

121 W. Broadway St.
Prosper, TX 75078



NEWS RELEASE

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Media Contact: Celso Martinez, 972-623-8836

Prosper Town Council approves homestead exemption *Tax relief for homeowners at 7.5 percent for 2016*

PROSPER (September 24, 2015) Tax relief in the form of a homestead exemption is coming to Prosper homeowners for the 2016 tax year, thanks to an ordinance passed unanimously at the Sept. 22 Town Council meeting, according to Mayor Ray Smith.

“The Council voted to implement a homestead tax exemption for qualified homeowners starting with the 2016 tax year,” he said.

After brief discussion related to the exact amount, the Council agreed on a 7.5 percent exemption, meaning that for the 2016 tax year, homeowners would see a lowering of tax exposure on their primary residence in that amount. The minimum reduction in value of residential properties is \$5,000.

Prosper becomes only the fifth municipality in Collin County offering a tax exemption to its residents. The exemption is not applicable to commercial concerns or income-producing properties.

“The Council and staff sought advice from our financial advisors, and settled on that amount,” added Smith. “Prudent spending on the part of the Town coupled with increasing home values combined to provide the basis for the tax relief.”

Property tax revenue is split between the General Fund, from which the maintenance and operations of the Town is derived, and the Interest and Sinking Fund, from which debt is paid. The 2015 tax rate of 52 cents per \$100 valuation divides these into roughly 36 cents for maintenance and operation and 16 cents for debt service. The 7.5 percent homestead exemption would increase the debt service tax rate to just under 17 cents.

The new homestead exemption applies to homes in both Collin and Denton Counties and will remain in effect until repealed by Council vote. Even so, residents must actively apply for the exemption with their respective appraisal districts.

“We certainly encourage every eligible homeowner to apply,” said Smith. “The homestead exemption is something that we as a Council considered very carefully, and we feel it’s a very appropriate way to offer relief to our residents.”

The typical home in Prosper is valued at \$423,062 and with the new exemption in place, the tax exposure will decrease by \$165.

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ABOUT THE TOWN OF PROSPER – The Town of Prosper is a fast-growing suburb with small town charm, located 30 miles north of Dallas at the crossroads of U.S. 380, Preston Road and the Dallas North Tollway in Collin and Denton Counties. Prosper sits on 27 square miles and is home to more than 15,000 people. A home-rule municipality, governed by a council-manager form of government, the town has full-time fire and police departments, including its own dispatch service. As the Town grows to its projected build-out population of 70,000 residents, Prosper’s vision is to remain a “Place Where Everyone Matters.”