

Ordinance to Provide Tax Relief Through Maximal Use of the Statutory Residence Homestead Exemption

Summary: *The growth of municipal property taxes has steadily increased over the past twenty years, fast outpacing population and inflation growth. Although the Texas Legislature has provided cities with a tool to lessen the tax burden on residents — allowing cities to exempt up to 20 percent or \$5,000 of the value of a homestead residence from municipal taxation — many cities have not yet made use of this permissive tool. Thus, the following ordinance gives practical effect to the Legislature’s homestead exemption.*



WHEREAS, [Texas Tax Code Section 11.13\(n\)](#) provides:

In addition to any other exemptions provided by this section, an individual is entitled to an exemption from taxation by a taxing unit of a percentage of the appraised value of his residence homestead if the exemption is adopted by the governing body of the taxing unit before July 1 in the manner provided by law for official action by the body. 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. The percentage adopted by the taxing unit may not exceed 20 percent;

WHEREAS, the Texas Comptroller [reported](#) that Texas’ local property taxes rose by 101.1 percent between 2000 and 2013, while population and inflation increased by a combined 70.3 percent;

WHEREAS, the Comptroller’s data also [reflected](#) that, between 1994 to 2013, municipal property tax levies rose an average of 5.83 percent each year;

WHEREAS, the Tax Foundation, a nonpartisan tax research organization based in Washington D.C., [ranked](#) Texas’ local property tax burden as the 14th highest total nationally;

WHEREAS, in 2015, the Bond Review Board [published data](#) indicating that cities have approximately \$1,468 in tax-supported debt per Texan; and

WHEREAS, the City of _____ desires to relieve the property tax burden disproportionately born by landowners with homestead property lying within city limits;

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF _____:

Section 1. Chapter _____ - Resident Homestead Exemption.

____.010 – Short Title and Purpose.

(a) This article may be known and cited as the “Resident Homestead Exemption.”

(b) The purpose of this article is to relieve a portion of the tax burden for resident taxpayers living in the City of _____ . To this end, this article provides for the maximum municipal homestead exemption permitted under Texas Tax Code Section 11.13(n), equal to the greater of 20 percent of the appraised homestead value, or \$5,000.

____.020 – Resident Homestead Exemption.

For purposes of this section, the term “residence homestead” shall have the same meaning as found in Texas Tax Code Section 11.13.

Pursuant to Texas Tax Code Section 11.13(n) all qualified residence homesteads within the taxing jurisdiction of the city shall be entitled to the following exemption:

The residence homestead exemption shall be equal to twenty (20) percent of the appraised value of the residence for each tax year.

If the twenty (20) percent set by this section produces an exemption in the tax year of less than five thousand dollars (\$5,000.00) when applied to a residence homestead, the taxpayer shall be entitled to an exemption of five thousand dollars (\$5,000.00).

This exemption is in addition to any other exemption provided by state or federal law, or by the ordinances of this city.

Section 2. Should any article, section, part, paragraph, sentence, phrase, clause, or word of this ordinance, for any reason be held illegal, inoperative, or invalid, or if any exception to or limitation upon any general provision herein contained be held to be unconstitutional or invalid or ineffective, the remainder shall, nevertheless, stand effective and valid as if it had been enacted and ordained without the portion held to be illegal, inoperative, unconstitutional, invalid, or ineffective.

Section 3. This ordinance shall take effect _____, 2016.

ADOPTED THIS ____ day of _____ 2016.

CITY OF _____

ATTEST:

Mayor

City Clerk

APPROVED AS TO FORM:

City Attorney

