

To the Mayor and Members of the City Council

September 27, 2016

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SUBJECT: PROPERTY TAX REFUNDS

The purpose of this Informal Report is to explain how the City's property owners will be reimbursed for any overassessment of their property values.

On August 25, 2016, the Tarrant County Tax Assessor-Collector's Office (TCAC) advised the City of Fort Worth that tax distributions would be suspended immediately due to significant number of refunds being issued totaling \$8.7 million. The City's portion of this amount is \$1,029,452.

The refunds are the result of the July supplemental roll from the Tarrant Appraisal District (TAD). This file contained 82,738 accounts, including a significant number of new exemptions. It is estimated that this will result in 5,186 refunds totaling \$8.7 million. The refunds must be paid by October 19, 2016 to avoid paying interest to the taxpayer. This is in addition to the roughly \$4 million in refunds already being processed from previous rolls. The total amount of refunds is in excess of \$12 million.

It is normal to have refunds this time of year due to the protest process which can begin as early as May with heaviest activity in June and July. This year there were a record number of protests with 100,000 protests filed at TAD, compared to 50-72,000 in prior years. Other factors that contribute to the refunds include the very active real estate market in Fort Worth, the education and encouragement for tax payers to apply for homestead and other types of exemptions and the increasing use of private tax consultants.

The refunds are reductions in taxes already distributed to taxing jurisdictions and must be paid from revenue the TCAC collects. As of August 31, 2016 the City of Fort Worth received total property tax collections (revenue) of \$424,701,426 including current and delinquent taxes plus penalty and interest collections.

| Total Property Taxes Budgeted | Total Collections | Anticipated September Receipts | Refunds | Net |
|-------------------------------|-------------------|--------------------------------|-------------|---------------|
| \$422,712,536 | 424,701,426 | \$526,328 | \$1,029,452 | \$424,198,302 |

Even with the refunds, the City expect to collect approximately \$1.4 million more than the FY2016 budget.

Hopefully you find this information helpful. If you have any questions, please call Terry Hanson, Assistant Director, Performance and Budget Office at 817-392-7934.

**David Cooke
City Manager**