

Resolution Spotlight

The Resolutions adopted by the members of the County Judges and Commissioners Association of Texas (CJCAT) at the Annual Conference originate among members of Commissioners Courts and serve as the CJCAT Legislative Platform.

Related Legislation:

- S.B. 652 by Sen. West/H.B. 1367 by Rep. V. Jones – Commissioners Court local option homestead exemption based on dollar value, not to exceed \$100,000.
- S.B. 634 by Eckhardt – Relating to the authority of the governing body of a taxing unit to adopt an exemption from ad valorem taxation of a portion, expressed as a dollar amount, of the appraised value of an individual's residence homestead.

County Homestead Exemption County Judge or Commissioner → CJCAT → Legislature

Counties are not required by law to offer homestead exemptions unless the county collects the 30-cent farm-to-market/flood control tax authorized by Article VIII, Section 1-a, Texas Constitution, in which case the county must offer a \$3,000 homestead exemption.

Counties may adopt a local-option residence homestead exemption of up to 20 percent of a property's appraised value, according to Tax Code Section 11.13(n). Any exemptions offered must be at least \$5,000. The law restricts this optional exemption to a percentage of a property's appraised value and **does not allow for the exemption to be based on a dollar amount.**

County Impact

Johnson County offers a county homestead exemption of 5 percent of a property's appraised value, confirmed County Judge Christopher Boedeker.

"There are several reasons to prefer the use of a dollar amount over a flat percentage for homestead exemptions," Boedeker stated. "First, a flat percentage disproportionately favors wealthy landowners."

Beyond fundamental fairness, this is a problem for two policy reasons, Boedeker explained:

1. It makes it more difficult to offer larger homestead exemptions because the budgetary impact of increasing the homestead exemption percentage is skewed by high-value properties.
2. Citizens, elected officials, activists, and the State of Texas have pointed at property tax as a key barrier to affordable housing.

The best way to leverage the homestead exemption to impact housing affordability is to use a dollar amount, not a percentage, Boedeker emphasized. For example, if Johnson County adopted the maximum 20 percent exemption amount, a \$200,000 starter home in Johnson County would have an exemption of \$40,000 and a taxable value of \$160,000 with a tax bill of about \$250/month. If the county was able to adopt a \$100,000 exemption, that homeowner would save about \$100/month over the previous example.

"The Texas Legislature has clearly recognized the value of dollar amount exemptions because they have advocated for constitutional amendments on several occasions to increase the dollar amount of school tax exemptions," Boedeker underscored. "The House's proposed budget again funds increases to the homestead exemption amount."

From an administrative standpoint, it is much easier to calculate the impact of increasing the homestead exemption based on a dollar amount, Boedeker added.

“When we increased our homestead percentage, we had to rely on the central appraisal district to tell us what impact the decisions would make on certified appraisals,” Boedeker observed. “With a dollar amount, it is easier to estimate the impact by multiplying the number of homesteads by the increase in the exemption.”

Finally, a dollar amount exemption allows citizens to benefit from area growth, Boedeker said.

“As our appraisals have increased, we have increased the homestead exemption alongside them to ‘give back’ a significant portion of that increase in value to homeowners,” he explained. “However, some homeowners saw very little of that return.”

With that same \$200,000 home, an increase of the homestead from \$5,000, or 1 percent to 5 percent, only increased the exemption amount by \$5,000. A \$1,000,000 home saw their exemption increase by \$45,000 under the same policy. A \$100,000 home (if any are left in Johnson County) saw no change in their exemption despite the county increasing the percentage twice, Boedeker stated.

Jasper County Judge Mark Allen echoed Boedeker’s sentiments.

“It simply isn’t fair to property owners with lesser-valued homes and it rewards those with greater values,” Allen maintained. Jasper County offers a county homestead exemption of 20 percent of a property’s appraised value.

Families in lesser-valued homes are often young couples just starting out in their careers or older citizens with fixed incomes depending on a pension or Social Security, Allen observed.

“A fixed-value exemption allows for fair and equal treatment for those who have a home valued at \$100,000 as well as those with a home valued at \$500,000,” Allen continued.

Like Boedeker, Allen emphasized that for calculation purposes, a fixed-value exemption will always allow for much more efficient calculations with less chance for error, which would allow counties to move through the budget process more smoothly with fixed numbers instead of case-by-case calculated exemptions produced by the appraisal district. In addition, coastal counties may be in the middle of hurricane season, wildfire season, and budget season all at one time, and having delays due to calculation errors or incorrect data can cause missed deadlines and major budgeting issues.

“As we are all aware, it all boils down to local control,” Allen summarized. “Local control allows for all jurisdictions to decide what best fits their citizenry, locality, geography, growth, and political atmosphere, and any constitutional amendment allowing for more flexibility to do just that should be welcomed.”

Members of Commissioners Courts worked with the CJCAT to develop the following resolution:

County Homestead Exemption

WHEREAS, the current constitutional provisions limit the ability of counties to a percentage of the appraised value of homesteads; and

WHEREAS, the current limitations prevent the adoption of a homestead exemption to provide greater benefit to lower-priced properties; and

WHEREAS, additional discretion should be granted to counties to determine the homestead exemption;

NOW, THEREFORE, BE IT RESOLVED that the County Judges and Commissioners Association of Texas requests that a constitutional amendment be adopted to allow counties to

grant discretionary homestead exemptions based upon a dollar amount of the taxable value of the property.