

CITY OF IVANHOE
TAX WORKSHOP MINUTES

September 29th, 2020
5:00 PM

Mayor Bennett called the meeting to order at 5:00 PM, with the workshop being livestreamed via Facebook video. She thanked the team from Rarity Solutions for getting the video and audio system set up to provide the on-line broadcast. Quorum established with all Council present. Invited guest Tyler County Chief Appraiser Mr. David Luther was present to provide information and answer questions.

Agenda item #1 – Discussion of ad valorem taxes and tax rate.

Mayor Bennett welcomed Mr. Luther and thanked him for being available to provide information. She explained there have been questions from the public regarding property tax exemptions. The committee that worked on the initial incorporation of the city had looked at the possibility of providing a tax exemption for seniors. It would have increased the tax rate from the initial 79¢ per dollar taxable value to 95¢ per dollar. The 79¢ was set as a compromise without exemptions. The workshop was called to allow audience questions and comments. She then turned the floor to Mr. Luther.

Mr. Luther informed Council that Senate Bill 2 that passed in the last legislative session resulted in 92 pages of adjustments to appraisals statewide. The details are spelled out in the Truth in Taxation booklet available at the Appraisal District office and from the State Comptroller both printed and on-line. Among the changes is the wording of some common tax phrases; effective tax rate is now the no new tax revenue rate, any tax rate above the no new tax rate is the voter approval rate. Mr. Luther reviewed the Maintenance & Operations and Interest & Sinking tax rates; in 2020 the total rate for Ivanhoe was 94.2¢ based on total property value of \$74 million with 100 % collection rate. For 2021 the no new tax rate is 90.91¢ (of which 19.57¢ is Interest & Sinking to repay the \$2 million bond issue), but the city can go to 95.51¢. Any rate above that will result in an automatic tax rate election. The city has over 5,000 tracts and lots. Since some property owners have multiple lots there are 3878 accounts. 1200 of the lots have some type of structure and 700 of those have homestead exemptions for county and school tax purposes. (455 of the homesteads are for under age 65, the other 235 are over 65 or veteran) there are about 2600 vacant lots.

Councilman Herrington requested clarification regarding the number of over 65 or veteran homestead exemptions. Mr. Luther verified that according to the Appraisal District records 235 homesteads in Ivanhoe have the county and school exemptions. Mayor Bennett explained that non-resident property owners usually file the homestead exemption at their principal home.

Councilman Blackstone asked what amount is the minimum homestead exemption the city could authorize. Mr. Luther responded \$3,000, which equals about a penny & a half reduction of the tax rate. Councilman Herrington observed that as more deductions are given, the tax rate must be adjusted higher in order to raise sufficient revenue needed for city operations.

Mr. Luther noted that it has been an extremely active year for sales of individual properties in Tyler County with home sales up 30%. He added that the growth rate will likely result in additional improvements and increase the total value in the county (and Ivanhoe) which will help tax rates go down.

Councilman Morris commented that with approximately 700 homesteaded properties and 235 of those over 65, the remaining 465 would shoulder the higher tax rate if the city provides a homestead exemption. Mr. Luther explained that the city has to adopt the homestead exemption by July, so the matter is a mute point for the current year tax rate.

Councilman Herrington asked what the requirement is to claim a homestead exemption. Mr. Luther responded the property must be considered the property owners primary residence.

Mayor Bennett checked if there were questions or comments from the Facebook audience, there were none. Ms. Jill Longtin stated there are so many undeveloped lots in Ivanhoe, and asked what can be done to increase the improvements on those lots in order to increase the total tax value in the city. Mayor Bennett responded that the city is working on infrastructure improvements to entice more folks to move to Ivanhoe.

Mr. Johnny Williams requested clarification about exemptions for veterans. Mr. Luther explained that a 100% service related disability will allow a full exemption, a 30% exemption results in a tax savings of about \$75.

With no other comments or questions being presented, Mayor Bennett moved to the next agenda item.

Agenda item #2 - Adjourn

Councilman Morris made the motion to adjourn, followed by a second from Councilman Herrington and the meeting was concluded at 5:42 PM

Respectfully submitted,

C. D. Woodrome, City Secretary