



Legislation Text

File #: 19-298, **Version:** 1

To: Mark R. Hafner, City Manager

From: Aaron Rector, Director of Administrative Services

Subject:

Consider an ordinance approving a residential homestead property tax exemption increase of 2% for a total exemption of 12%, 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.

Background:

In 1986, the City of Keller approved a homestead exemption of 1% which was the exemption rate until 2016. The homestead exemption was increased to 4% in 2016, to 8% in 2017, and to 10% in 2018. The exemption reduces the taxable value of a residential property with a homestead exemption by the greater of 10% of taxable value or \$5,000. The proposed ordinance would increase the exemption by 2% for a total of 12%. The proposed exemption would reduce the preliminary FY 2019-20 (Tax Year 2019) taxable residential homestead value from \$368,646 to \$361,273 or a taxable value reduction of \$7,373, based upon the Tarrant Appraisal District's May estimate. If approved, the exemption would be included in the Fiscal Year 2019-20 (Tax Year 2019) taxable value calculations.

Financial Impact:

Because the exemption will be applied to an upcoming budget year, staff will modify budget projections to accommodate the approved exemption.

Based upon early taxable value estimates, every 1% increase of exemption would reduce the potential levy by approximately \$187,500. Increasing the exemption by 2% would reduce the potential levy by approximately \$375,000.

Citizen Input/Board Review:

Not applicable

Legal Review:

Not applicable

Alternatives:

City Council has the following alternatives:

- Approve as submitted
- Approve with changes
- Denial

Council Action:

Consider approval of a homestead exemption of 12%, which is an increase of 2% from the current exemption.