



Legislation Text

File #: 21-918, Version: 1

**STRATEGIC PRIORITY:** Government Performance and Financial Management

**AGENDA DATE:** June 9, 2021

**COUNCIL DISTRICT(S):** N/A

**DEPARTMENT:** Budget and Management Services

**EXECUTIVE:** Elizabeth Reich

**SUBJECT**

Authorize an increase in the homestead property tax exemption for persons who are disabled or 65 or older from \$100,000 to \$107,000 beginning with the 2021 tax year (fiscal year beginning October 1, 2021) - Estimated Annual Revenue Foregone: \$2,413,664

**BACKGROUND**

The City of Dallas grants a homestead exemption of 20 percent or a minimum of \$5,000 of the market value of residence homesteads. An additional exemption of up to \$100,000 of the market value is granted to those persons who are disabled or 65 or older. The \$100,000 exemption has been in effect since tax year 2019.

On December 13, 2017, City Council added Financial Management Performance Criteria (FMPC) #23 that requires a comparison of the current exemption for individuals who are disabled or 65 or older to the most recent annual Consumer Price Index (CPI) every two years.

On June 9, 2021, City Council is scheduled to approve an amendment to FMPC #23 that requires the City to compare the current disabled and over-65 exemption to the most recent annual Consumer Price Index for the Elderly (CPI-E) and the year-over-year change in the average residential market value (whichever is greater) annually and provide the analysis of each scenario to City Council for consideration. The proposed increase recognizes the year-over-year change in the average market value; therefore a \$107,000 exemption is proposed. The increase applies to the 2021 tax year (fiscal year beginning October 1, 2021).

Options	Exemption Increase	Total Exemption	Annual Revenue Foregone	Incremental Savings to \$323,813 Home
CPI-E combined 2021 & 2020	\$3,800	\$103,800	\$1.3M	(\$29.50)

Average Residential Market Value Change	\$7,000	\$107,000	\$2.4M	(\$54.34)
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**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On April 23, 1986, City Council established the disabled or 65 or older homestead exemption at \$50,000, by Resolution No. 86-1283.

On September 17, 1986, City Council authorized an increase of the disabled or 65 or older homestead exemption from \$50,000 to \$64,000, by Resolution No. 86-2926.

On June 28, 2017, City Council authorized an increase of the disabled or 65 or older homestead exemption from \$64,000 to \$90,000, by Resolution No. 17-1084.

On June 12, 2019, City Council authorized an increase of the disabled or 65 or older homestead exemption from \$90,000 to \$100,000, by Resolution No. 19-0946.

City Council was briefed on current exemption options offered by the City of Dallas on April 7, 2021, and May 5, 2021.

**FISCAL INFORMATION**

Estimated Annual Revenue Foregone: \$2,413,664