

Item H-4

Consider an ordinance approving a residential homestead property tax exemption increase of 2% for a total exemption of 14%, 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

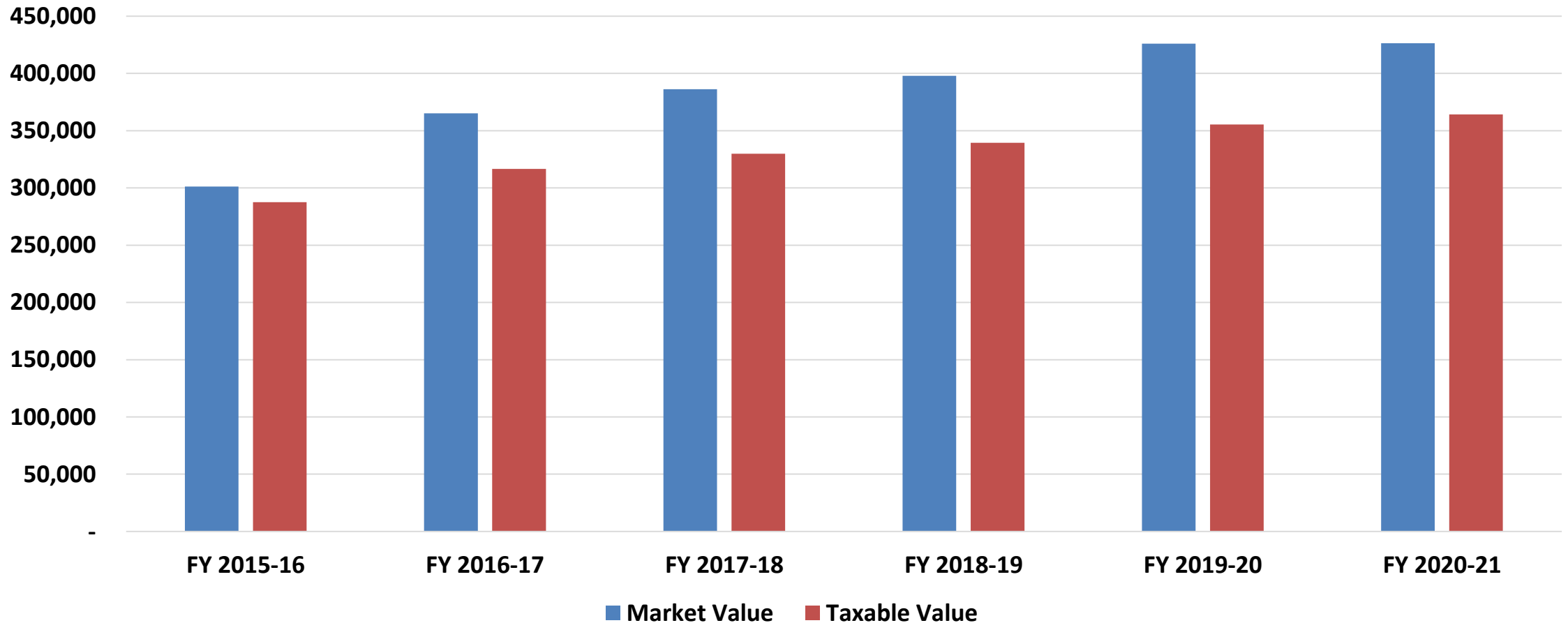
- Tax Rate Reduction
- **Local Option Homestead = 12%**
- Local Option Over 65 = \$40,000
- Local Option Disabled = \$10,000
- *Over 65 / Disabled Ceiling = Yes*



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%
- FY 2019-20 – Reduced Tax Rate by \$0.01335 from \$0.41325 to \$0.3999
 - Increased Homestead Exemption by 2% from 10% to 12%

Market vs. Taxable Home Value

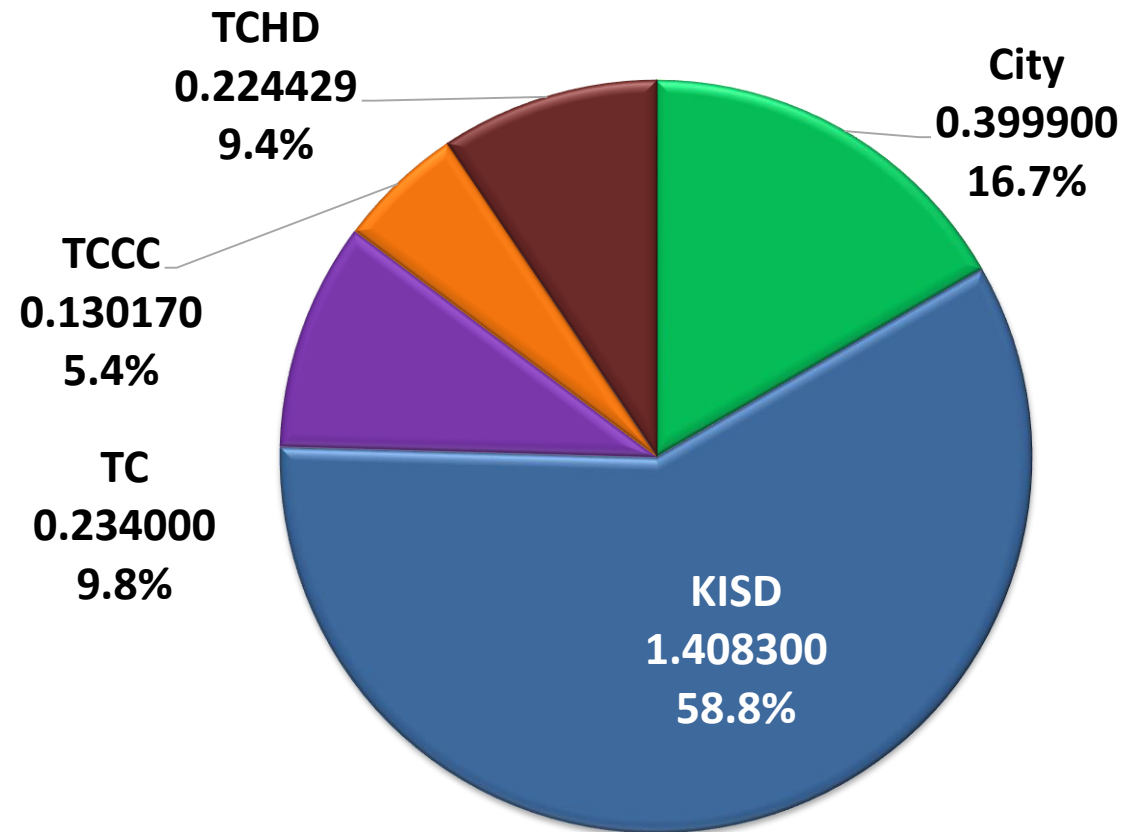


Excellence • Integrity • Service • Creativity • Communication

Overlapping Tax Rate / Average Homeowner Impact

FY 2019-20 TAX RATE OVERLAP DISTRIBUTION

Entity	Levy
Keller ISD	5,005
Keller	1,421
Tarrant County (TC)	832
Hospital District (TCHD)	798
Community College (TCCC)	463
Total	\$ 8,518



Benchmark Cities - Update

	Keller	Colleyville	Flower Mound	Southlake	Trophy Club	Westlake
Homestead %	12%	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	346,378	521,875	404,527	570,003	446,106	1,510,238
Tax Rate	0.3999	0.306807	0.4365	0.41	0.446442	0.16018
Avg. Levy	1,421	1,696	1,797	2,454	2,017	2,583

Excellence • Integrity • Service • Creativity • Communication

Tax Mitigation Options

Based upon FY 2019-20	Homestead Exemption	Tax Rate Decrease
Option	2%	\$0.78/100
Properties Receive	Only Homestead	All Properties
Homeowner savings (annual)	\$33.10	\$27.79
Homeowner savings (monthly)	\$2.76	\$2.32
Levy Reduction	\$411,329	\$411,497

Homestead Exemption Proposal

	FY 2019-20	FY 2020-21 @ Current	+2% Exemption
Tax Rate	\$0.3999	\$0.3999	\$0.3999
Exemption	12%	12%	14%
Avg. Home Value	355,394	364,215	355,937
Avg. Home Tax Bill	1,421	1,457	1,423
Per Month	118.44	121.37	118.62

FY 2019-20 average home value (\$364,215) at:

@ FY 2013-14 rate of \$0.44219 - \$1,611 or \$134.21/month

@ FY 2014-15 rate of \$0.43719 - \$1,592 or \$132.69/month

@ FY 2015-16 rate of \$0.43469 - \$1,583 or \$131.93/month

@ FY 2016-17 rate of \$0.43000 - \$1,566 or \$130.51/month

@ FY 2017-18 rate of \$0.42750 - \$1,557 or \$129.75/month

@ FY 2018-19 rate of \$0.41325 - \$1,505 or \$125.43/month

Homestead Exemption Proposal

- Recommending 2% Increase
 - Current = 12%
 - Proposed = 14%
 - Avg. Home Value reduced from \$364,215 to \$355,937 or \$8,278
 - Estimated levy reduction of \$411,329 based upon FY 2019-20
- State code requires Council action by June 30
- Any increase reflected in July Certified Values
- Adjust tax rate with proposed budget

Council Action

City Council has the following options:

- Approve As Presented
- Approve With Modifications
- Deny





Questions?

Aaron Rector

817-743-4026

Excellence • Integrity • Service • Creativity • Communication