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# **The Woodlands Township**

## ***65 and Older/Disability Exemption***

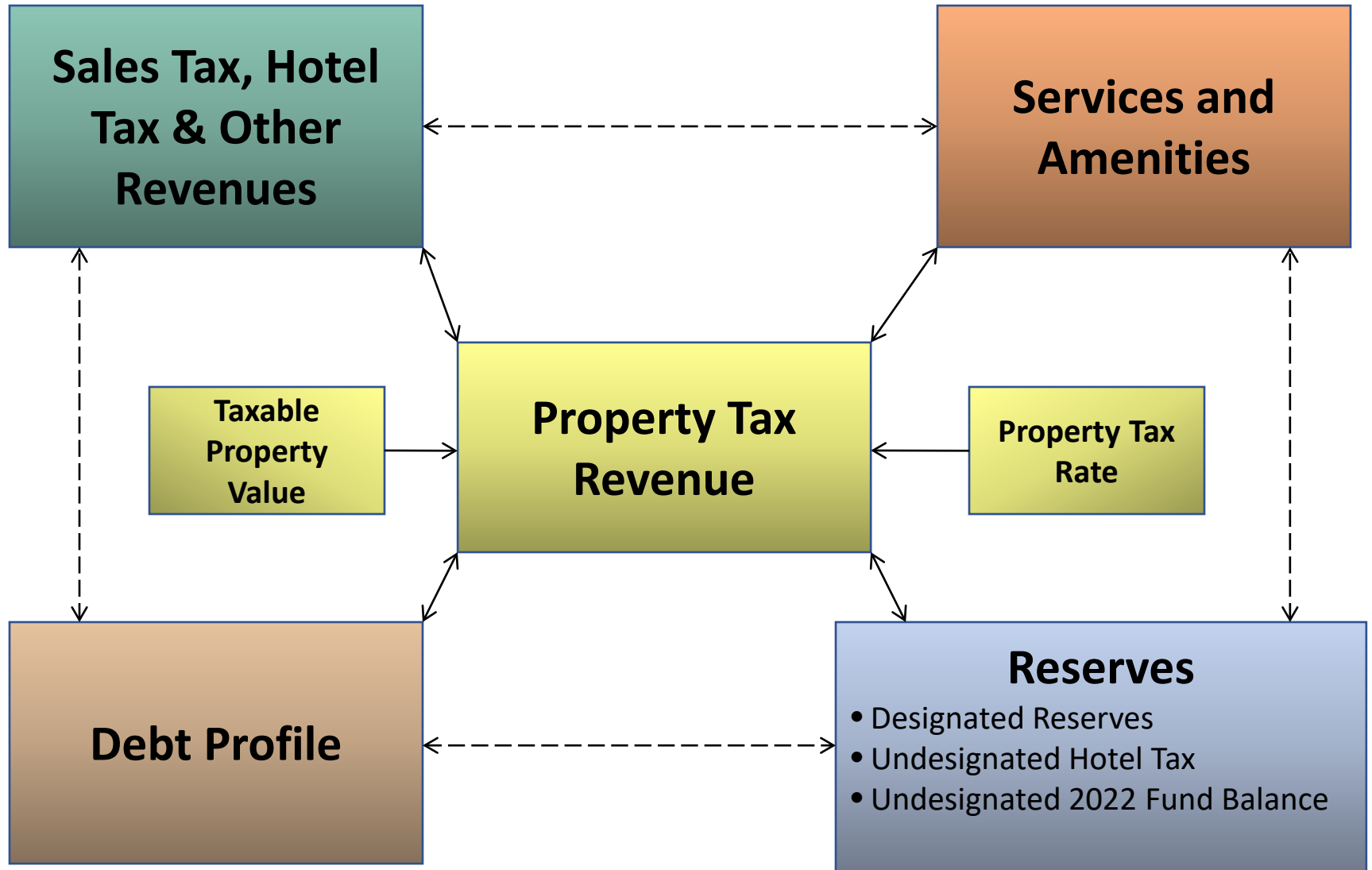
### ***Homestead Exemption***

**June 22, 2023**

[www.thewoodlandstownship-tx.gov](http://www.thewoodlandstownship-tx.gov)

The Woodlands Township • 2801 Technology Forest Boulevard • The Woodlands, Texas 77381

# Balancing Budget Priorities



# Limits on Growth in Property Tax Revenue



## Exemptions

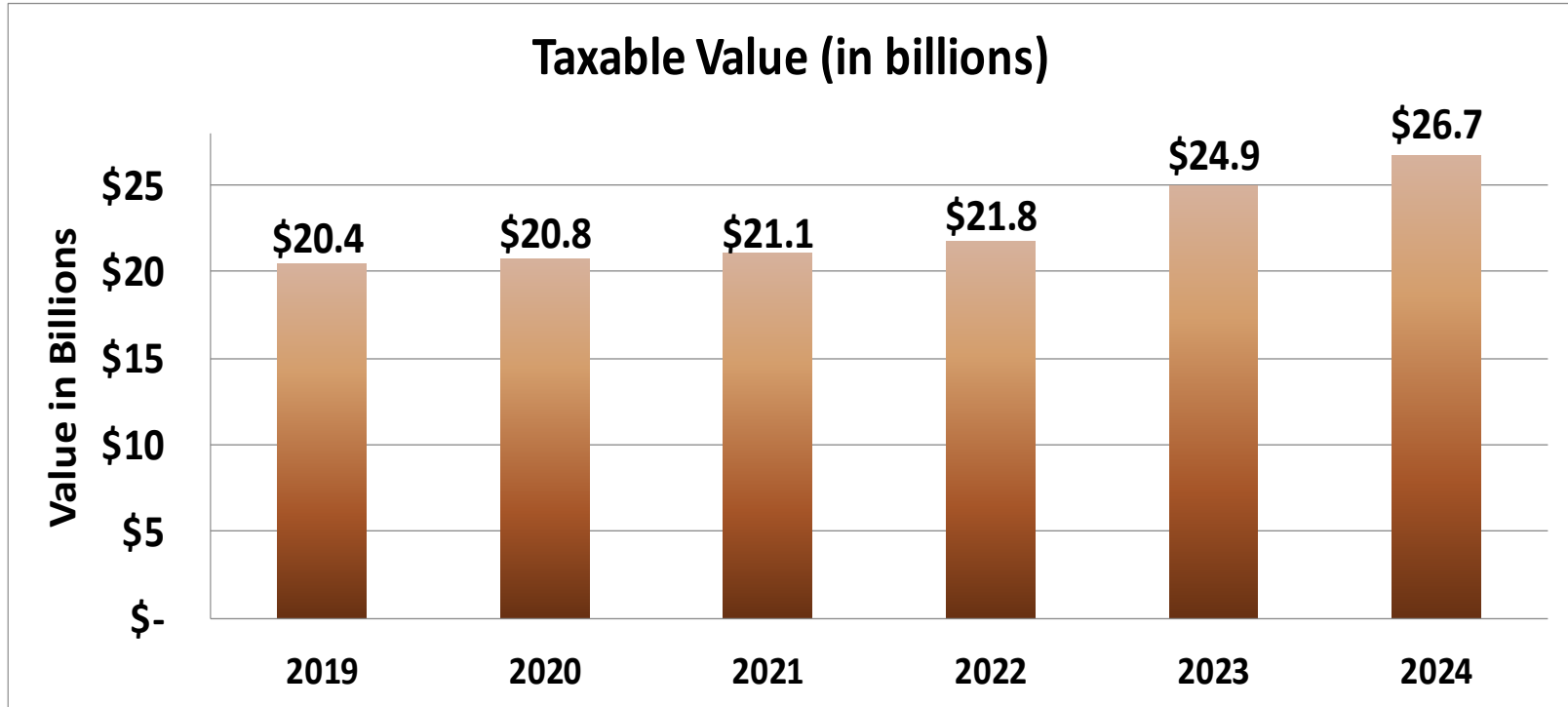
- Voluntary (can be rescinded)
- Impacts targeted groups (residential homestead/aged 65 and older/disabled)
- Deadline to submit is June 30 (prior to budget workshops)
- Township exemption for persons 65 and older or disabled = \$40,000

## Tax Rate Reduction

- Statutory limits on rate growth (3.5% without voter approval)
- Impacts ALL taxpayers (residential/commercial)
- Deadline to submit is Sept. 15 (after budget workshops)
- Township Board has consistently lowered the tax rate to manage taxpayer levy

# Taxable Property Values

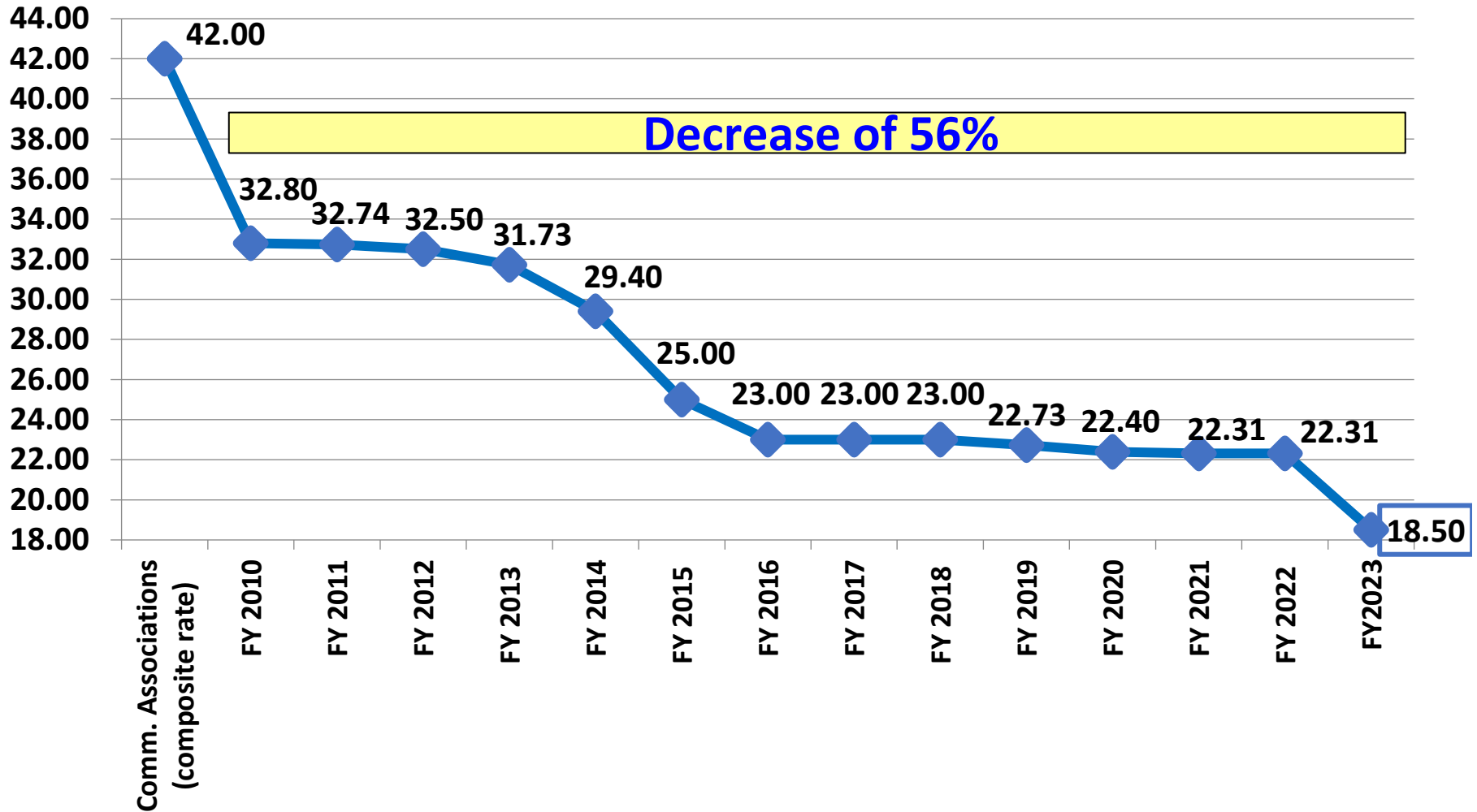
Budget Years 2019 - 2024



	2019	2020	2021	2022	2023	2024 Preliminary
Increase - revaluation	1.1%	1.1%	0.5%	2.6%	13.8%	7.2%
Increase - new property	1.2%	1.0%	1.1%	1.1%	0.9%	TBD

# Property Tax Rate

## Tax Rate Per \$100 valuation

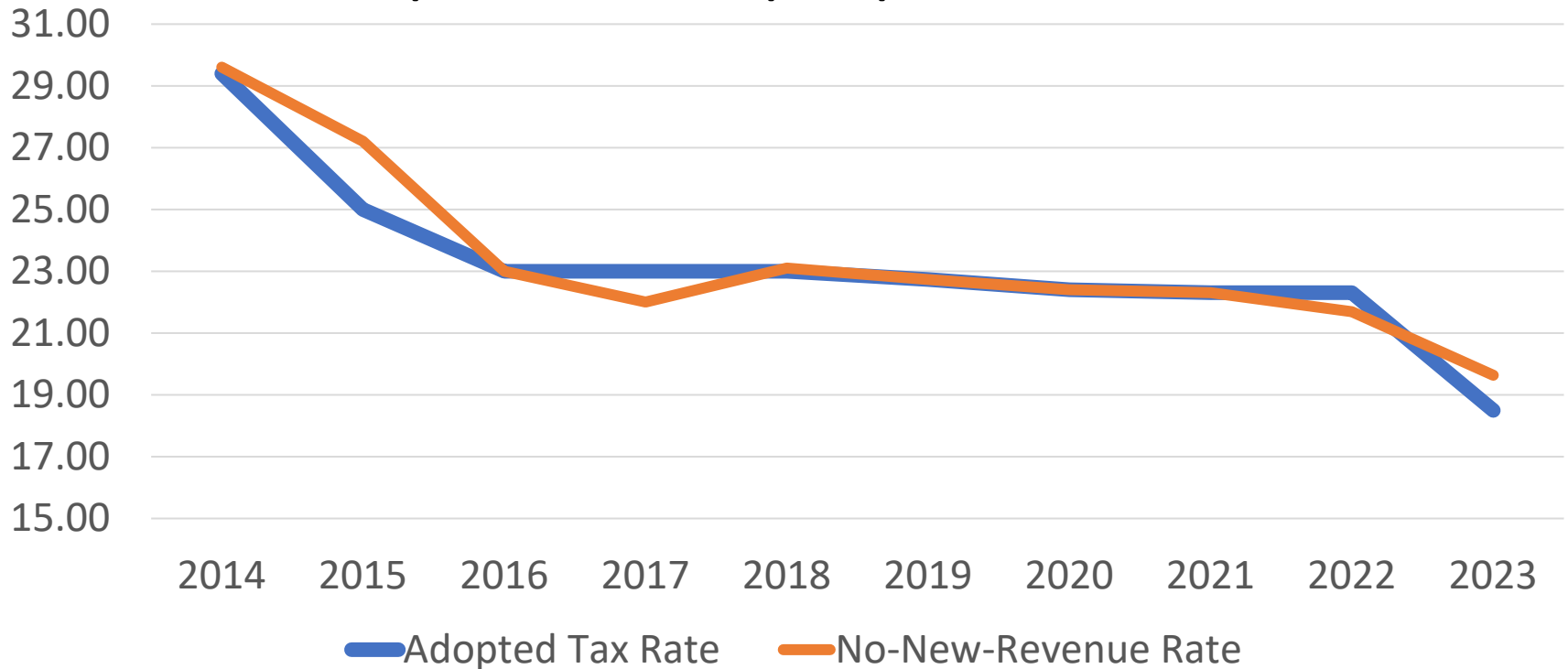


# Property Tax Rate

## No-New-Revenue Rate

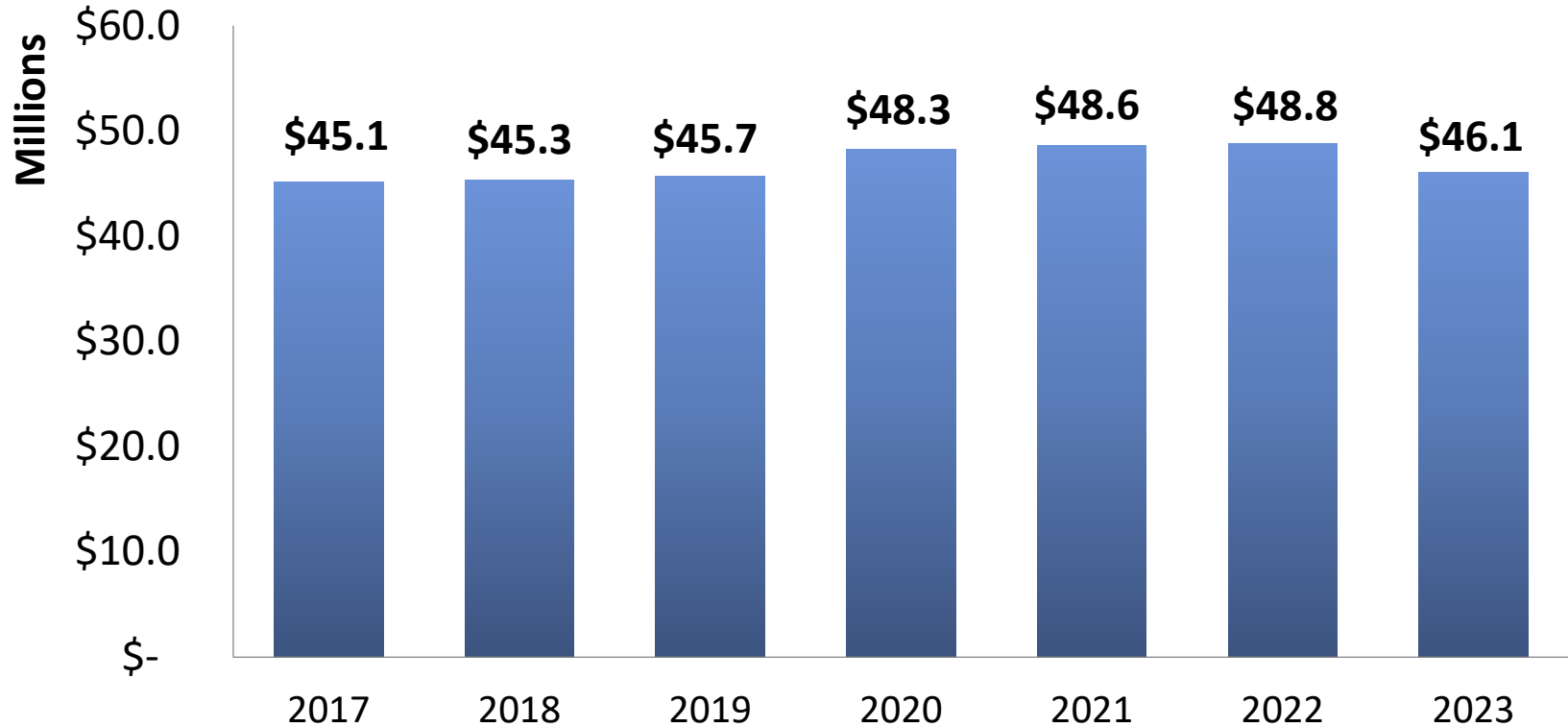
- Tax rate that produces the same amount of revenue for the same properties taxed in both years

Comparison of Township Adopted Rate vs. No-New-Revenue Rate



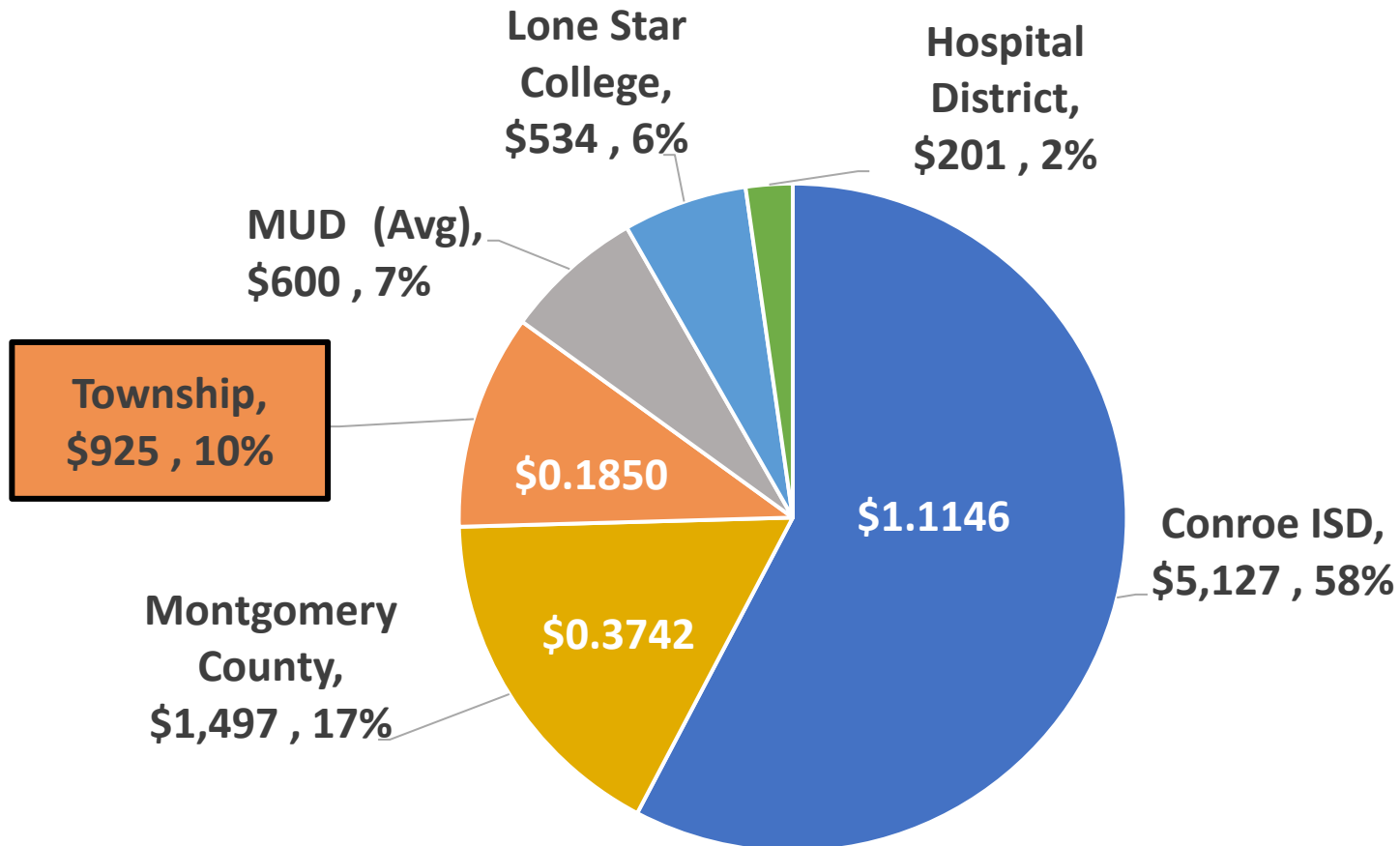
# Property Tax Revenue

2017-2023



# Current Allocation of Total Property Tax Levy on \$500,000 Home

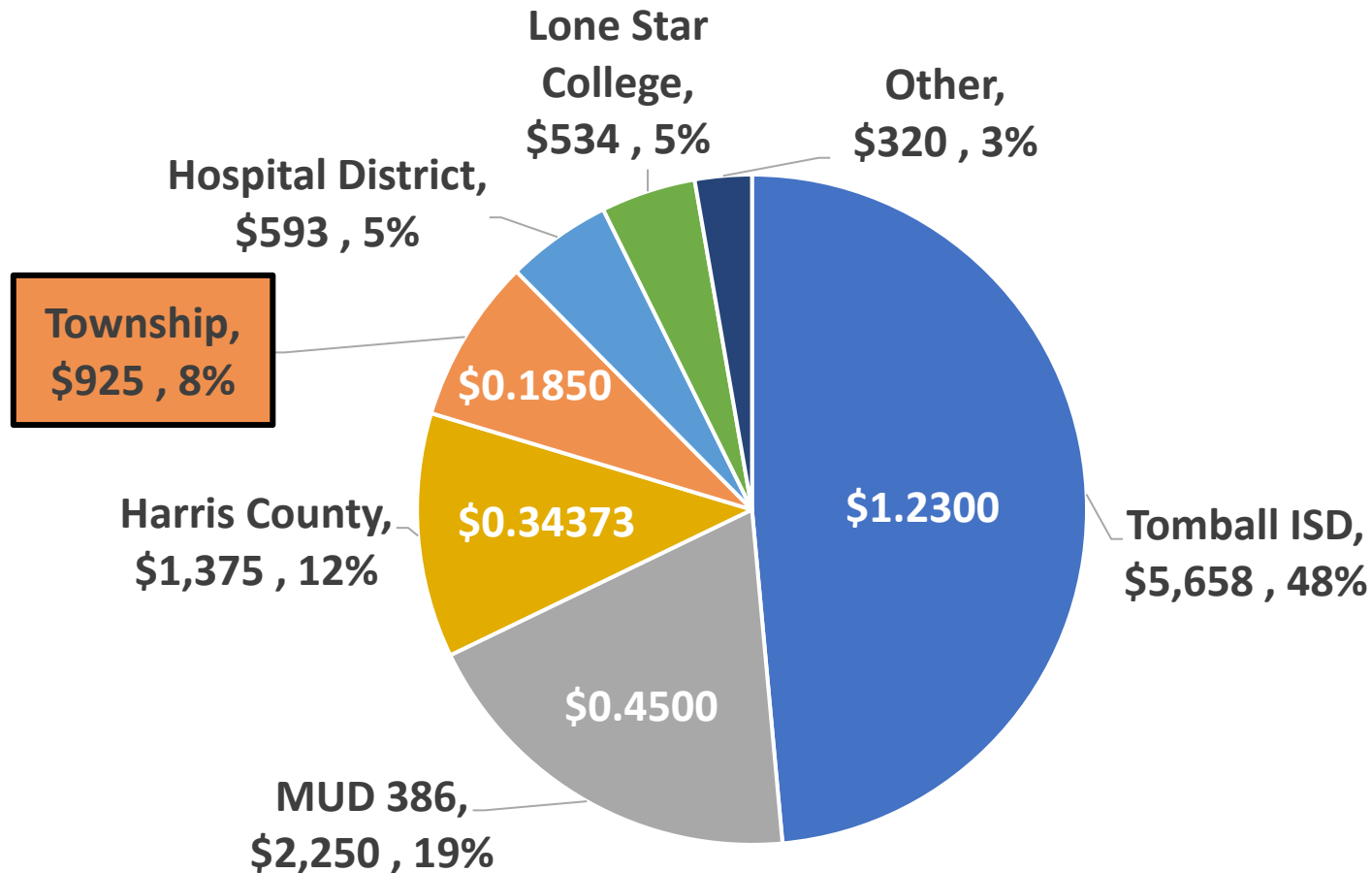
## Montgomery County - \$8,884





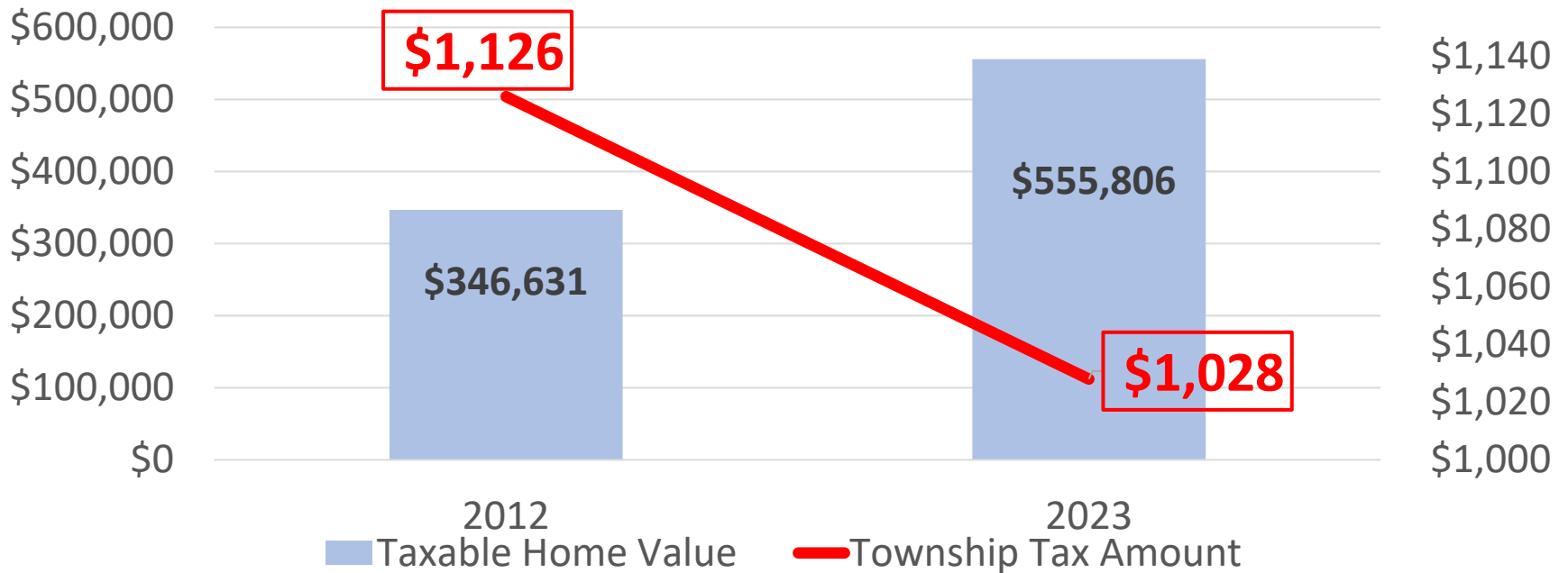
# Current Allocation of Total Property Tax Levy on \$500,000 Home

## Harris County - \$11,655



# How the rate reduction has impacted the tax levy

## Township Property Tax



- As taxable property value increased, the Board lowered the tax rate to manage the tax burden for property owners.
- The Board relied on non-property tax sources of revenue to help fund costs for existing services as well as provide enhanced services in the areas of public safety, parks and recreation, and community maintenance.

# Limits on Growth in Property Tax Revenue



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# Services and Amenities

## ➤ 2024 Budget Considerations

- Inflationary impacts on the cost of goods/services
- Economic development initiatives
- Enhanced law enforcement services
- Requests from Village Associations/residents
- SH 242 pathway project (connect to Harper's Landing)
- Sports Tourism (development of new sports fields)
- 2022 Parks and Recreation Needs Assessment Projects
- Assumption of ownership of The Woodlands Waterway
- Reconstruction of Fire Station 5
- Renovations to Emergency Training Center
- Renovations to Fire Stations 3 and 4
- Town Hall facility build-out/renovations
- Parks & Recreation facility expansion/renovations
- Requests for new staff (fire department, general)

# Homestead Exemption

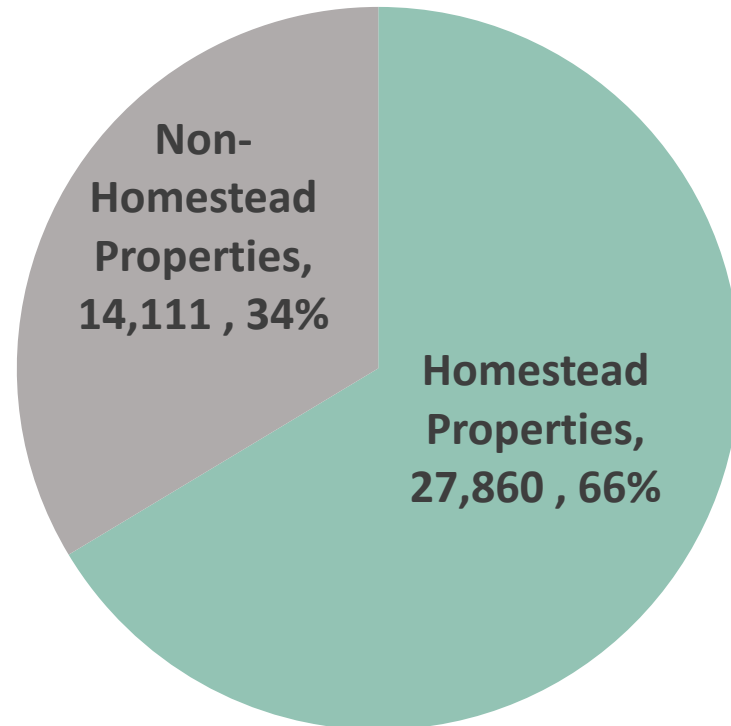
There are 41,971 real properties accounts in the Township.

66% of real property accounts qualify for a Homestead Exemption.

Real Property Breakdown

Properties that do not benefit from homestead exemption:

- Commercial
- Small Businesses
- Restaurants
- Rental
- Apartments
- Senior Living Facilities



# Homestead Exemption

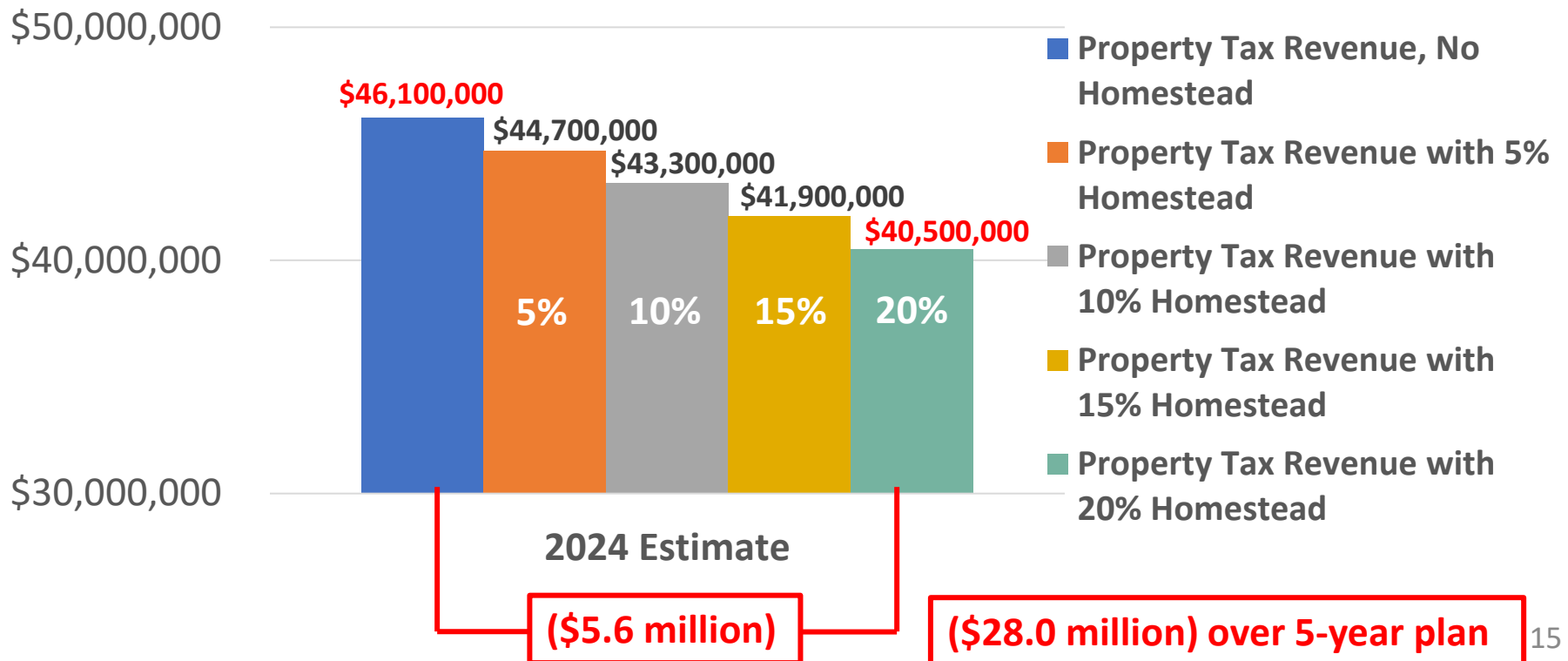
**Shifts tax burden to non-homestead properties  
(commercial, small businesses, restaurants, renters, senior living facilities)**

<b>Homestead Exemption % for Homestead Properties Only</b>	<b>Lower Tax Rate Equivalent for All Properties</b>
5%	0.55 cents
10%	1.10 cents
15%	1.65 cents
20%	2.20 cents

# Homestead Exemption

- Applies to homestead residential properties only
- **Each 5% of exemption = approximately \$1.4 million reduction in revenue based on current tax rate of \$0.1850**

Homestead Revenue Reduction



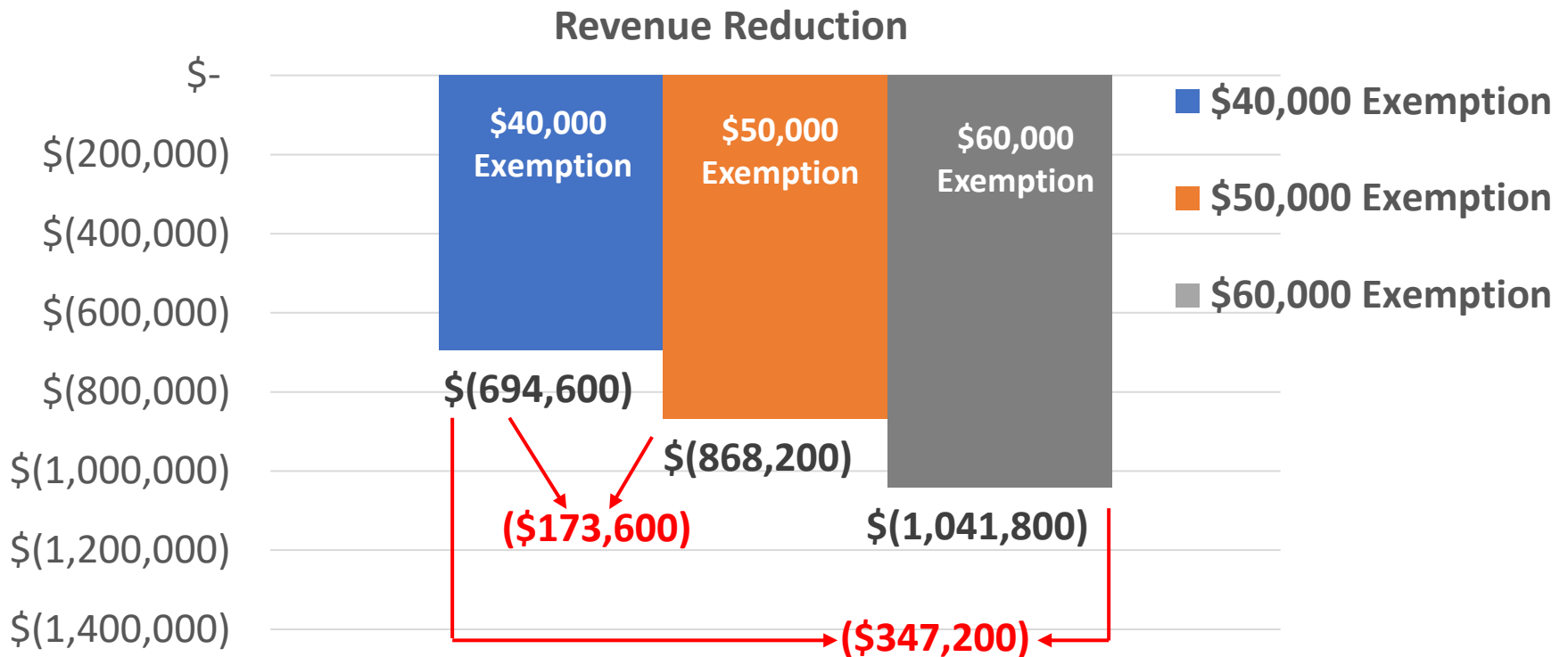
## Exemption for Persons Aged 65 and Older or Disabled

- Since 2011, the Township has granted an Age 65 or Older or Disabled Persons exemption of \$25,000. For 2023, this exemption was raised to \$40,000
- This exemption has resulted in \$5.8 million of property tax savings to qualifying taxpayers since it was implemented.
- For FY 2023, the exemption totaled \$694,600 based on \$375.4 million of exempt property value.



# Exemption for Persons Aged 65 and Older or Disabled

- Current exemption = \$40,000
- Each \$10,000 of exemption reduces Township property tax revenue by approximately \$173,600



# Next Steps

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- **If no change to current exemption, Board makes motion to accept staff report.**
- **If increase to 65 and Older/Disability exemption and/or implementation of a homestead exemption is desired, Board makes motion to direct staff to prepare resolution for adoption of such exemption(s) at June 28 Board meeting.**