

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	37715	Agenda Number	14.
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Meeting Date:	11/20/2014	Department:	Budget Office
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Subject

Approve an ordinance establishing an exemption of 0.01% of the assessed value of residence homesteads resulting in a \$5,000 tax exemption for all homesteaded properties.

Amount and Source of Funding

Fiscal Note

A fiscal note is attached.

Purchasing Language:	
Prior Council Action:	August 28, 2014 – Council Resolution No. 20140828-086 directed the City Manager “to return to Council with an ordinance establishing a percentage-based homestead exemption that results in a \$5,000.00 tax exemption for all homesteaded properties no later than December 1, 2014.”
For More Information:	Ed Van Eenoo, Deputy Chief Financial Officer / 974-2610
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

Council Resolution No. 20140828-086 directed the City Manager “to return to Council with an ordinance establishing a percentage-based homestead exemption that results in a \$5,000.00 tax exemption for all homesteaded properties no later than December 1, 2014.”

The parameters governing the establishment of a general homestead exemption are outlined in State law. To qualify for this exemption, a resident must have an ownership interest in the property and occupy it as his or her primary residence as of January 1 of a given tax year. The homeowner must also be an individual, as opposed to a corporation or other business entity.

Any taxing unit has the option of offering an exemption of up to twenty percent of a property's appraised value. However, if the percentage set by the taxing unit produces an exemption in a tax year of less than \$5,000 when applied to a particular residence homestead, the individual is entitled to an exemption of \$5,000 of the appraised value. Therefore, it is possible to adopt an exemption at a very small percentage level that has the practical effect of resulting in a \$5,000 fixed-value exemption.

Based on the most recently available data from local appraisal districts, there are 133,220 residence homesteads in the City of Austin. At the City's current property tax rate of 48.09 cents per \$100 of taxable value, granting a \$5,000 exemption to each of these homesteads would result in \$3.2 million in foregone General Fund property tax revenue.