

Troxclair Amendment to Homestead Exemption Ordinance

WHEREAS, according to data collected by Texas A&M Real Estate Center, the median-value home in Austin has experienced a 68.4% increase in City property taxes from 2005 to 2014 while the median income has remained relatively flat; and

WHEREAS, Travis County currently offers homeowners the maximum 20% homestead exemption on county property taxes, and other major cities in Texas, including Houston and Dallas, offer homeowners a 20% homestead exemption city property taxes; and

WHEREAS, according to the City's 2015 Financial Forecast a full 20% homestead exemption would save homeowners and their families \$32.5 million per year; and

WHEREAS, the savings of \$32.5 million represents less than 1% of the entire City of Austin budget for Fiscal Year 2014/15; and

WHEREAS, a 20% exemption at the effective tax rate would save the median-value homeowner more than \$250 on City property taxes; and

WHEREAS, the homestead exemption mechanism allowed under state law is a percentage based exemption, up to 20%; and

WHEREAS, a full 20% homestead exemption is an impactful tool at the disposal of the City Council to address homeowners ever increasing property tax bills; and

WHEREAS, a full 20% homestead exemption can be easily incorporated into the City's budget without raising the tax rate, shifting the tax burden, increasing spending, or impacting basic city services, and some examples of budget opportunities are outlined below; and

WHEREAS, the City Financial Services office projects that new construction with a total expected value of \$2.9 billion will generate an additional \$13.5 million in additional property tax revenue to the General Fund; and

WHEREAS, the City's 2015 Financial Forecast projects a 5% increase in Sales Tax Revenue to the General Fund which is projected to be \$12.1 million; and

WHEREAS, according to the City's most recent vacancy report, the City has 126 staff positions that have been vacant for at least 12 months and some as long as 8 years, and funding allocated for those vacant positions totals \$8.6 million per year; and

WHEREAS, adopting a tiered wage increase structure, giving the largest raises to lower paid workers, rather than across the board wage increases to city staff could result in up to \$9.5 million per year of savings; and

WHEREAS, the Council has the authority to appropriate the amount dedicated to property tax reductions for large businesses through 380 agreements and those incentives will total \$16.9 million in Fiscal Year 2015/16; and

WHEREAS, the budget options described above total \$60.6M, significantly more money than necessary to implement a 20% homestead exemption, without affecting city services or shifting any tax burden; and

WHEREAS, the City Council should provide homeowners with much needed tax relief by implementing a full 20% homestead exemption;

THEREFORE BE IT RESOLVED, the ordinance below is amended as follows:

ORDINANCE NO.

AN ORDINANCE AMENDING ORDINANCE NO. 20141120-014 TO INCREASE THE VALUE OF A PERCENTAGE-BASED HOMESTEAD EXEMPTION FROM AD VALOREM TAXES.

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

PART 1. Council finds that Texas Tax Code Section 11.13(n) authorizes the city to 8 establish a percentage-based exemption from ad valorem (property) taxes on the assessed 9 value of residence homesteads.

PART 2. Council previously adopted Ordinance No. 20141120-014 and set a percentage-based exemption from ad valorem (property) taxes of 0.01% of the assessed 12 value of residence homesteads.

PART 3. Council finds that it is in the public interest to increase such a homestead exemption to a total amount of 20% of the assessed value of residence homesteads.

PART 4. Council amends the previously adopted amount set forth in Ordinance No. 20141120-014 and increases the total exemption from ad valorem taxes to 20% of the assessed value of a residence homestead.

PART 5. The exemption adopted pursuant to this ordinance applies to the tax year beginning January 1, 2015.

PART 6. This ordinance takes effect on _____, 2015.