



## MEMORANDUM

**TO:** Mayor and Council Members

**FROM:** Kimberly Olivares, Deputy Chief Financial Officer *KSO*

**THROUGH:** Veronica Briseño, Assistant City Manager

**DATE:** September 28, 2022

**SUBJECT:** Fiscal Year 2023 Council Member Kitchen Budget Rider 2 - Senior Tax Exemption

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The purpose of this memo is to provide response to Fiscal Year 2023 (FY23) Council Member Kitchen Budget Rider 2, Senior Disabled Tax Exemption which directed the City Manager to raise (as of October 1, 2022) the Senior and Disabled Property Tax Exemption by \$11,000 to \$124,000.

Due to a recent change in the Texas State Comptroller's interpretation of Texas law, the City may now increase its property tax exemptions without incurring a loss in the amount of General Fund revenue it can generate at the voter-approval rate. While the Council is authorized to raise the exemption level at any time during a fiscal year, to avoid this revenue loss, any exemption increase must be approved in time for the change to be reflected on the certified property tax rolls and incorporated into the calculation of the voter-approval property tax rate.

The certified property tax rolls for tax year 2022/FY23 were delivered at the end of July, and therefore any change to the senior/disabled property tax exemption for FY23 would result in a loss of property tax revenue. Additionally, any change to the City's exemptions at this point will not be processed in time for inclusion on the property tax bills soon to be distributed by the County Tax Assessor and collectors. Changing this exemption at this time would require corrected bills to be generated and reissued, the cost of which would likely be billed to the City, and which would create significant confusion for taxpayers. Finally, the debt service associated with the proposed Housing Bond, if approved, will not impact property tax bills until the tax year 2023/Fiscal Year 2024.

To avoid these complications and impacts, staff recommend that any change to the Senior Disabled Tax Exemption not take place until after the beginning of the next tax year on January 1, 2023.

If you have additional questions, please me at [Kimberly.Olivares@austintexas.gov](mailto:Kimberly.Olivares@austintexas.gov).

cc: Spencer Cronk, City Manager  
Ed Van Eenoo, Chief Financial Officer  
Kerri Lang, Budget Officer