

Memorandum



CITY OF DALLAS

DATE December 29, 2023

TO Honorable Mayor and Members of the City Council

SUBJECT **Texas Proposition 2, Property Tax Exemption for Child-Care Facilities Amendment**

On November 7, 2023, voters approved Texas Proposition 2, the Property Tax Exemption for Child-Care Facilities Amendment, which was on the ballot as a legislatively referred constitutional amendment. Proposition 2 is a constitutional amendment authorizing a local option exemption from ad valorem taxation by a county or municipality of all or part of the appraised value of real property used to operate a child-care facility.

What it Means:

- Optional amendment that allows cities and counties to exempt child-care providers from property taxes for any facilities used to run a child-care business.
- The value of the exemption would have to be at least 50 percent of the property's appraised value.
- Removes property value from taxation and reduces property owner tax bill.
- The State defines “child-care facility” and provides the eligibility requirements for the exemption.

This is an optional exemption, and the City Council may implement this exemption by resolution similar to the process used to adopt the optional Homestead, and Disabled/Over-65 exemptions. The effective date of the approved ballot measure is January 1, 2024, and the exemption will be effective for the 2024 tax year if approved by City Council. The approved resolution is due to the appraisal districts by July 1, 2024, to be effective for the 2024 tax year. There are approximately 200 properties that may be eligible for this exemption with a total market value of \$92.1 million. The table below reflects the projected revenue foregone.

	50%	60%	80%	90%	100%
Value of Exemption	\$46.1M	\$55.3M	\$73.7M	\$82.9M	\$92.1M
Total Revenue Foregone	\$339K	\$407K	\$542K	\$610K	\$678K

Proposed Implementation Timeline:

- January 22, 2024 - Briefing to Government Performance and Finance Management Committee
- February 14, 2024 – Agenda item for City Council consideration

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If you have any questions, please contact me or Janette Weedon, Director of Budget & Management Services.



Jack Ireland
Chief Financial Officer

c: T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors