



## Legislation Text

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File #: 22-1294, Version: 1

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**STRATEGIC PRIORITY:** Government Performance & Financial Management  
**AGENDA DATE:** June 8, 2022  
**COUNCIL DISTRICT(S):** N/A  
**DEPARTMENT:** Budget and Management Services  
**EXECUTIVE:** Elizabeth Reich

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### **SUBJECT**

Authorize an increase in the homestead property tax exemption for persons who are disabled or 65 or older from \$107,000 to \$115,500 beginning with the 2022 tax year (fiscal year beginning October 1, 2022) - Estimated Annual Revenue Foregone: (\$4,898,697)

### **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 \$107,000 of the market value is granted to those persons who are disabled or 65 or older. The \$107,000 exemption has been in effect since tax year 2021 (fiscal year beginning October 1, 2021).

On December 13, 2017, City Council added Financial Management Performance Criteria (FPMC) #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 May 26, 2021, City Council approved an amendment to FPMC #23 that requires a comparison of the current exemption to the most recent annual Consumer Price Index for the Elderly (CPI-E) or the year-over-year change in the average residential market value (whichever is greater) annually. The proposed increase recognizes the year-over-year change in the most recent annual CPI-E; therefore, we propose a \$115,500 exemption. The increase applies to the 2022 tax year (fiscal year beginning October 1, 2022).

On May 23, 2022, the Government Performance and Financial Management Committee approved this recommendation (Agenda Item #22-1146).

<u>Exemption Increase</u>	<u>Total Exemption</u>	<u>Projected General Fund Revenue Impact</u>	<u>Incremental Savings to \$328,453 average Single-Family Home</u>
\$8,500	\$115,500	(\$4.8 million)	(\$65.73)

### **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.

On June 9, 2021, City Council authorized an increase of the disabled or 65 or older homestead exemption from \$100,000 to \$107,000, by Resolution No. 21-918.

The Government Performance and Financial Management Committee was briefed on May 23, 2022, with a recommendation to move forward for full City Council approval on June 8, 2022.

### **FISCAL INFORMATION**

Estimated Annual Revenue Foregone: (\$4,898,647)