

OPERATING BUDGET FISCAL NOTE

DATE OF COUNCIL CONSIDERATION:

11/20/14

CONTACT DEPARTMENT(S):

Financial Services

FUND:

Support Services

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.

CURRENT YEAR IMPACT: This item has no fiscal impact in FY 2015.

FIVE-YEAR ESTIMATED IMPACT:

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Total Revenue	<u>0</u>	<u>(3,129,452)</u>	<u>(3,132,078)</u>	<u>(3,134,706)</u>	<u>(3,137,336)</u>
Total Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Budget Impact	<u>0</u>	<u>(3,129,452)</u>	<u>(3,132,078)</u>	<u>(3,134,706)</u>	<u>(3,137,336)</u>

ANALYSIS / ADDITIONAL INFORMATION: This Council action is the result of Council Resolution No. 20140828-086 which directed the City Manager “to return to Council with an ordinance establishing a percentage-based homestead exemption that results in a \$5,000 tax exemption for all homesteaded properties no later than December 1, 2014.”

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 an estimated \$3,129,452 in foregone General Fund property tax revenue in FY 2016. Due to anticipated growth in the number of residence homesteads, and assuming no change in the tax rate, the amount of foregone revenue would increase in subsequent out years.