

Financial Impact of Proposed Over 65/Disabled Person Exemption Increase

City Council Budget and Strategic Plan Review
May 16, 2018

Over 65/Disabled Persons Property Tax Exemption

- Exemptions available only to residential properties that also qualify for a Homestead Exemption
- One parcel can not have both Over 65 and Disabled Persons exemptions
- Council action before July 1 in order to apply to the FY2018-19 budget
- According to the State Property Tax Code
 - Over 65 exemptions can not be established based upon a percentage
 - The Over 65 exemption must be stated as a dollar amount

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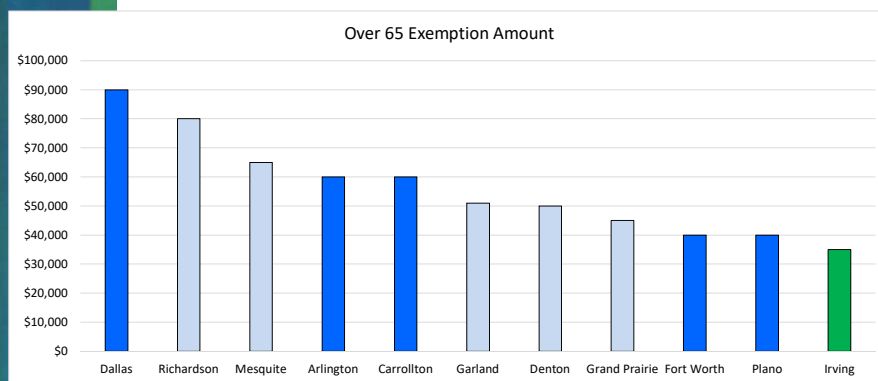
Current Statistics

- Tax Rate \$0.5941
- Homestead Exemption 20% (legal maximum)
- Over 65/Disabled Person \$35,000
- Average Residential Value \$164,939

- Number of parcels with exemptions
 - Over 65 8,300
 - Disabled Persons 700
 - Total 9,000

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Benchmark Rate Comparisons

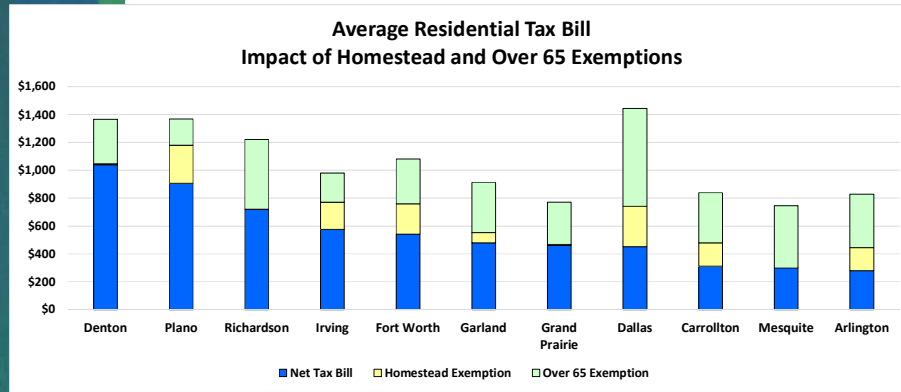


- FY 2017-18: Irving +\$5,000, Dallas +\$24,000, Richardson +\$10,000
- Several cities do not have the maximum 20% Homestead exemption

Richardson: 0%	Grand Prairie: 1%	Denton: 0.5%
Mesquite: 0%	Garland: 8%	

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Benchmark Rate Comparisons



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Residential Tax Bill

- 2017-18 Average Residential Value is \$164,939

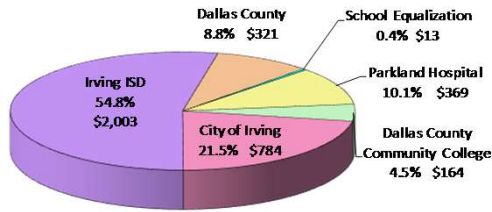
	Tax Revenue	\$ Change	% Change
2017-18 taxes without exemptions	\$979.90		
With 20% Homestead exemption	\$783.92	(\$195.98)	-20%
With Over 65/Disabled Persons exemption of \$35,000	\$575.99	(\$207.94)	-27%
Total with both exemptions		(\$403.92)	-41%

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Total Tax Rate

- Proposal would only affect city property taxes
- City taxes are 21.5% of the total tax bill

**Average Residential Total Tax Burden
with Homestead Exemption
Tax Year 2017
\$3,654**



C-FB ISD taxes would be \$1,933 or 53% of the total tax bill

Three Year Plan

- Increase Senior/Disabled rate by \$5,000 per year to \$45,000
 - FY 2017-18 - \$5,000 increased to \$35,000
 - FY 2018-19 – planned \$5,000 increase to \$40,000
- For every \$5,000 increase in the exemption rate
 - City Revenue reduced by \$270,000
 - Savings to average homeowner of \$29
- Recommendation: Increase exemption by \$10,000 in FY 2018-19 to \$45,000

Exemption Amount	Tax Revenue Decrease	Average Homestead Decrease
40,000	(269,910)	(28.92)
45,000	(530,512)	(57.34)

Questions