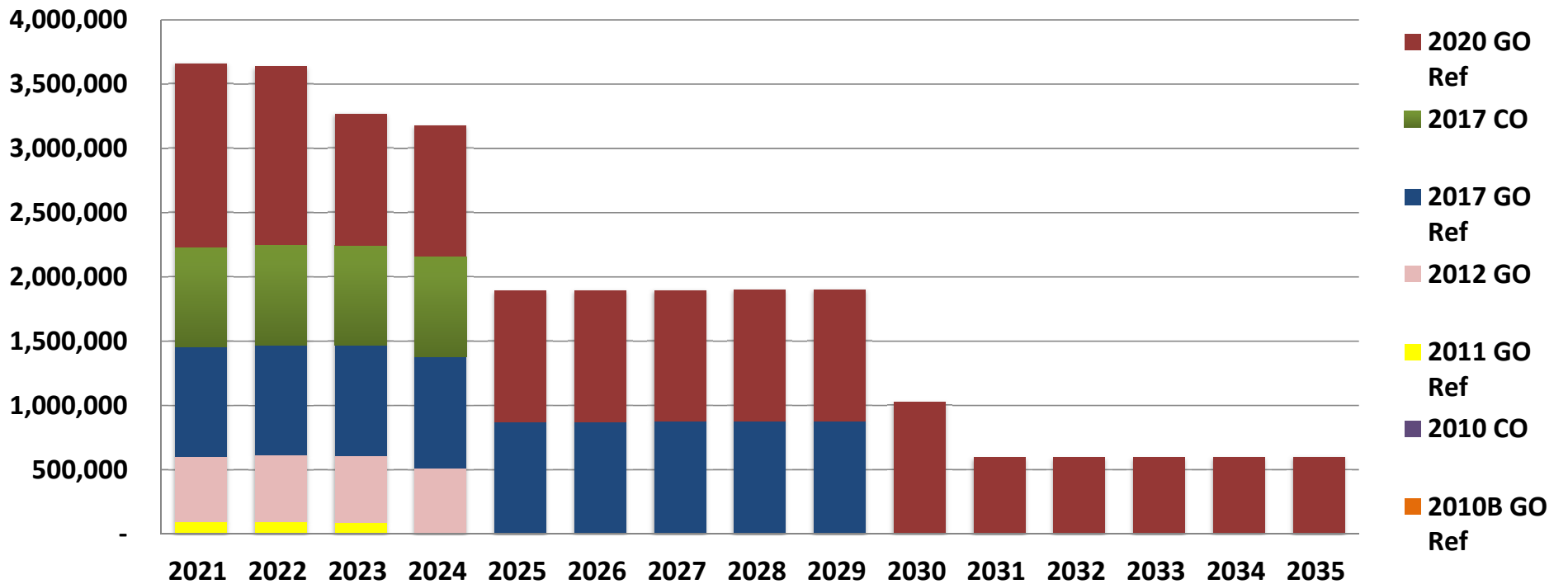
- Rate which creates levy on same properties as prior year
- Value \uparrow = Rate \downarrow **OR** Value \downarrow = Rate \uparrow
- Allows new development to cover service costs
- If exceeding, hold 2 public hearings and ratify increase in budget
- FY 2018-19 Adopted = \$0.41325 & NNR = \$0.41328
- FY 2019-20 Adopted = \$0.39990 & NNR = \$0.40195
- FY 2020-21 Adopted = \$0.39500 & NNR = \$0.41759

Voter Approval Tax Rate Calculation

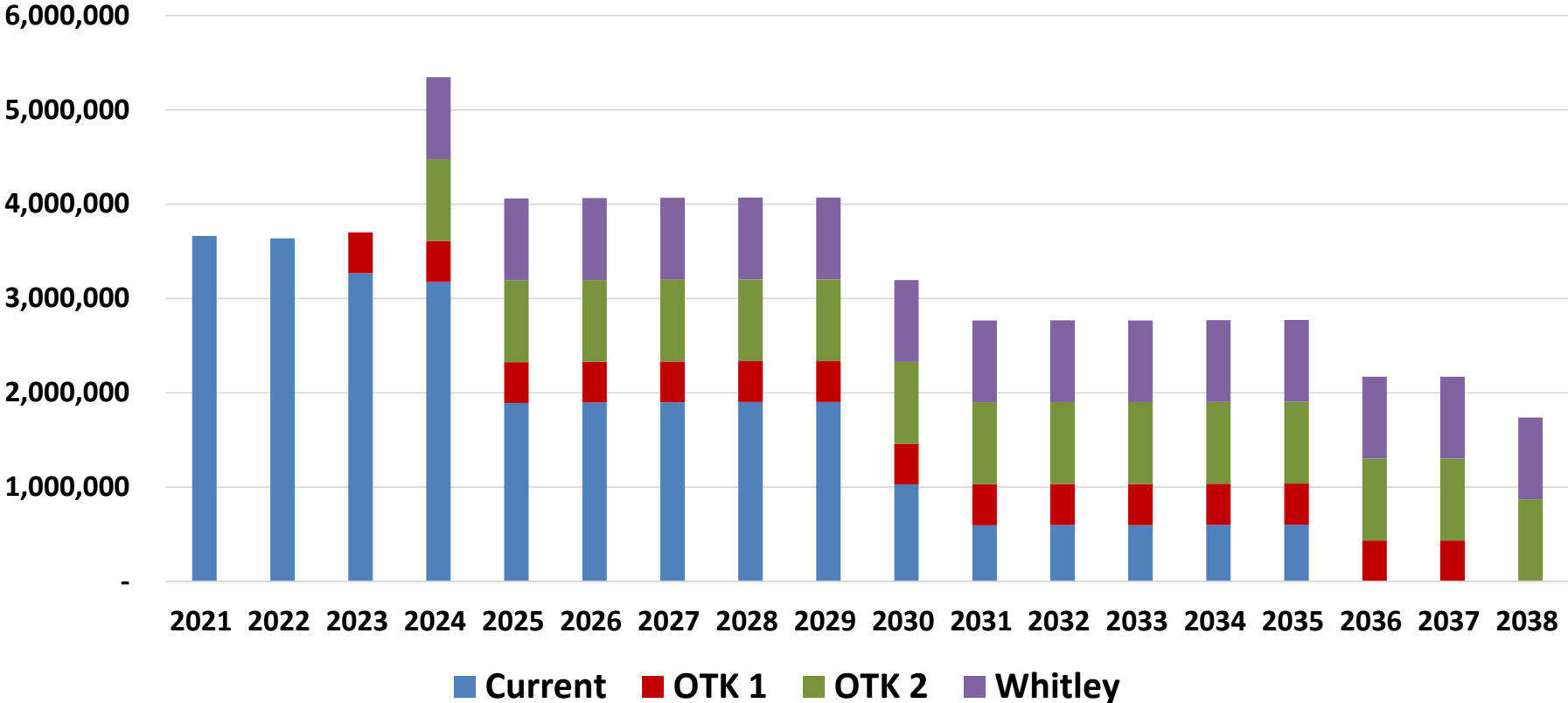
- Effective O&M Rate * **1.035** + I&S Rate
- Allows for service growth and covering debt requirements
- Reducing Debt moves levy to O&M regardless of value
 - Concern for long-term capacity
- Exceeding rate requires voter approval
- FY 2018-19 Adopted = \$0.41325 & VA = \$0.41330
- FY 2019-20 Adopted = \$0.39990 & VA = \$0.43106
- FY 2020-21 Adopted = \$0.39500 & VA = \$0.41628



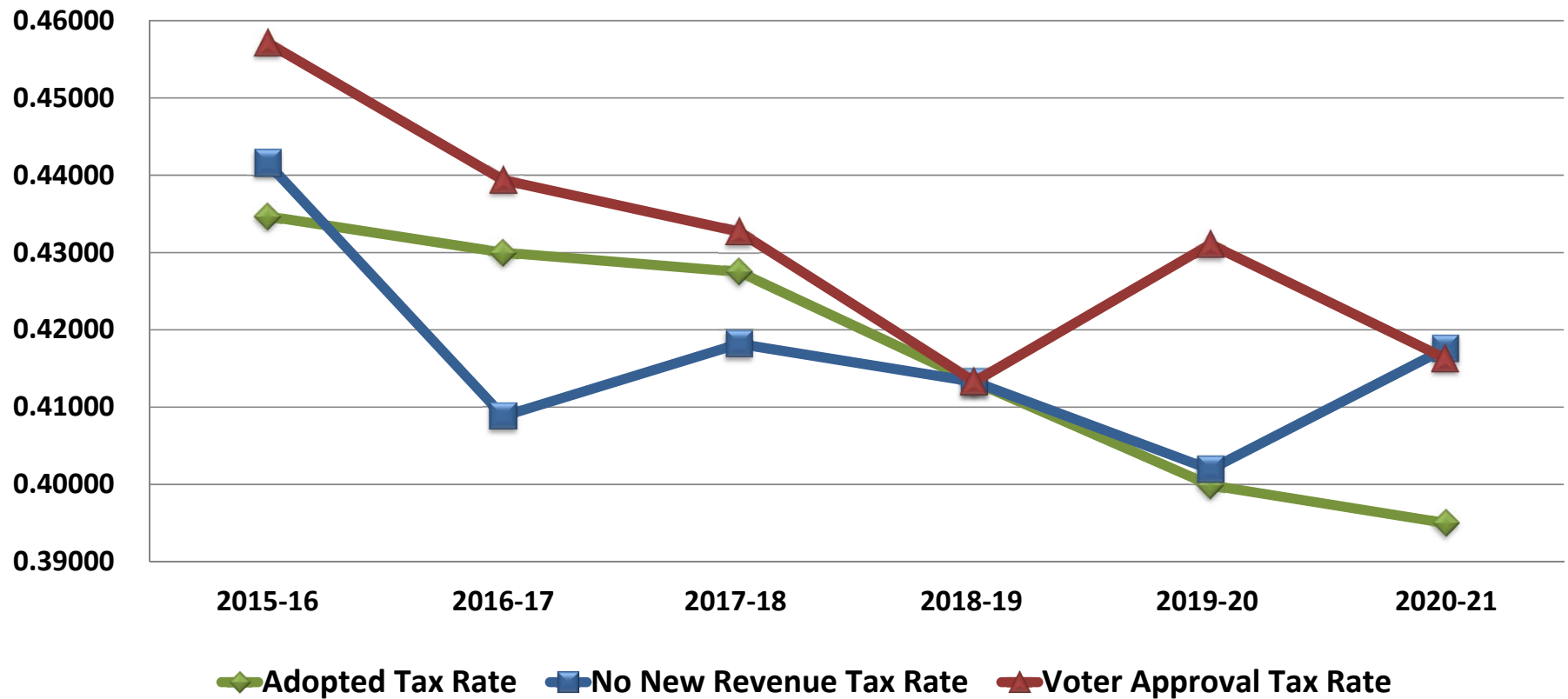
Current Ad Valorem Debt



Possible Future Debt Issuance for OTK

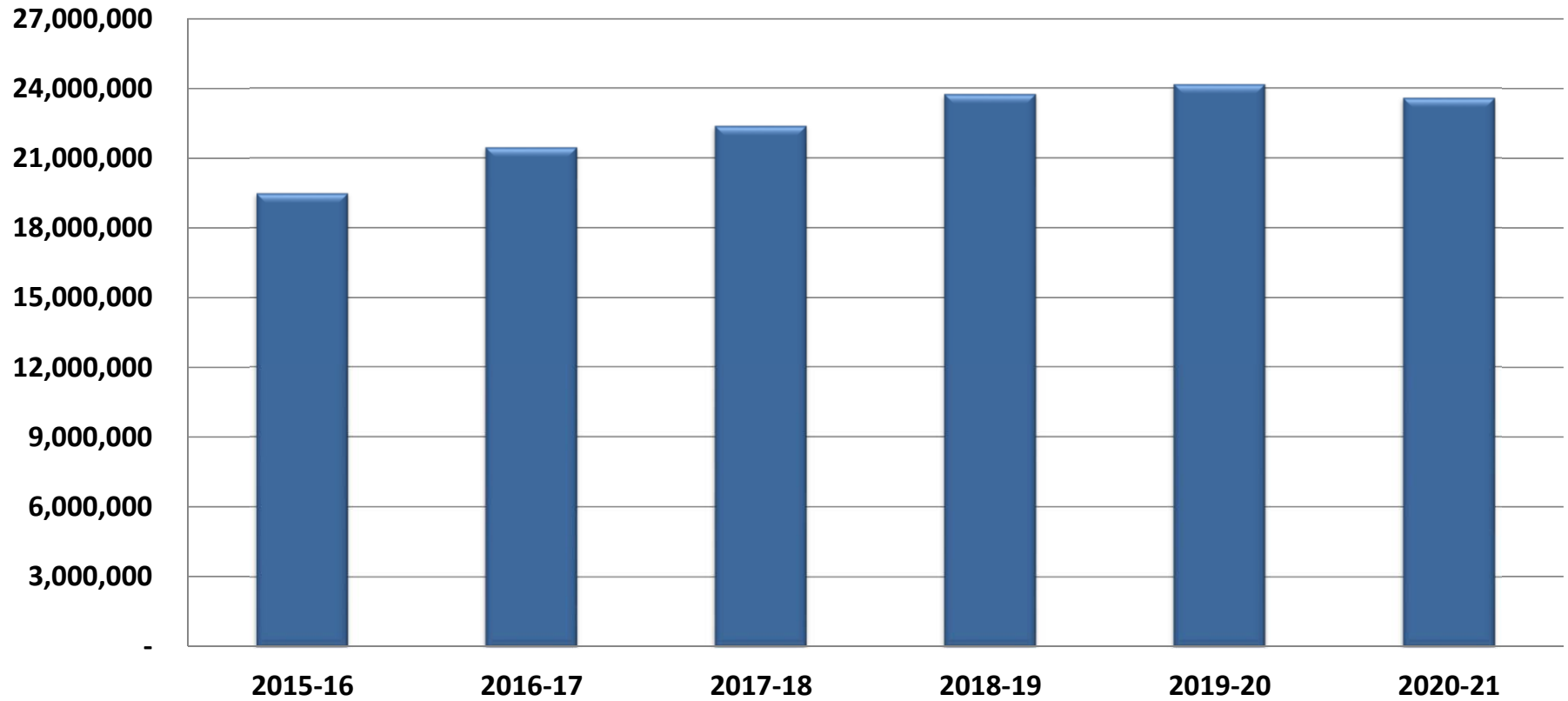


Adopted, Effective and Rollback Rates



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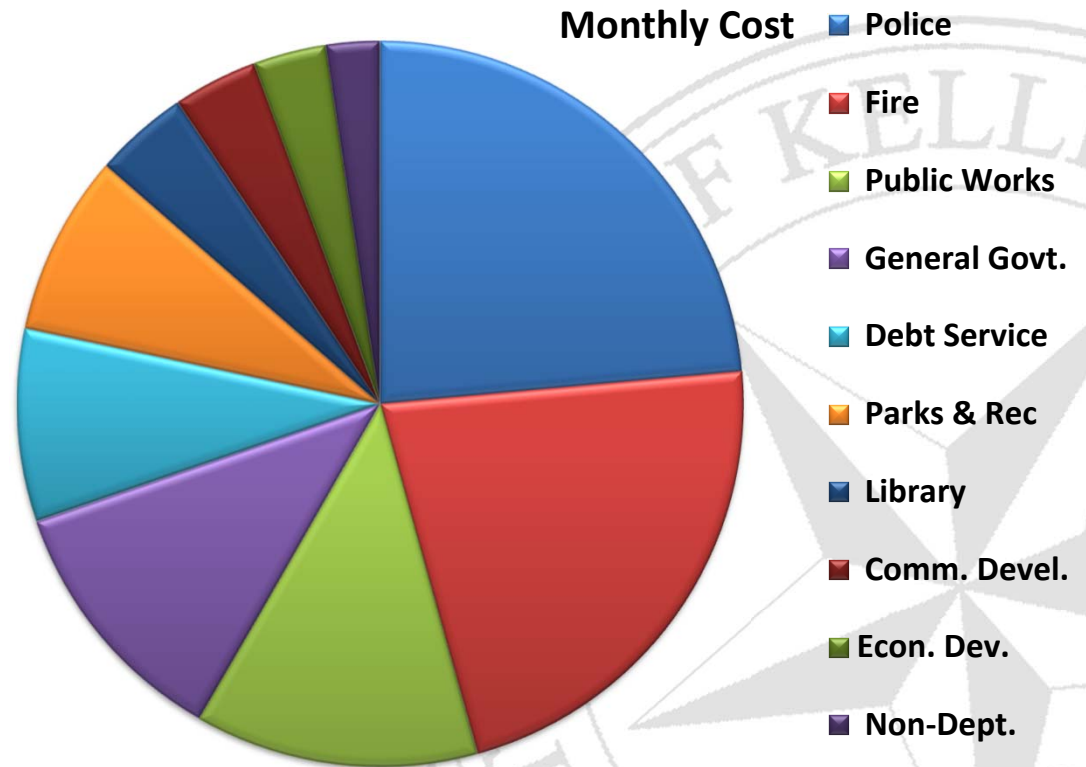
Levy Comparisons By Year



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FY 2020-21 Monthly Cost of City Services for Average Residential Taxpayer

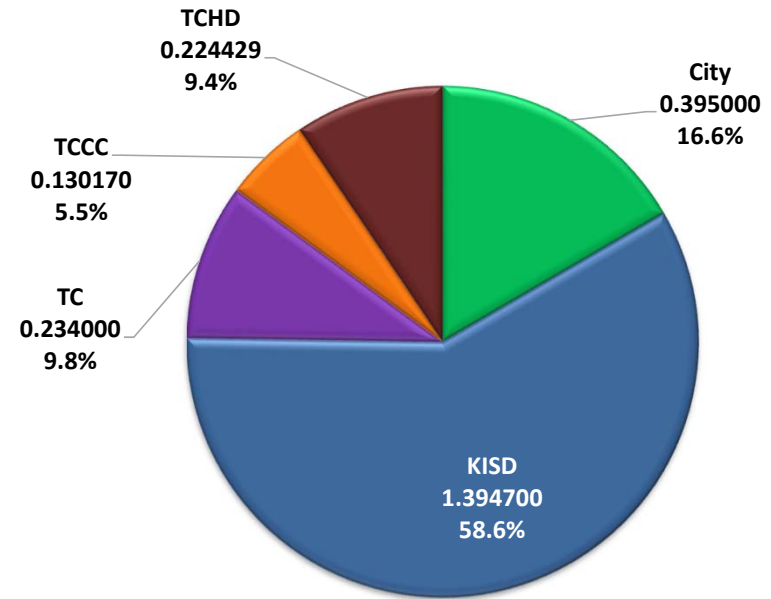
Police	\$ 27.29
Fire	25.59
Public Works	14.65
General Govt.	13.24
Debt Service	9.96
Parks & Rec	9.33
Library	4.86
Comm. Dev.	4.35
Econ. Dev.	3.76
Non-Dept.	2.78
Total	\$ 115.81



Overlapping Tax Rate / Average Homeowner Impact

FY 2020-21 TAX RATE OVERLAP DISTRIBUTION

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)
Total	\$ 8,519	\$8,368	(\$151)

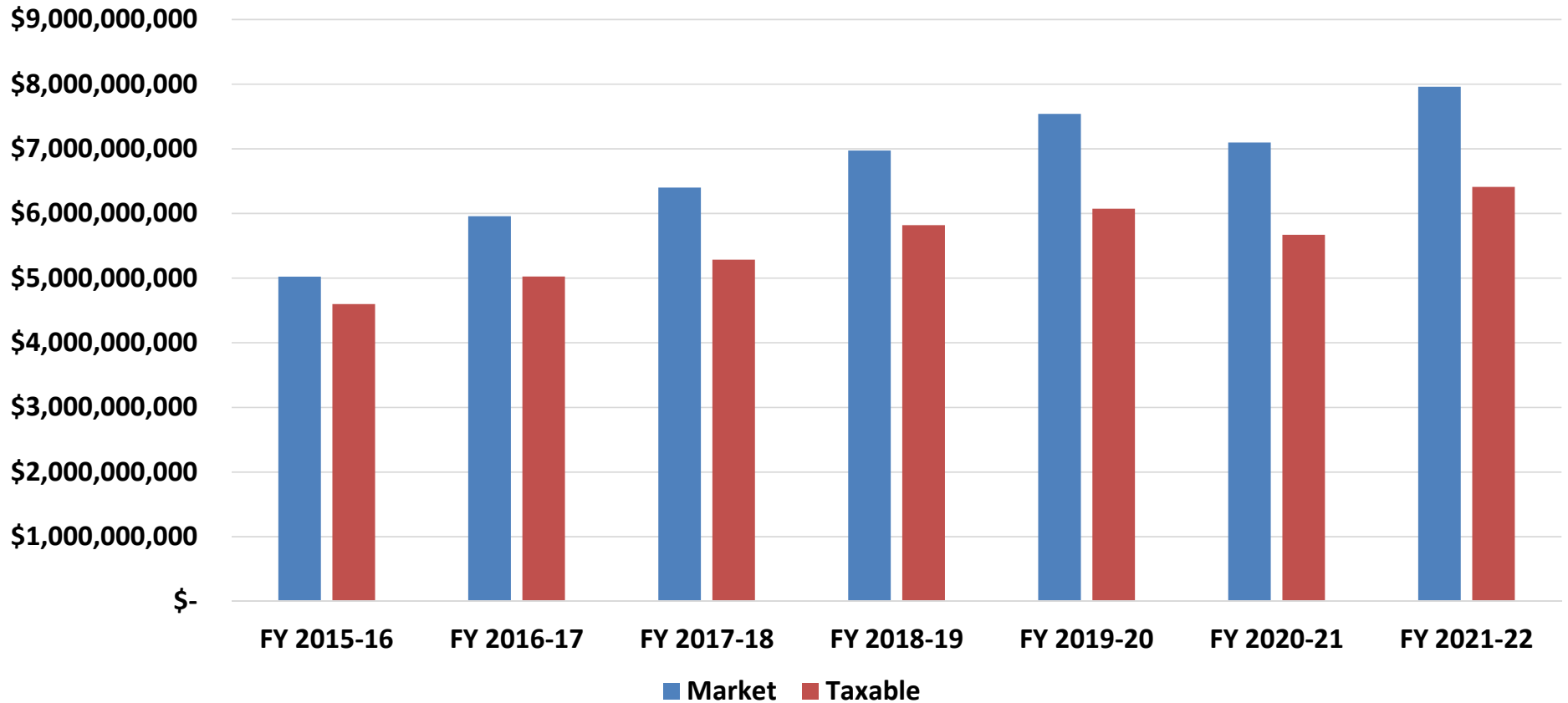


Market vs. Taxable Value

	SF Residential Value	Commercial Value
	Market Value = \$447,411	Market Value
Minus 10% State Homestead Cap	X	
Minus State Vet Disabled Exemption	X	
Minus Senior/Over 65 Ceiling (Freeze)	X	
Minus Over 65 and Disabled Local Options	X	
Minus 14% City Homestead Exemption	X	
Minus Agriculture Exemption	X	X
Minus Abatement		X
Taxable Value	Market – Applicable X's = \$373,725 (\$73,686 or 17.3%)	Market – Applicable X's

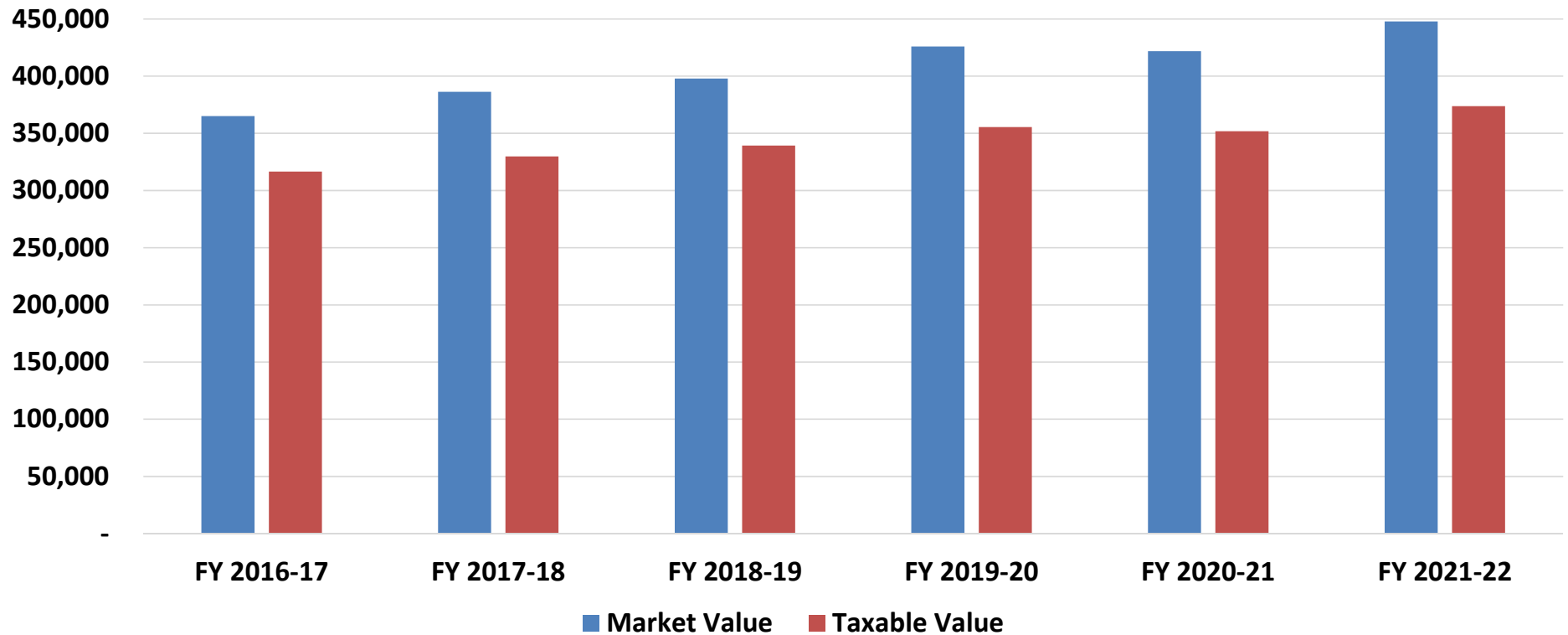
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Total Market vs. Taxable By Year



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Market vs. Taxable Home Value



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FY 2020-21 Levy

	FY 2019-20	FY 2020-21 June Estimate	FY 2020-21 Certification
Adjusted Value	6,089,788,184	6,222,058,171	6,008,353,326
No New Revenue Rate	0.401949	N/A	0.417588
Voter Approval Rate	0.431064	N/A	0.416278
Proposed Rate	0.39990	0.39990	0.3950
Collection	\$24,170,415	\$24,187,510	\$23,582,462
Vs. FY 2019-20	-	17,095	(587,953)
New Levy	527,287	352,287	290,304
Existing Levy	(99,741)	(335,852)	(878,257)

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Current City Exemptions

State Mandated

- 10% maximum annual taxable value increase
- Disabled Veteran = \$5,000 - \$12,000

City Implemented

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

Benchmark Cities

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

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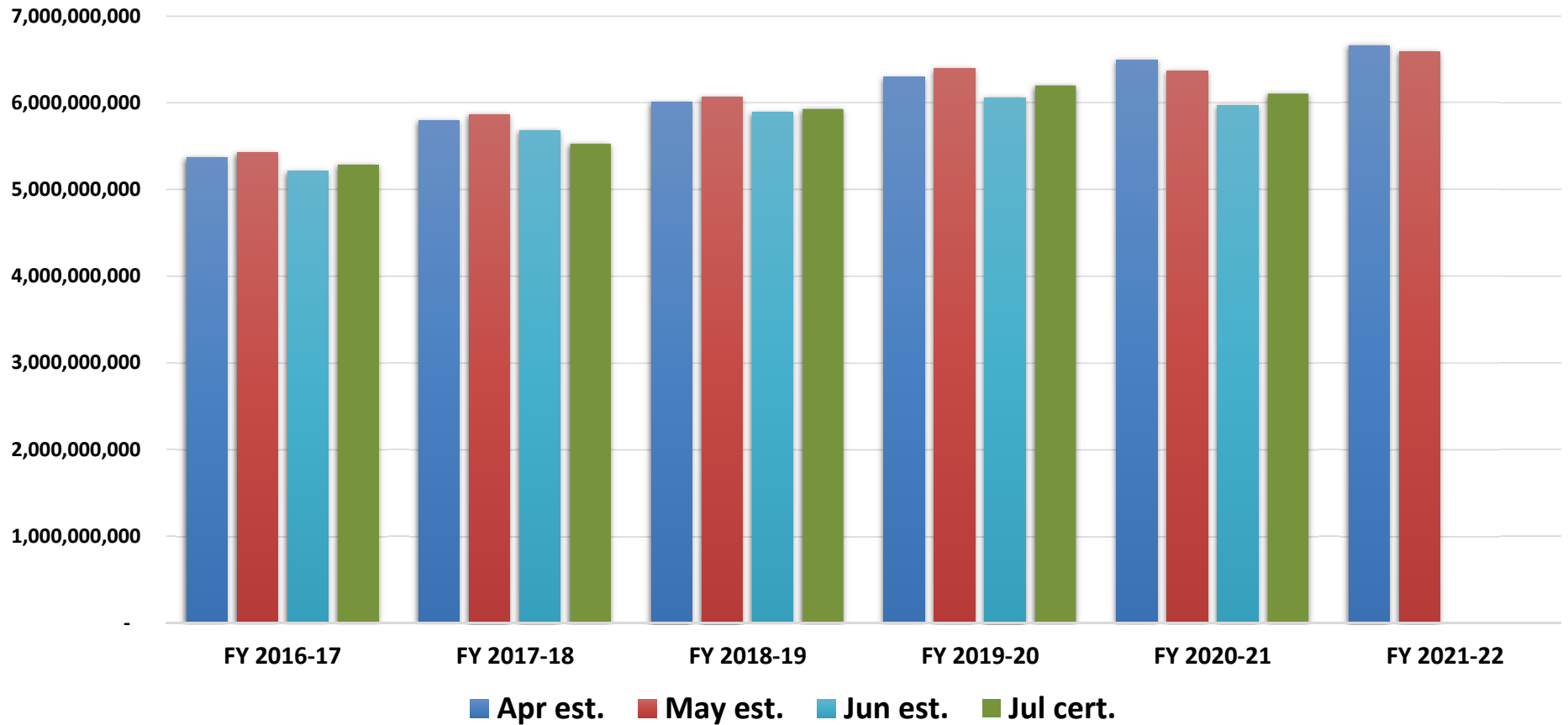
Tax Mitigation Timeline

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

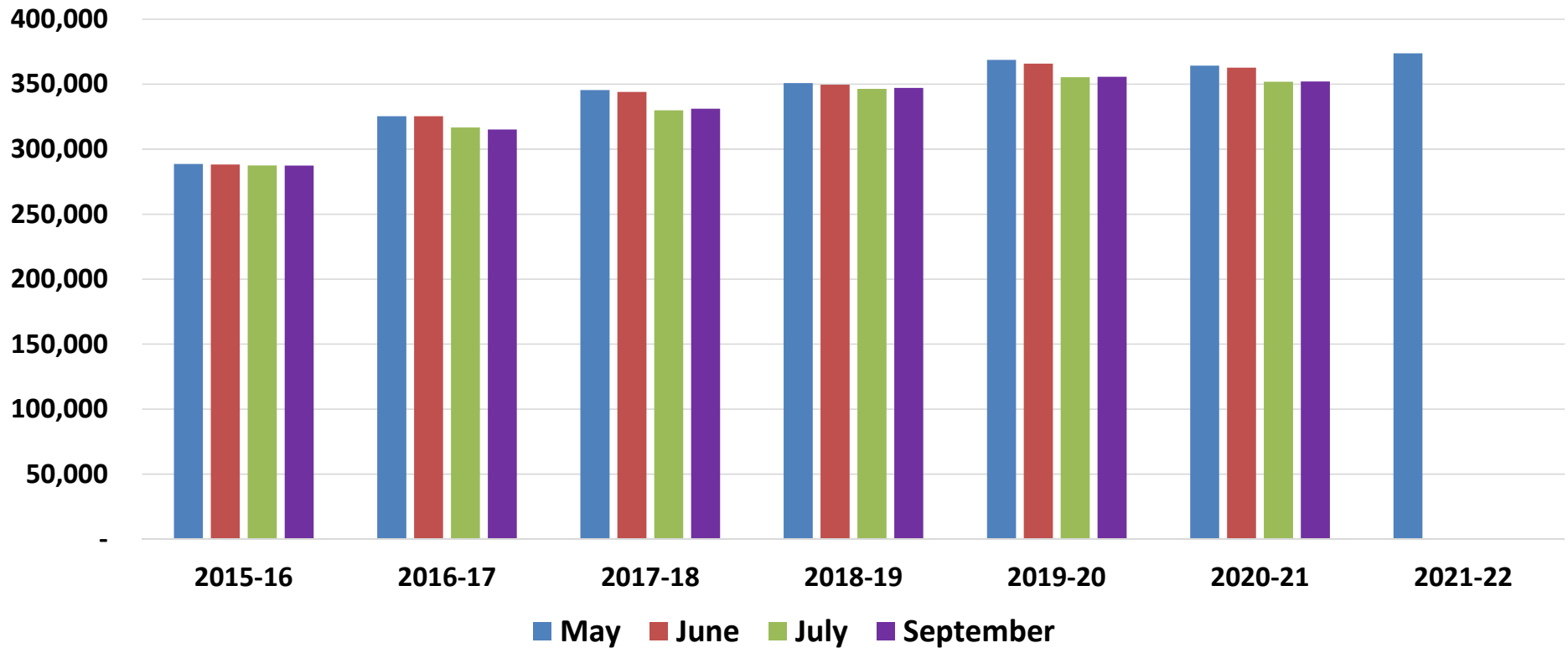
\$0.3950 & 14% Homestead Exemption vs. FY 14 Rate & 1% HS = \$401 savings or ~3.5 month of services

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Taxable Value By Update



Average Taxable Home Value By Update



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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%)

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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%

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City of **KELLER**
FINANCE DEPARTMENT

Questions?

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