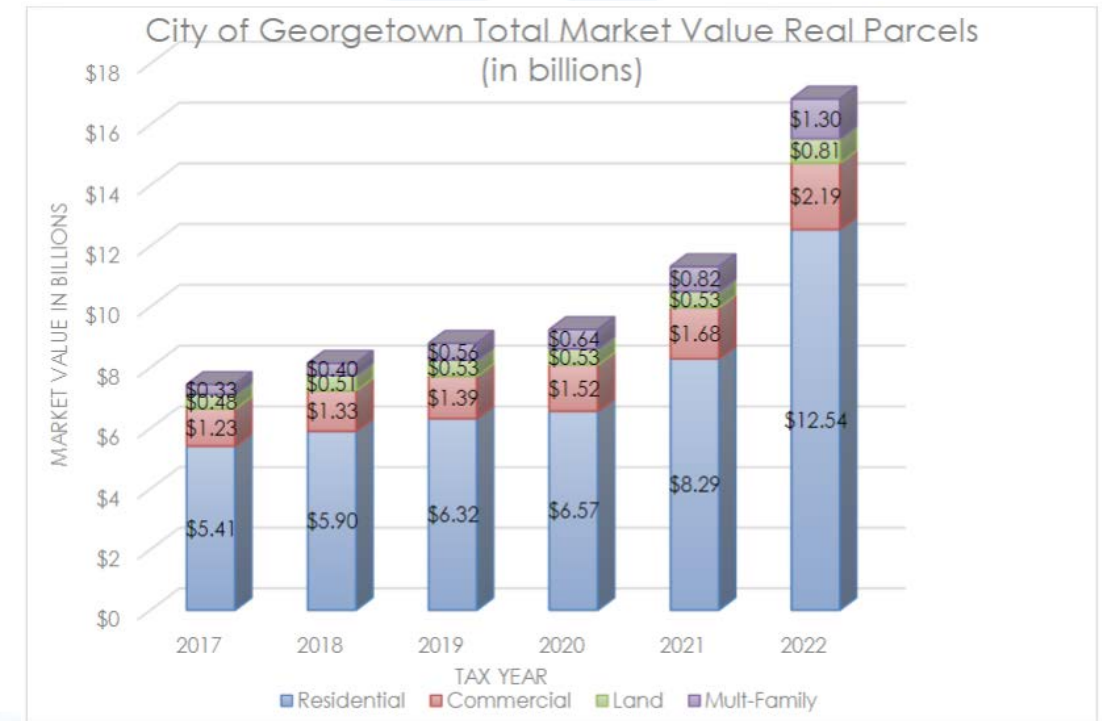
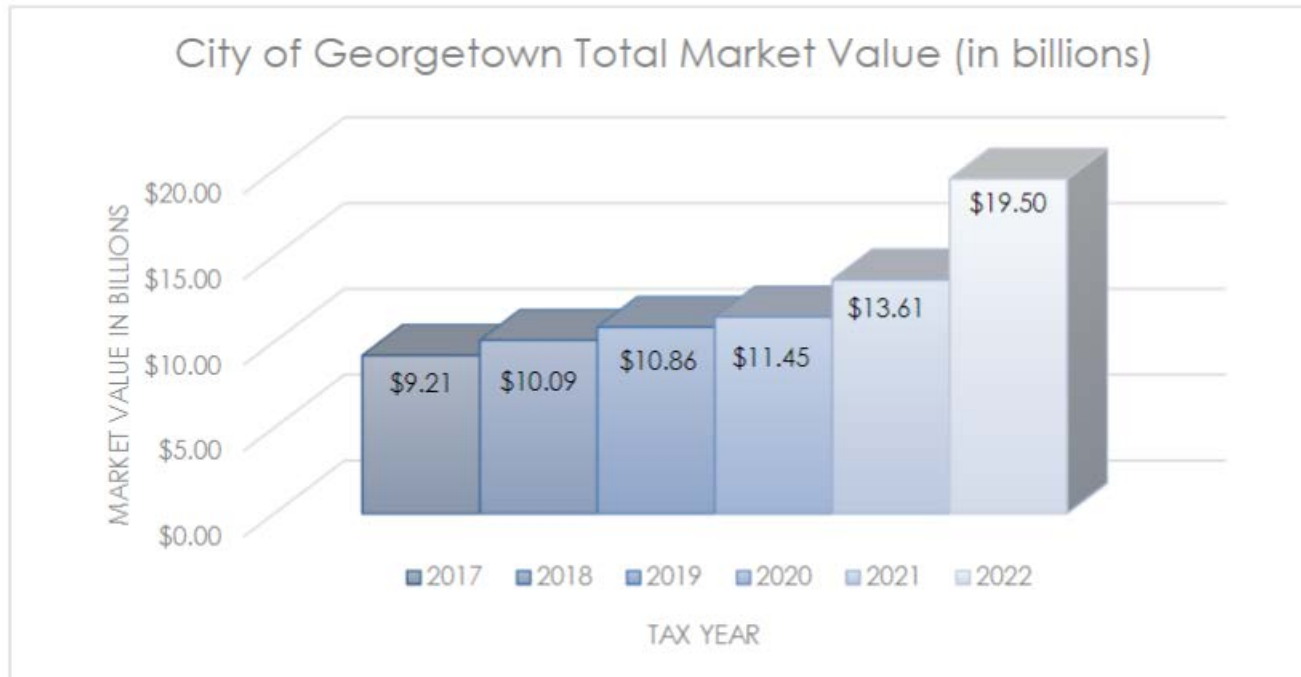


Increase Homestead Exemption

Background on Homestead Exemption

- Who qualifies for a homestead exemption?
 - “To qualify, a home must meet the definition of a residence homestead: The home's owner must be an individual (not a corporation or other business entity) and use the home as his or her principal residence on Jan. 1 of the tax year.”
- Georgetown Homestead Exemption History
 - Last June, Council voted to increase the Homestead Exemption from \$5,000 or 1% of the home's value to \$5,000 or 3% of the home's value

2022 Preliminary Appraisal Data



Homestead Cap Adjustment

- The assessed value of a home is limited by the Homestead Exemption and may not go up more than 10% in one year in most cases if the exemption was in place for the prior year for the current owner.
- Any structures, additions, or other new improvements to a property since the last time it was appraised will not calculate toward the homestead cap.
- Over 90% of homesteaded properties hit the 10% maximum increase or “cap” on assessed value in 2022

Cap Adjustment and Exemption Amount Calculation

- Assessed value can only increase 10% year over year
- HS Exemption is calculated off the Assessed Value adjusted for the Homestead Cap

	2021	2022	
Market Value	\$350,000	\$450,000	
HS Cap Adjustment	\$0	\$65,000	
Assessed Value	\$350,000	\$385,000	**Increase of 10% maximum
HS Exemption @ 3%	\$10,500	\$11,550	**Based on the Assessed Value
Taxable Value	\$339,500	\$373,450	
Tax Bill @ \$0.401 rate	\$1,361	\$1,498	

Year to Year Comparison

- **2021**
 - ~18,700 homesteaded properties
 - \$180.5 million in exempted value
 - ~14,500 homestead cap adjusted properties
 - \$405 million in cap adjustments
- **2022 Preliminary with Current Exemption**
 - ~19,100 homesteaded properties
 - \$208 million in exempted value at current exemption levels
 - ~17,600 homestead cap adjusted properties
 - \$2.28 billion in cap adjustments

Increased Exemption

- Proposing to increase exemption percentage from 3% to 5%
- For the City:
 - Current HS exemption amount on the tax roll totals \$208 million
 - Proposed HS exemption would total ~\$346 million
- For the average homeowner:
 - Current average city portion of HS exemption totals \$10,800
 - Proposed average HS exemption would total ~\$18,100
 - At our current tax rate this would reduce the average homestead tax bill by ~\$30

Next Steps

- Must be adopted by July 1 to be effective this tax year
- On regular agenda this evening for first reading
- Second reading on June 28th