Senator Sides With Home Rule City Providing Property Tax Relief in Face of Potentially Restrictive State Laws

Last week, Senator Charles Schwertner (R – Georgetown) asked the attorney general about the authority of the City of Cedar Park to adopt a local homestead exemption with a minimum application greater than the $5,000 mentioned in state law.

In April, the city council adopted a city homestead property tax exemption equal to one percent of the appraised value of any residential homestead property, but not less than $10,000. State law provides that a city may adopt an exemption of up to 20 percent, but the actual dollar amount of the exemption cannot be less than $5,000.

Cedar Park is located in two counties. One county appraisal district accepted the city’s $10,000 minimum exemption, while the other forwarded a certified tax roll to the city reflecting a $5,000 minimum amount. The second CAD claims that state law doesn’t authorize the city to adopt a $10,000 minimum. The city now faces the potential of adopting a budget and property tax rate without knowing which exemption amount applies.

In his request for an attorney general opinion, Senator Schwertner made clear his belief that a home rule city has the authority to offer greater property tax relief than the minimum in state
law. Additionally, he contends that the chief appraiser lacks authority to refuse to implement and apply a homestead exemption adopted by a local taxing unit.

At a time when some state officials are quick to blame city leaders for high property taxes, it is refreshing to see a senator siding with a city that is attempting to provide additional tax relief. Regardless of the outcome, the opinion process may shift the policy debate away from harmful caps on city finances towards authorizing more tools for cities to address property taxes locally.

**Court Stays Implementation of Austin “Sick Leave” Ordinance**

Last week, the Third Court of Appeals granted a temporary injunction that stays the effective date of the City of Austin’s paid sick leave ordinance. Earlier this year, the City of Austin adopted the ordinance, and it was scheduled to take effect, for most employers, on October 1, 2018.

In April 2018, the Texas Public Policy Foundation (TPPF) filed, on behalf of a number of business associations and staffing agencies, a lawsuit challenging the validity of the city’s ordinance. TPPF alleged that the ordinance is preempted by the Texas minimum wage law and that it violates the Texas Constitution. TPPF sought a temporary injunction that would prevent the ordinance from going into effect while the lawsuit is ongoing.

Shortly thereafter, the Texas attorney general, on behalf of the State of Texas, intervened in support of TPPF. In July 2018, the district court denied their request for a temporary injunction. TPPF and the attorney general appealed the temporary injunction to the appeals court in Austin.

Although the implementation of the ordinance has been temporarily halted, the lawsuit is far from over because the courts have yet to decide on the merits of the case.

The League will continue to monitor and report on the progress of the case.

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