

## MUD 113 UPDATE

# Tax Exemptions and Tax Relief for Woodforest

Many of you may be aware of the recent efforts by Montgomery County officials to increase their general homestead tax exemption to provide property tax relief for residents. Other taxing jurisdictions in the area have also been adopting measures along these lines. Sounds great, right? But let's consider the appropriateness of moving in this direction for MUD 113.

Every taxing authority must raise sufficient revenue to pay its bills. Adopting a general homestead exemption only makes sense when there is sufficient commercial property in the district such that a proportion of the tax burden can be shifted from the homeowner to the commercial property owner. For a district like ours, we have very little current commercial property. Instituting a general property exemption would only mean we would have to raise the tax rate proportionately to generate the same revenue. So, the taxpayer gains nothing in that situation.

As Woodforest adds more commercial property, a general homestead exemption becomes a meaningful way to provide property tax relief to our residents. The Board of MUD 113 reviews the data and considers this exemption in March of each year.

There is one area where tax relief makes sense for MUD 113. In the past we have offered over-65 property owners and disabled veterans a \$5,000 exemption off their appraised value. At our March 2017 Board meeting, the board approved an increase in this exemption to \$10,000 for the 2017 tax year. Many seniors are on fixed income and our community will benefit from this tax relief.

Ultimately, the best way to provide property tax relief is to lower the District's overall tax rate. The Board is committed to this goal. Over the past five years, the District's tax rate has fallen from \$1.19 to \$.92. That's a 22% decrease over that period of time.