



Legislation Text

File #: 23-1422, **Version:** 1

STRATEGIC PRIORITY: Government Performance & Financial Management

AGENDA DATE: June 14, 2023

COUNCIL DISTRICT(S): N/A

DEPARTMENT: Budget and Management Services

EXECUTIVE: Jack Ireland

SUBJECT

Authorize an increase in the homestead property tax exemption for persons who are disabled or 65 or older from \$115,500 to \$139,400 beginning with the 2023 tax year (fiscal year beginning October 1, 2023) - Estimated Annual Revenue Foregone: General Fund (\$9,245,184) and Debt Service Fund (\$3,516,353) totaling (\$12,761,537)

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 \$115,500 of the market value is granted to those persons who are disabled or 65 or older. The \$115,500 exemption has been in effect since tax year 2022 (fiscal year beginning October 1, 2022).

On December 13, 2017, the 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 June 9, 2021, the 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 \$139,400 exemption. The increase applies to the 2023 tax year (fiscal year beginning October 1, 2023).

On May 22, 2023, the Government Performance and Financial Management Committee approved this recommendation.

<u>Exemption Increase</u>	<u>Total Exemption</u>	<u>Project General Fund Revenue Revenue Impact</u>	<u>Projected Debt Service Fund Revenue Impact</u>	<u>Incremental Savings to \$396,300 average Single-Family Home</u>
\$23,900	\$139,400	(\$9.2 million)	(\$3.6 million)	(\$178.25)
		TOTAL	\$12.8 million	

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

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

On September 17, 1986, the 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, the 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, the 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, the 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.

On June 8, 2022, the City Council authorized an increase of the disabled or 65 or older homestead exemption from \$107,000 to \$115,500, by Resolution No. 22-0855.

The Government Performance and Financial Management Committee was briefed on May 22, 2023, with a recommendation to move forward for full City Council approval on June 14, 2023.

FISCAL INFORMATION

Estimated Annual Revenue Foregone: General Fund (\$9,245,184) and Debt Service Fund (\$3,516,353) totaling (\$12,761,537).