

# NEWS RELEASE

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## Town Council increases homestead exemption to 10%

PROSPER (June 28, 2017) Prosper's Town Council voted to approve raising the homestead exemption from 7.5 percent to 10 percent, effective immediately.

The higher exemption, which serves to lower the tax exposure for property taxes levied by the Town of Prosper, was approved during the Regular Session of the Town Council meeting of June 27. Council authorized the initial exemption in the fall of 2015.

"Homeowner tax relief is something everyone on Council agrees on," says Prosper Mayor Ray Smith. "The value of virtually all homes and property in Prosper is rising, so increasing the exemption made perfect sense. People can take advantage of the higher exemption and either save money or redirect it to other purposes."

The exemption, by state statute, is applicable only to homes that serve as the primary residence for the applicant, and only one exemption is applicable. The minimum reduction in value of residential properties is \$5,000. The exemption is not applicable to commercial concerns or income-producing properties.

The increase places Prosper's 10 percent exemption as the second highest in Collin County. Of the 27 municipalities in Collin County, only eight offer a homestead exemption.

"The Council and staff now have two years of experience with how to manage the Town's budget while offering an exemption," added Smith. "Remaining prudent in our spending and conservative in our financial outlook have proven to be key in our ability to provide a higher level of 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 tax rate of 52 cents per \$100 valuation, which has been unchanged in a decade, divides these into roughly 36 cents for maintenance and operation and 16 cents for debt service. The 10 percent homestead exemption would maintain these at about the same level.

As a result of the new homestead exemption, the effective tax rate, according to the Collin County Appraisal District, is \$0.4314 per \$100 valuation.

The homestead exemption applies to homes in both Collin and Denton Counties and will remain in effect until repealed by Council vote.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. Those who've already done so in previous years, need not reapply.

The typical home in Prosper is valued at \$495,762, and with the new exemption in place, the tax exposure will decrease by \$49,576, saving the homeowner about \$258 in ad valorem taxes to the Town.

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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 20,000 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."