

General Homestead Exemption:

Overview & Analysis



April 26, 2017

City of Austin, TX



Legal Matters – General Homestead Exemption

➤ Texas Tax Code Section 11.13(n)

(n) In addition to any other exemptions provided by this section, an individual is entitled to an exemption from taxation by a taxing unit of a percentage of the appraised value of his residence homestead if the exemption is adopted by the governing body of the taxing unit before July 1 in the manner provided by law for official action by the body. 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. The percentage adopted by the taxing unit may not exceed 20 percent.

➤ Key Points

- Only applies to residence homesteads
- Must be established as a percentage of appraised value
- Must be adopted before July 1st
- Minimum exemption: \$5,000
- Maximum exemption: 20% of appraised value

Summary of Local Property Valuation Exemptions

Entity	General Homestead Exemption	Senior/ Disabled Exemption	Other Exemptions
City of Austin	8%, minimum of \$5,000	\$82,500	Historical ¹ , Disabled Veteran ²
Travis County	20%, minimum of \$5,000	\$80,000	Historical ¹ , Disabled Veteran ²
AISD	\$25,000 (state-mandated)	\$35,000 (senior)/ \$25,000 (disabled) + Tax freeze	Historical ¹ , Disabled Veteran ² Transitional Housing
ACC	1%, minimum of \$5,000	\$135,000	Historical ¹ , Disabled Veteran ²
Healthcare District	20%, minimum of \$5,000	\$80,000	Disabled Veteran ²

¹Exemptions for historical properties vary in amount but are granted in accordance with a comprehensive application, evaluation, and inspection process.

²State law mandates homestead exemptions for disabled veterans (and their surviving spouses). The level of the exemption is determined by the veteran's disability level.

Summary of Property Value Exemptions

Large Texas Cities

City	General Homestead Exemption	Senior/Disabled Exemption	Other Exemptions
City of Austin	8%, minimum of \$5,000	\$82,500	Historical, Disabled Veteran*
San Antonio	0%	\$65,000 (65 years and older) or \$12,500 (disabled)	Disabled Veteran*
Houston	20%, minimum of \$5,000	\$160,000	Disabled Veteran*
Dallas	20%, minimum of \$5,000	\$64,000	Disabled Veteran*
Fort Worth	20%, minimum of \$5,000	\$40,000	Disabled Veteran*

4 *State law mandates homestead exemptions for disabled veterans (and their surviving spouses). The level of the exemption is determined by the veteran's disability level.

Homestead Exemption

Scenarios

Increase Exemption By:	Total Exemption:	Projected General Fund Revenue Impact*	Incremental Annual Savings to Typical Homeowner	Incremental Savings per \$100,000 of Assessed Value
1%	9%	(\$1.6M)	\$11.66	\$3.98
2%	10%	(\$3.3M)	\$23.61	\$8.07
3%	11%	(\$5.0M)	\$35.59	\$12.16
4%	12%	(\$6.7M)	\$47.85	\$16.35
5%	13%	(\$8.4M)	\$59.87	\$20.46
6%	14%	(\$10.1M)	\$71.91	\$24.57

*All impacts calculated at projected rollback rate.



Questions/Discussion

