

Memorandum



CITY OF DALLAS

DATE June 7, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Property Tax Exemptions: Age 65 or Older or Disabled**

On Wednesday, June 5 and in accordance with Financial Management Performance Criteria (FMPC) #23, staff provided the City Council with analysis and a recommendation to change the current Age 65 or Older or Disabled exemption from \$90,000 to \$94,100. The City Council requested additional exemption options prior to voting on this item on Wednesday, June 12. The addendum item for June 12 has been written and posted for your action based on option B, an increase from \$90,000 to \$94,100. The City Council may amend the addendum item from the floor if a different option is desired.

Current – This reflects the current exemption approved on June 28, 2017 by the City Council.

Option A – This reflects an increase for the most recent annual CPI which is required by FMPC #23.

Option B – This reflects staff's interpretation of City Council's intent of FMPC #23 which is an increase based on CPI for each of the last two years since the current exemption was approved.

Option C – This reflects using the DFW-Arlington CPI rather than a national CPI. A regional CPI tends to be more volatile and less reliable than the national index which is considered a best practice to use.

Option D – This reflects City Council's request to see an option at \$100,000 which is above what FMPC #23 states.

Option E – This reflects an adjustment for inflation for the \$64,000 exemption originally approved by City Council in 1986. An item valued at \$64,000 in 1986 would cost \$149,225 in 2019. This reflects a cumulative rate of inflation of 133.2 percent.

The following table provides a comparison of five options to the current exemption.

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Age 65 or older or Disabled Exemption Analysis						
	Current	Option A	Option B	Option C	Option D	Option E
	\$90,000	\$91,800	\$94,100	\$95,200	\$100,000	\$149,300
<u>U.S. City Average (National)</u>						
CPI for April 2017 to April 2018	N/A	N/A	+2.5%	N/A	N/A	N/A
CPI for April 2018 to April 2019	N/A	+2.0%	+2%	N/A	N/A	N/A
<u>Dallas-Fort Worth-Arlington, TX</u>						
CPI for March 2017 to March 2018	N/A	N/A	N/A	+2.9%	N/A	N/A
CPI for March 2018 to March 2019	N/A	N/A	N/A	+2.7%	N/A	N/A
Change in Exemption	No Change	+\$1,800	+\$4,100	+\$5,200	+\$10,000	+59,300
Value of Exemption	\$5 billion	\$79 million	\$177 million	\$230 million	\$442 million	\$3 billion
Total Revenue Foregone	\$38 million	\$0.6 million	\$1.3 million	\$1.7 million	\$3.4 million	\$19.8 million
General Revenue Foregone	\$27.7 million	\$0.4 million	\$1.0 million	\$1.2 million	\$2.5 million	\$14.5 million
Debt Revenue Foregone	\$10.3 million	\$0.2 million	\$0.3 million	\$0.5 million	\$0.9 million	\$5.3 million
City Tax Bill*	\$1,009.71	\$995.73	\$977.87	\$969.32	\$932.04	\$549.13
Change in City Tax Bill*	No Change	(\$13.98)	(\$31.84)	(\$40.39)	(\$77.67)	(\$460.58)

** Assumes average value of \$275,000 and 20% homestead exemption plus age 65 or older or disabled exemption*

Please let me know if you have any questions.



M. Elizabeth Reich
Chief Financial Officer

- c: T.C. Broadnax, City Manager
- Chris Caso, City Attorney (Interim)
- Billierae Johnson, City Secretary
- Preston Robinson, Administrative Judge
- Kimberly Bizer Tolbert, Chief of Staff to the City Manager
- Majed A. Al-Ghafry, Assistant City Manager
- Jon Fortune, Assistant City Manager
- Joey Zapata, Assistant City Manager
- Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
- Michael Mendoza, Chief of Economic Development and Neighborhood Services
- Laila Aleqresh, Chief Innovation Officer
- Directors and Assistant Directors