

Item D-2

Discuss Property Tax Rate Calculations and Homestead Exemption

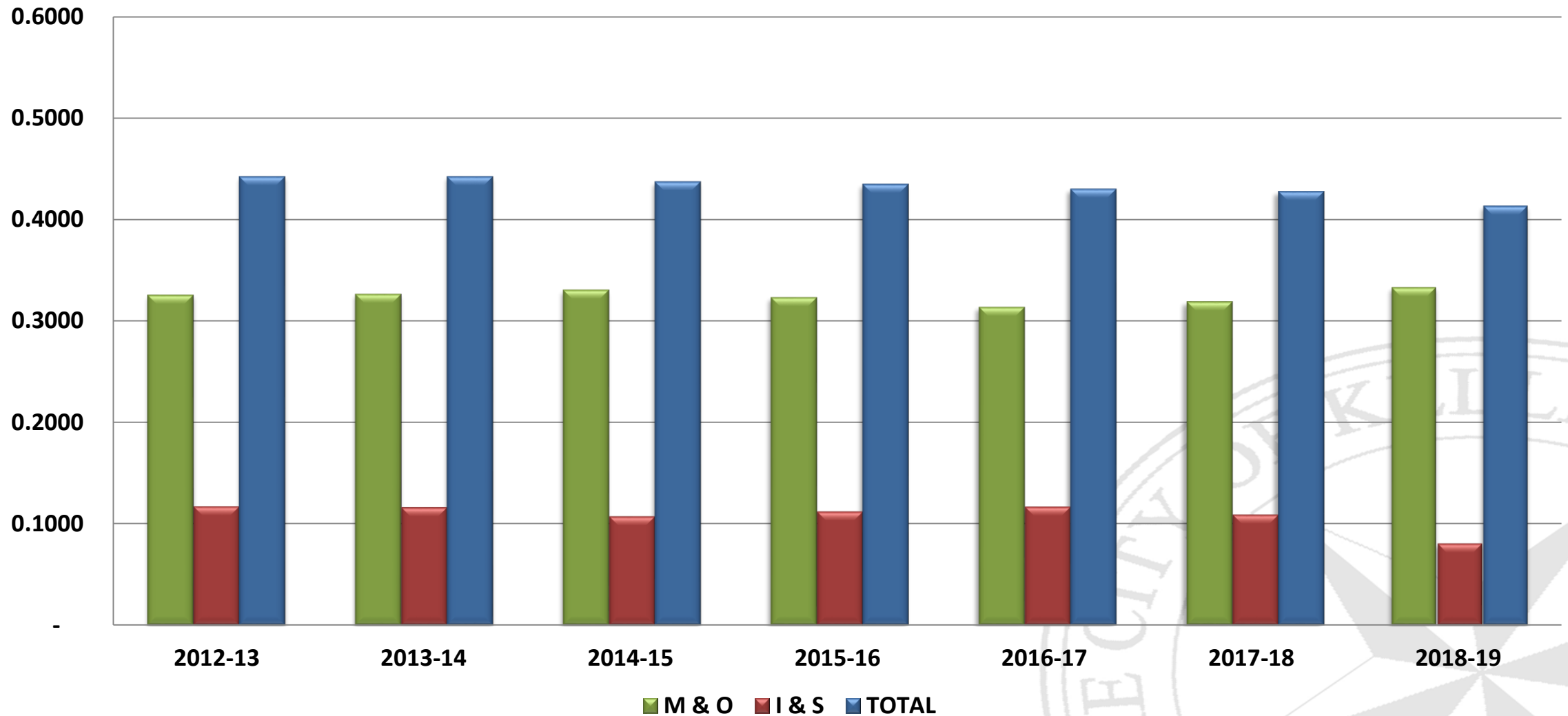


Tax Rate Components

- O&M Rate = Operations and Maintenance Rate
 - General Fund
 - \$0.332943/\$100 or 81% of total rate
- I&S = Interest and Sinking Rate
 - Debt Service Fund
 - \$0.080307/\$100 or 19% of total Rate
- Total Adopted Rate = \$0.413250/\$100
- Levy = Value X Rate
 - Tarrant Appraisal District determines value
 - City adopts rate and exemptions



Tax Rate Components By Year



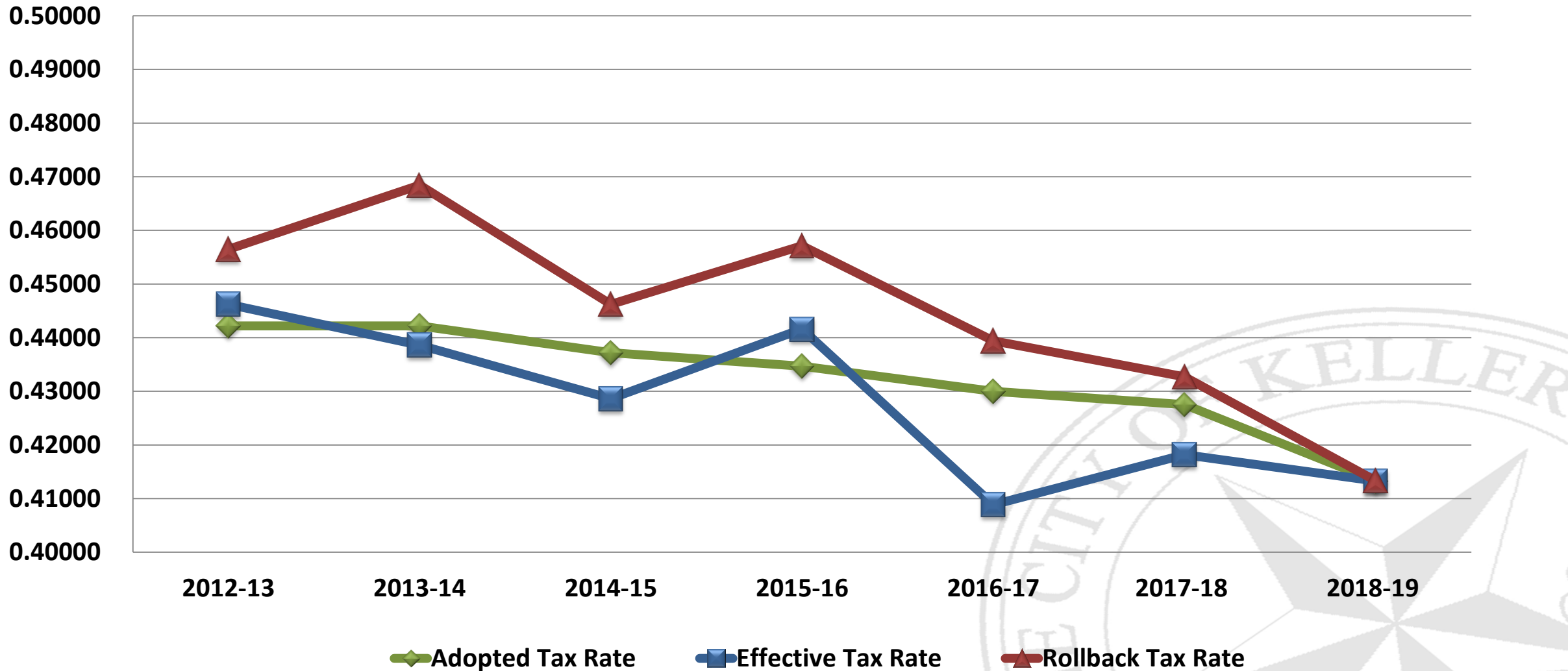
Effective / No New Revenue Rate Calculation

- 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 & FY 2018-19 Effective = \$0.41328

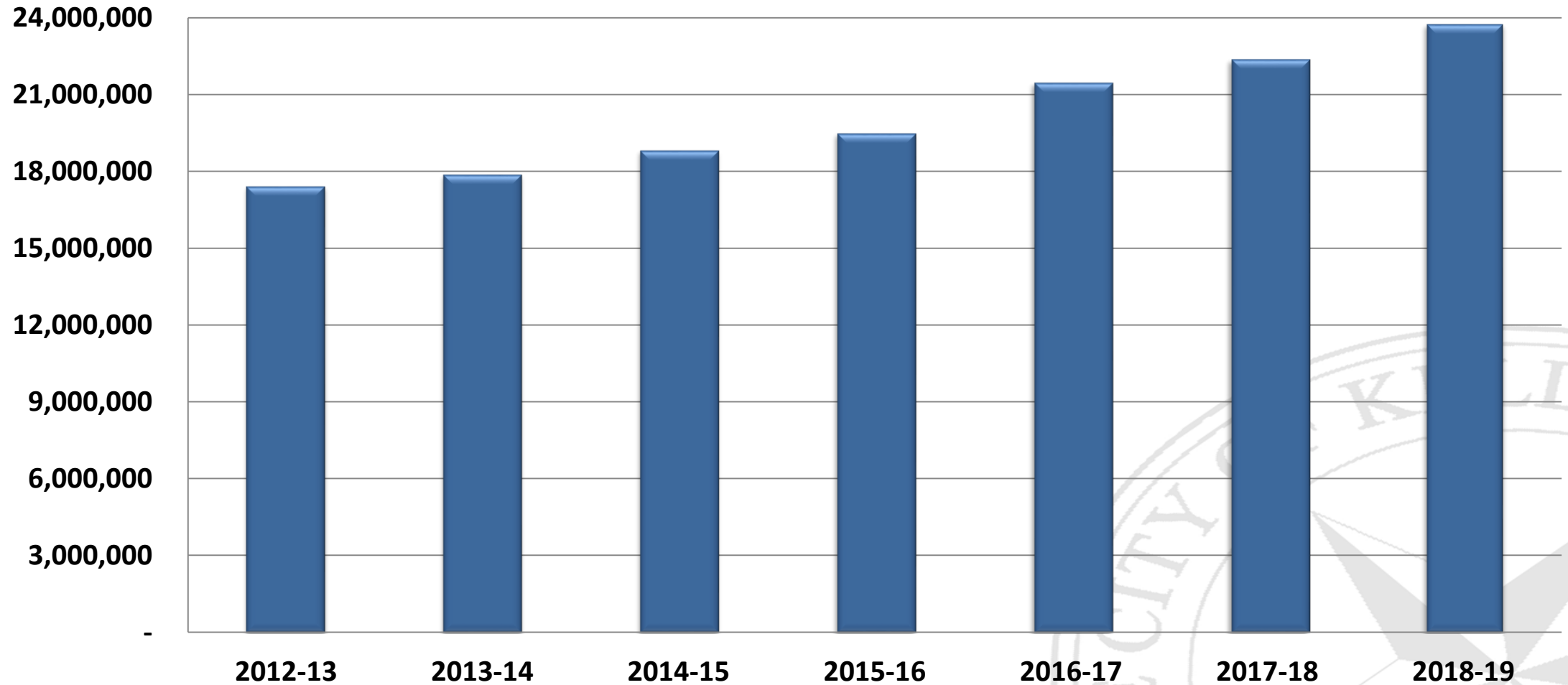
Rollback Tax Rate Calculation

- Effective O&M Rate * **1.08** + I&S Rate
– 1.035 in FY 2020-21
- 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 allows citizens to petition a rollback election
– Automatic Election in FY 2020-21
- FY 2018-19 Adopted = \$0.41325 & FY 2018-19 Rollback = \$0.41330

Adopted, Effective, and Rollback Rates



Levy Comparisons By Year

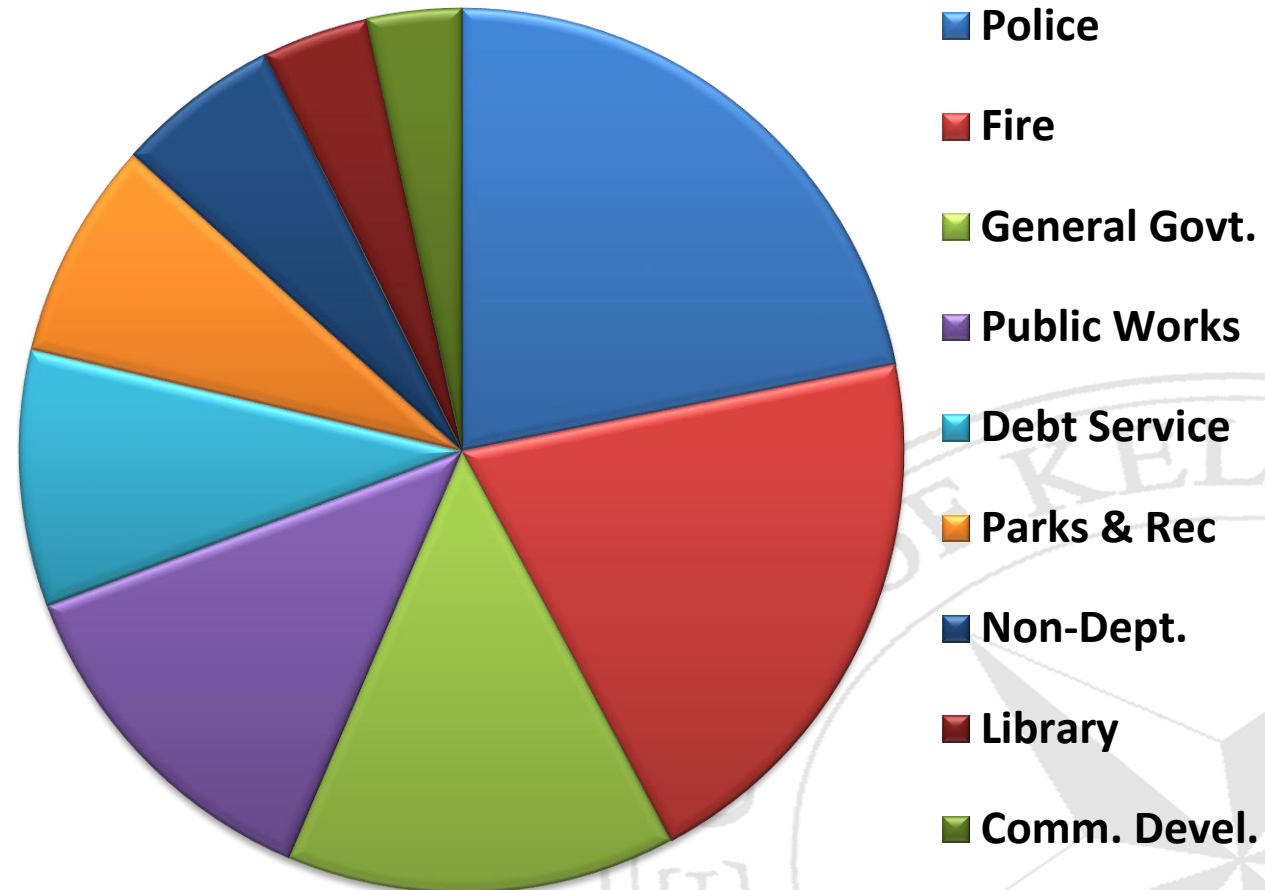


Cost of City Services for Average Homeowner

(Based on Average FY 2018-19 Valuation of \$346,378)

Police	26.06
Fire	24.17
General Govt.*	16.99
Public Works	15.39
Debt Service	11.19
Parks & Rec	9.58
Non-Dept.	7.15
Library	4.62
Comm. Devel.	4.13

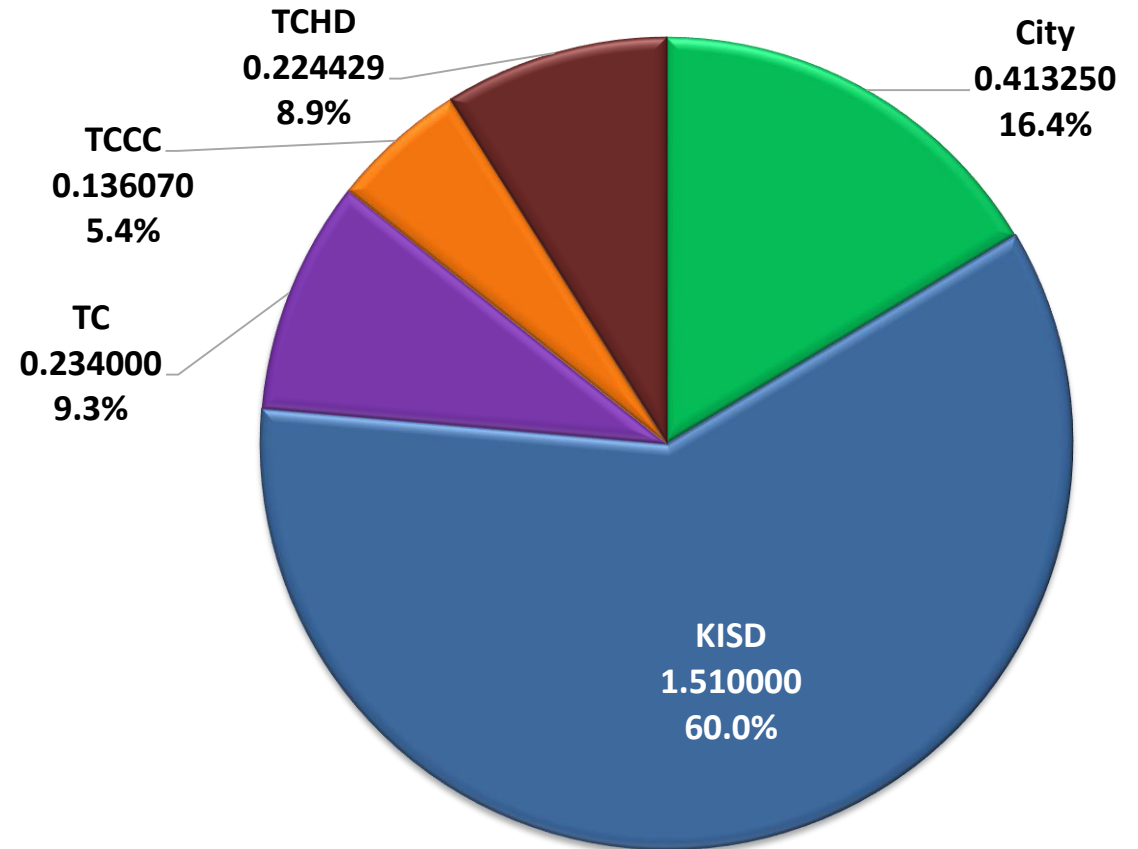
Total \$ 119.28



* - Administration, Town Hall Operations, Mayor & City Council, Finance & Accounting, Municipal Court, Human Resources, & Economic Development

Overlapping Tax Rate / Average Homeowner Impact

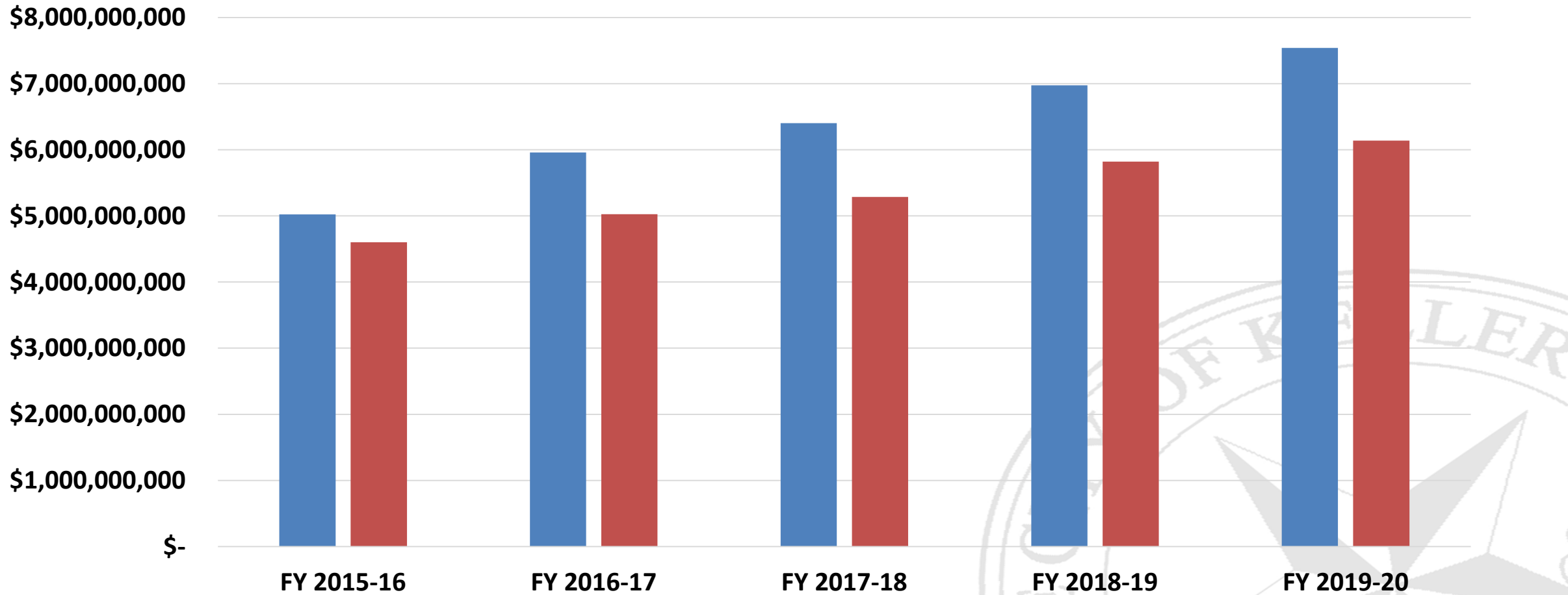
Entity	Levy
Keller ISD	5,230
Keller	1,431
Tarrant County (TC)	811
Hospital District (TCHD)	777
Community College (TCCC)	471
Total	\$ 8,721



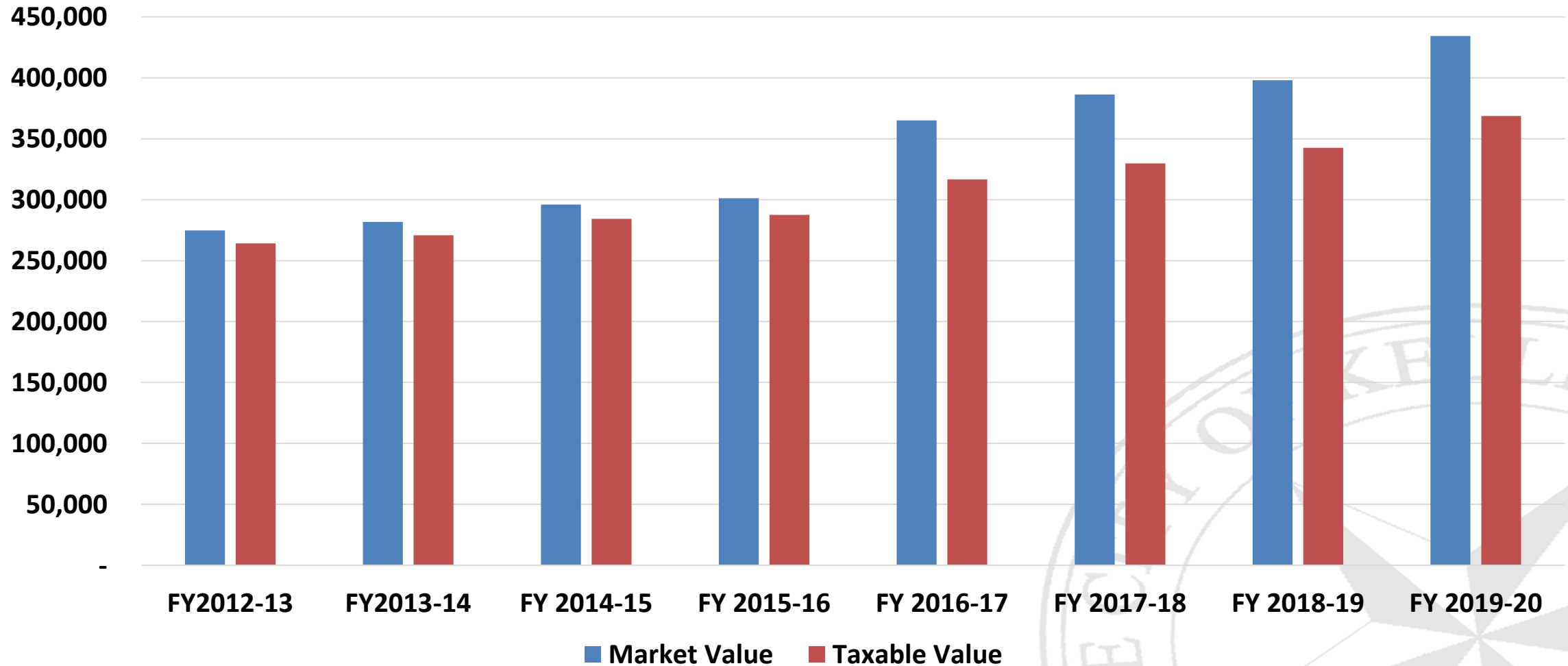
Market vs. Taxable Value

	SF Residential Value	Commercial Value
	Market Value = \$434,394	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 10% City Homestead Exemption	X	
Minus Agriculture Exemption	X	X
Minus Abatement		X
Taxable Value	Market – Applicable X's = \$368,646 (\$55,946 or 15.1%)	Market – Applicable X's

Total Market vs. Taxable By Year



Market vs. Taxable Home Value



Current City Exemptions

State Mandated

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

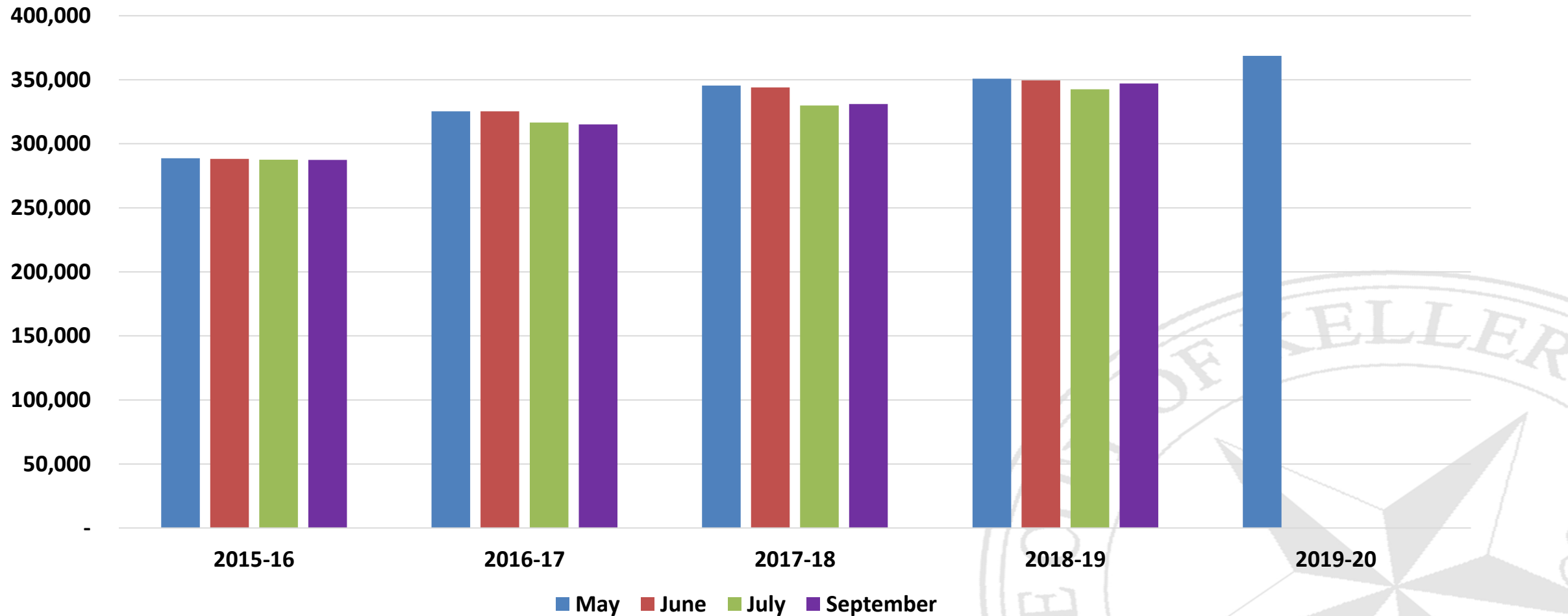
City Implemented

- Local Option Homestead = 10%
- 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 %	10%	0%	0%	20%	0%	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	346,378	521,875	404,527	570,003	446,106	1,510,238
Tax Rate	0.41325	0.3208	0.43900	0.44700	0.446442	0.156
Avg. Levy	1,431	1,674	1,776	2,548	2,039	2,356

Average Taxable Home Value By Update



Tax Mitigation Timeline

- FY 2014-15 – Reduced Tax Rate by \$0.0050 from \$0.44219 to \$0.43719
- FY 2015-16 – Reduced Tax Rate by \$0.0025 from \$0.43719 to \$0.43469
- FY 2016-17 – Reduced Tax Rate by \$0.00469 from \$0.43469 to \$0.4300
– Increased Homestead Exemption by 3% from 1% to 4%
- FY 2017-18 – Reduced Tax Rate by \$0.0025 from \$0.43000 to \$0.4275
– Increased Homestead Exemption by 4% from 4% to 8%
- FY 2018-19 – Reduced Tax Rate by \$0.0143 from \$0.4275 to \$0.41325
– Increased Homestead Exemption by 2% from 8% to 10%

Tax Mitigation Options

Based upon FY 2018-19	Homestead Exemption	Tax Rate Decrease
Option	2%	\$0.75/100
Homeowner savings (annual)	\$28.63	\$25.98
Homeowner savings (monthly)	\$2.39	\$2.17
Properties Receive	Only homestead	All property
Levy Reduction	\$372,949	\$381,246

FY 2018-19 Levy with Certification

	June Estimate	Certification @ 0.42750/100	Certification @ \$0.41325
Adjusted Value	\$5,222,483,159	\$5,121,689,116	\$5,121,689,116
City Rate	0.427500	0.427500	0.413250
Collection	\$24,894,899	\$24,467,236	\$23,742,869
Vs. FY 2017-18	1,762,077	1,334,414	610,047
New Levy	555,526	555,526	537,008
Existing Levy	1,206,551	778,888	73,038

- Value of \$0.0025/100 = \$143,635

Homestead Exemption Proposal

- Recommending 2% Increase
 - Current = 10%
 - Proposed = 12%
 - Avg. Home Value reduced from \$368,646 to \$361,273 or \$7,373
 - Estimated levy reduction of \$375,000 based upon FY 2018-19
- State code requires Council action by June 30th
- Any increase reflected in July Certified Values
- Adjust tax rate with proposed budget

