

## **RESOLUTION NO.**

**WHEREAS**, most Austin homeowners have experienced large increases in their property valuations and thus their property taxes; and

**WHEREAS**, rapidly escalating property taxes are driving an increasing number of homeowners out of Austin's neighborhoods; and

**WHEREAS**, in 2013, the Austin Independent School District, one of the seven districts within the City boundaries, experienced a decrease in student enrollment for the first time since 2001 and attributes this decrease in large part to increased housing costs; and

**WHEREAS**, the City supports a fair and equitable property tax system; and

**WHEREAS**, the Travis Central Appraisal District performs appraisals for residential and commercial properties; and

**WHEREAS**, 90 percent of all commercial property value in Travis County is appealed annually, and commercial property owners are often successful in receiving value reductions through those appeals to the Appraisal Review Board or District Court; and

**WHEREAS**, commercial appraised values are more frequently lowered than are residential appraised values, which has the effect of shifting more of the

tax burden to residential properties; and

**WHEREAS**, Texas is one of about a half-dozen states that does not have mandatory sales-price disclosure for real property; and

**WHEREAS**, the lack of disclosure of actual sale prices makes determining value as part of the appraisal process difficult, and the City seeks to make sales data more accurate and complete; and

**WHEREAS**, since 1997, hundreds of commercial property owners statewide have filed "equity appraisal" lawsuits, which allow courts to reduce appraised values to the median of comparable properties; and

**WHEREAS**, reasonable standards of comparability, including property location, use, size, extent and condition of improvements, and legal entitlements, would ensure that equity appraisal assessments are in fact equitable, but are not required by the state and in many cases are not considered by the courts; and

**WHEREAS**, under state law, home rule cities are allowed to provide property tax homestead exemptions, but only as a percentage of the appraised value of a home that would apply equally to all homesteads; and

**WHEREAS**, the City of Austin added homestead exemptions based on a fixed amount as opposed to a percentage to the legislative agenda under Resolution No. 20061214-011; and

**WHEREAS**, in previous sessions, the Texas legislature has considered bills that would allow cities to impose an additional sales tax exceeding the two-percent local cap in exchange for a reduction in property tax rates, which may in some cases provide a more equitable means of financing city services; and

**WHEREAS**, the Texas Municipal League, of which the City of Austin is a founding member, has considered property tax reform, including

- Establishing standards of comparability for equity appraisal lawsuits;
- Requiring disclosure of real estate sales prices;
- Allowing cities to provide homestead exemptions as a specific dollar amount; and
- Allowing cities to impose additional sales taxes in exchange for reduced property tax rates; and

**WHEREAS**, the City prepares its own legislative agenda, identifying top priorities for the legislative session, and comprehensive property tax reform has not received the City's specific attention outside of participation in the Texas Municipal League; **NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

Council directs the City Manager to add mandatory real estate sales price disclosure and other property tax and sales tax laws that would help cities fairly raise revenue from sources other than residential property taxes to the City's 84<sup>th</sup>

legislative agenda and to make it a top priority; to continue work with the Texas Municipal League; and to explore participation in other coalitions supporting property tax reform in Texas.

**ADOPTED:** \_\_\_\_\_, 2014

**ATTEST:** \_\_\_\_\_

Jannette S. Goodall  
City Clerk