

RESOLUTION NO.

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

WHEREAS, State law limits a general homestead exemption granted by the city to a percentage of the property's appraised value, with a minimum of \$5,000 in value exempted; and

WHEREAS, exemptions based on a percentage of value provide a higher absolute benefit to owners of the City's most costly housing, and it could have significant revenue impacts for the City and/or overly burden renters; and

WHEREAS, Council adopted Resolution 20140828-086 directing the City Manager to draft an ordinance establishing a percentage-based homestead exemption that results in a \$5,000 tax exemption for all homesteaded properties; and

WHEREAS, Council adopted Resolution 20130321-042 identifying a local-option flat-tax exemption to ad valorem taxes for municipalities as a legislative priority for upcoming sessions;

WHEREAS, a hybrid approach that would allow for a percentage-based exemption subject to a cap on the maximum value exempted could

achieve a goal of homeowner property tax relief while mitigating the concerns raised by an exemption solely based on a percentage of a property's appraised value;

WHEREAS, City staff analyzed the impact of a hybrid approach in answer to Question # 120 regarding the 2014-2015 Proposed Budget, providing estimates of the General Fund property tax revenue that would be foregone should state law be changed to allow for a hybrid approach, with various values set as the maximum; and

WHEREAS, State Representative Eddie Rodriguez plans to file a bill in the coming legislative session that will allow local governments to place a cap on the current homestead option (see Attachment A); **NOW**,

THEREFORE,

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

The City Council adds support for a hybrid homestead exemption that would allow for a percentage-based general homestead exemption subject to a cap on the maximum value exempted, to its legislative agenda for the 84th Legislative Session.

ADOPTED: _____, 2014 **ATTEST:** _____

Jannette S. Goodall
City Clerk