



## MEMORANDUM

**TO:** Mayor and City Council

**THROUGH:** Ed Van Eenoo, Chief Financial Officer *EW*

**FROM:** Kerri Lang, Director, Budget and Organization Excellence *KL*

**DATE:** May 21, 2025

**SUBJECT:** Analysis of Senior and Disabled Property Tax Exemption for FY 2026

The purpose of this memorandum is to provide you information on agenda item 7 on the May 22, 2025 City Council agenda. The Office of Budget & Organizational Excellence conducts an annual analysis of the property tax exemption for City homeowners who are over the age of 65 or disabled. This exemption currently stands at \$154,000 and was most recently increased by Council last year from \$124,000. Senior and disabled homeowners deduct this amount from the assessed value of their property, after first applying the City's 20% general homestead exemption, to arrive at their net taxable property value for a given year. This taxable value is then multiplied by the City's adopted tax rate to determine the homeowner's annual property tax bill.

### ***Key Takeaways***

- The required increase in the senior and disabled property tax exemption to hold the annual property tax bill for the median senior/disabled homeowner flat year-over-year is \$38,000.
- Increasing the senior/disabled exemption will have no impact on the City's total projected property tax revenue at the voter-approval rate, *as long as it is adopted before calculation of the City's official FY26 voter-approval rate, which occurs at the end of July. If Council wishes to consider increasing the senior/disabled exemption, financial staff strongly recommend doing so at the May 22nd City Council meeting, and staff have launched an item to allow consideration of an exemption increase.*
- Increasing the exemption leads to an increase in the projected voter-approval rate. A \$38,000 increase in the exemption would increase the projected rate by \$0.0038, which in turn means an incremental increase in annual property tax bills of \$3.80 for every \$100,000 of taxable value, or \$15.46 for the City's projected typical non-senior homeowner in FY26.

### **Increase in the Exemption Necessary to Hold Senior/Disabled Homeowners' Property Tax Bills Flat**

In FY25, the median assessed value of a home receiving the senior or disabled homestead exemption was \$518,227, which, after application of the 20% general homestead exemption and the \$154,000 senior/disabled exemption, netted a taxable value of \$260,582. At the City's adopted tax rate of \$0.4776, this generated an annual property tax bill of \$1,244.54.

Based on the FY26 noticed roll for the Travis Central Appraisal District, the median assessed value of a home receiving the senior or disabled homestead exemption has risen to \$531,191, which, after application of the 20% general homestead exemption and the \$154,000 senior/disabled exemption, nets a taxable value of \$270,953. At the currently projected FY 2026 voter-approval tax rate of \$0.5287 per \$100 of taxable value, this generates a projected annual property tax bill of \$1,432.53, which represents an increase of \$187.99, or 15.1%, in comparison with the prior year.

<b>Senior/Disabled Homeowner - No Change in Exemption</b>				
	FY 2025 Actual	FY 2026 Projection as of Noticed Roll	Increase	% Increase
<i>Median Assessed Value</i>	\$518,227	\$531,191	\$12,964	2.5%
<i>General Homestead Exemption</i>	20%	20%	0%	0.0%
<i>Senior/Disabled Exemption</i>	\$154,000	\$154,000	\$0	0.0%
<i>Net Taxable Value</i>	\$260,582	\$270,953	\$10,371	4.0%
<i>Voter-Approval Rate</i>	\$0.4776	\$0.5287	\$0.0511	10.7%
<i>Annual Property Tax Bill</i>	\$1,244.54	\$1,432.53	\$187.99	15.1%

Increases to the senior/disabled homestead exemption do not reduce the amount of property tax revenue that the City may generate at the voter-approval rate, *assuming that the change is adopted in time to be reflected in the official voter-approval rate calculation for the upcoming fiscal year.* This calculation takes place in late July. Based on the City Council’s meeting schedule, *if the Council wishes to consider increasing this exemption, financial staff strongly recommend doing so at the May 22nd City Council meeting, and staff have launched an item to allow consideration of an exemption increase.*

Although an increase in the exemption does not reduce the amount of revenue the City may generate at the voter-approval rate, the reduction in taxable value associated with an increase in the exemption means that the voter-approval rate would be higher than it would be without any increase in the exemption. Accounting for these two factors—an increase in the senior/disabled exemption, and an associated increase in the voter-approval rate—the required level of the senior/disabled exemption necessary to hold the median senior or disabled homeowner’s annual property tax bill flat from FY25 to FY26 is \$192,000. This \$38,000 increase in the exemption would lead to a projected \$1.6 billion reduction in taxable property value, which in turn leads to a \$0.0038 increase in the projected voter-approval rate from \$0.5287 to \$0.5325 per \$100 of taxable value.

<b>Senior/Disabled Homeowner - \$38,000 Exemption Increase</b>				
	FY 2025 Actual	FY 2026 Projection as of Noticed Roll	Increase	% Increase
<i>Median Assessed Value</i>	\$518,227	\$531,191	\$12,964	2.5%
<i>General Homestead Exemption</i>	20%	20%	0%	0.0%
<i>Senior/Disabled Exemption</i>	\$154,000	\$192,000	\$38,000	24.7%
<i>Net Taxable Value</i>	\$260,582	\$232,953	-\$27,629	-10.6%
<i>Voter-Approval Rate</i>	\$0.4776	\$0.5325	\$0.0549	11.5%
<i>Annual Property Tax Bill</i>	\$1,244.54	\$1,240.47	-\$4.06	-0.3%

Impact on Other Property Owners

With no change to the senior/disabled exemption, at the currently projected voter-approval rate of \$0.5287, the annual property tax bill for the City’s typical non-senior homeowner is forecasted to rise from \$1,969.52 in FY25 to \$2,150.29 in FY26, an increase of \$180.77, or 9.2%. A \$38,000 increase in the senior/disabled exemption would increase the projected voter-approval rate from \$0.5287 to \$0.5325, which leads to a \$3.80 annual increase in the property tax levy on each \$100,000 of taxable value. For the City’s typical non-senior homeowner, with a projected FY26 taxable value of \$406,712, this translates into an incremental projected annual increase of \$15.46. In total, with adoption of a \$38,000 increase in the senior/disabled exemption and the higher voter-approval rate, the projected annual property tax bill for the City’s typical non-senior homeowner would grow from \$1,969.52 in FY25 to \$2,165.74 in FY26, an increase of \$196.23, or 10.0%.

<b>Typical Non-Senior Homeowner</b>				
	FY 2026 Projection as of Noticed Roll: No Exemption Change	FY 2026 Projected as of Notice Roll: Exemption Change	Increase	% Increase
<i>Median Assessed Value</i>	\$508,390	\$508,390	\$0	0.0%
<i>General Homestead Exemption</i>	20%	20%	0%	0.0%
<i>Net Taxable Value</i>	\$406,712	\$406,712	\$0	0.0%
<i>Voter-Approval Rate</i>	\$0.5287	\$0.5325	\$0.0038	0.7%
<i>Annual Property Tax Bill</i>	\$2,150.29	\$2,165.74	\$15.46	0.7%

Should you have any questions or concerns, please contact Erik Nelson at 512-974-7816 or [erik.nelson@austintexas.gov](mailto:erik.nelson@austintexas.gov).

- cc: T.C. Broadnax, City Manager  
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