

A G E N D A



Recommendation for Council Action

Austin City Council		Item ID	45875	Agenda Number	2.
Meeting Date:	5/21/2015			Department:	Budget Office
Subject					
Approve an ordinance amending Ordinance No. 20141120-014 increasing the percentage-based ad valorem (property) tax exemption on the assessed value of residence homesteads.					
Amount and Source of Funding					
Funding for increasing the general homestead exemption will be determined by Council as part of the fiscal year 2016 budget process.					
Fiscal Note					
A fiscal note is attached.					
Purchasing Language:					
Prior Council Action:	November 20, 2014 – Council Ordinance No. 20141120-014 adopted the amount of 0.01% as the homestead exemption from ad valorem taxes resulting in a minimum exemption amount of \$5,000. February 12, 2015 – Council Resolution No. 20150212-050 directed the City Manager to analyze the tax incidence and impact on homeowners, renters, commercial and industrial property owners, and the City budget of implementing a 20% Homestead Tax Exemption over the terms of 1 year, 2 years, and 4 years, in aggregate, and by District, and by income, considering revenue uses, tax rate changes, and reductions in services, and to present this information to the City Council.				
For More Information:	Ed Van Eenoo, Deputy Chief Financial Officer / 974-2610				
Council Committee, Boards and Commission Action:					
MBE / WBE:					
Related Items:					
Additional Backup Information					
Council Resolution No. 20150212-050 directed the City Manager to analyze the tax incidence and impact on homeowners, renters, commercial and industrial property owners, and the City budget of implementing a 20% Homestead Tax Exemption over the terms of 1 year, 2 years, and 4 years, in aggregate, and by District, and by income, considering revenue uses, tax rate changes, and reductions in services, and to present this information to the City Council no later than the May 12, 2015 work session, or as soon as possible. Staff provided an initial presentation to Council on May 6, 2015 detailing the projected impact of enacting a general homestead exemption of 6% and 20%. A follow up to that presentation was made on May 13, 2015.					

In November of 2014, Council adopted 0.01% as the homestead exemption from ad valorem taxes which has a minimum exemption amount of \$5,000. Any taxing unit has the option of offering an exemption of up to twenty percent of a property's appraised value. However, 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. This 0.01% exemption is not reflected on current tax bills as it will take effect in FY 2016.

Based on the most recently available data from local appraisal districts, there are 131,173 residence homesteads in the City of Austin. At the City's forecasted property tax rate of 47.50 cents per \$100 of taxable value, granting a __% exemption to each of these homesteads would result in \$___. million in foregone General Fund property tax revenue beginning in fiscal year 2015-16.

Attached as backup to this agenda item is Exhibit A, the presentation provided to Council on May 6 and May 13 detailing the data and estimates for increasing the general homestead exemption.