



**City of Dallas**

# **Ad Valorem Tax Relief for Over-65 or Disabled Homeowners**

**Government Performance &  
Financial Management Committee  
May 27, 2025**

Janette Weedon, Director  
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Budget & Management Services

# Presentation Outline



- Property Tax Overview
- Discuss current property tax exemptions
- Consider options to change age-65/over or disabled exemption in compliance with FMPC #23
- Review recommendation and next steps



# Property Tax Overview



- Ad valorem (property) taxes are single largest revenue source for City at \$1.49B
  - General Fund: \$1.08B or 72% of revenue
  - Debt Service: \$410.2M or 28% of revenue
- Ad valorem taxes are based on:
  - Property values determined by appraisal districts
  - Exemptions allowed by State and set by City Council
  - Tax rate set by City Council



# Property Tax Overview



- Current tax rate is 70.47¢ per \$100 valuation
- City Council has lowered the adopted tax rate for the last nine years, a total reduction of 9.23¢ or 11.6%

Fiscal Year	General Fund	Debt Service	Total	Reduction	Forgone Revenue in FY25
FY 2015-16	56.46¢ (70.8%)	23.24¢ (29.2%)	79.70¢		
FY 2016-17	56.01¢ (71.6%)	22.24¢ (28.4%)	78.25¢	-1.45¢	\$25.6M
FY 2017-18	55.80¢ (71.5%)	22.24¢ (28.5%)	78.04¢	-0.21¢	\$3.7M
FY 2018-19	56.67¢ (73.0%)	21.00¢ (27.0%)	77.67¢	-0.37¢	\$6.5M
FY 2019-20	56.91¢ (73.3%)	20.75¢ (26.7%)	77.66¢	-0.01¢	\$0.2M
FY 2020-21	56.88¢ (73.3%)	20.75¢ (26.7%)	77.63¢	-0.03¢	\$0.5M
FY 2021-22	56.58¢ (73.2%)	20.75¢ (26.8%)	77.33¢	-0.30¢	\$5.3M
FY 2022-23	54.03¢ (72.4%)	20.55¢ (27.6%)	74.58¢	-2.75¢	\$48.5M
FY 2023-24	53.17¢ (72.3%)	20.40¢ (27.7%)	73.57¢	-1.01¢	\$12.7M
FY 2024-25	51.09¢ (72.5%)	19.38¢ (27.5%)	70.47¢	-3.10¢	\$65.6M
			<b>Total</b>	<b>-9.23¢</b>	<b>\$175.9M</b>

Note: Forgone Revenue assumes an estimated collection rate.

# Property Tax Overview



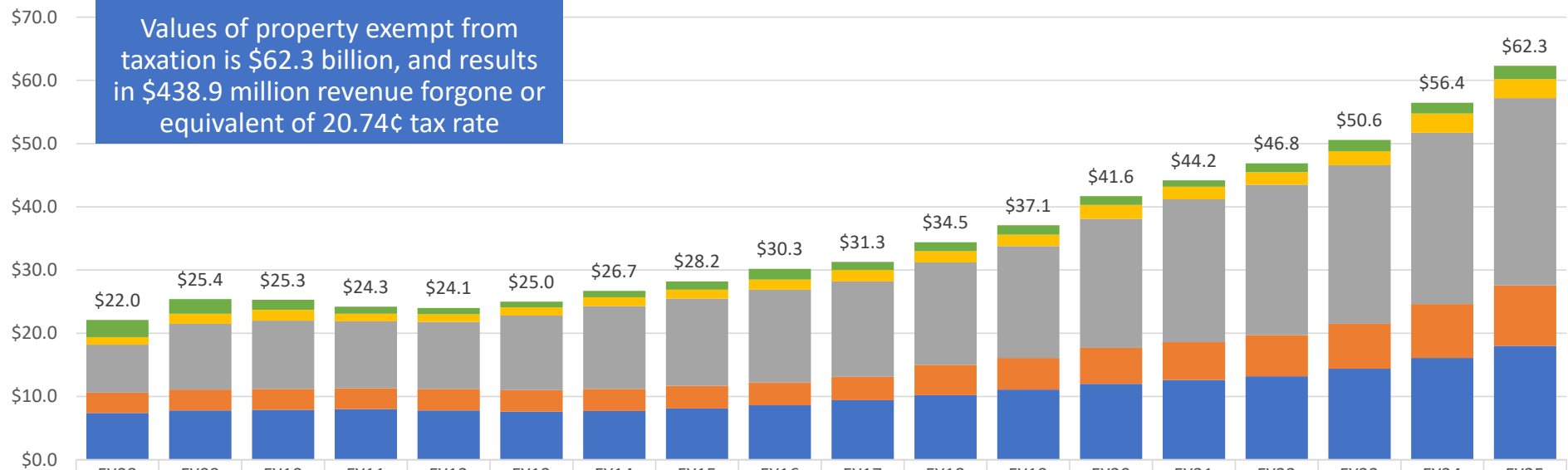
- Certified property values in Dallas total \$215.1B for FY 2024-25 and are categorized by property use/purpose
  - 47% - Residential (single-family homes and home-site land)
  - 53% - Non-residential (commercial and business personal property)
- Taxable property values represent market value (determined by appraisal districts) net of exemptions
- \$62.3B value is exempt from taxation in FY 2024-25 resulting in \$438.9M revenue forgone
- Current exemptions authorized by City Council include:
  - 20% homestead exemption (maximum allowed by state law)
  - \$153,400 age-65/over or disabled exemption
  - 100% exemption for qualifying child-care facilities (beginning with the 2024 tax year)





# Historical Value of Exemptions (\$ in billions)

Values of property exempt from taxation is \$62.3 billion, and results in \$438.9 million revenue forgone or equivalent of 20.74¢ tax rate



	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Total	\$22.0	\$25.4	\$25.3	\$24.3	\$24.1	\$25.0	\$26.7	\$28.2	\$30.3	\$31.3	\$34.5	\$37.1	\$41.6	\$44.2	\$46.8	\$50.6	\$56.4	\$62.3
Other	\$2.7	\$2.3	\$1.6	\$1.1	\$1.0	\$0.9	\$1.0	\$1.3	\$1.7	\$1.3	\$1.4	\$1.5	\$1.4	\$1.0	\$1.4	\$1.8	\$1.7	\$2.1
Freeport	\$1.2	\$1.6	\$1.7	\$1.2	\$1.2	\$1.3	\$1.4	\$1.4	\$1.6	\$1.8	\$1.8	\$1.8	\$2.2	\$2.0	\$2.0	\$2.2	\$3.0	\$3.0
Totally Exempt	\$7.6	\$10.4	\$10.8	\$10.6	\$10.6	\$11.8	\$13.1	\$13.8	\$14.7	\$15.1	\$16.2	\$17.7	\$20.4	\$22.6	\$23.8	\$25.1	\$27.1	\$29.6
Over-65/Disabled	\$3.2	\$3.3	\$3.3	\$3.3	\$3.4	\$3.4	\$3.5	\$3.6	\$3.6	\$3.7	\$4.8	\$5.0	\$5.7	\$6.0	\$6.5	\$7.1	\$8.5	\$9.6
Homestead	\$7.4	\$7.8	\$7.9	\$8.0	\$7.8	\$7.6	\$7.7	\$8.1	\$8.6	\$9.4	\$10.2	\$11.1	\$12.0	\$12.6	\$13.2	\$14.4	\$16.1	\$18.0



■ Homestead ■ Over-65/Disabled ■ Totally Exempt ■ Freeport ■ Other Total





## Tax Exemptions - Homestead

- City Council authorized 20% homestead exemption for owner-occupied residential property, the maximum allowed by state law (4/13/88)
- Offers across-the-board tax relief for all homeowners
- Removes part of home's value from taxation
- Homestead exemptions account for \$18.0B value being exempt from taxes and \$126.9M revenue forgone (which equals 5.90¢ tax rate)





## Tax Exemption – Child-Care Facilities

- City Council authorized 100% exemption for qualified child-care facilities on 2/14/24 (new exemption authorized by the State and approved by Texas voters in November 2023)
- Exemption only applies to the value of the property used for child-care facility
- Child-care facility exemptions account for an estimated \$3.9M value being exempt from taxes and \$27K revenue forgone (which equals less than a 0.01¢ tax rate)







# Tax Exemptions – Age-65/over or Disabled

- City Council authorized owner-occupied residential property exemptions for homeowners age-65/over or disabled
  - Established at \$50,000 (4/23/86)
  - Increased to \$64,000 (9/17/86)
  - Increased to \$90,000 (6/28/17)
  - Increased to \$100,000 (6/12/19)
  - Increased to \$107,000 (6/9/21)
  - Increased to \$115,500 (6/8/22)
  - Increased to \$139,400 (6/14/23)
  - Increased to \$153,400 (6/12/24)
- Offers additional tax relief for homeowners who are age-65/over or disabled
- Set dollar amount that reduces home's taxable value and homeowner's tax bill



Note: Over-65/disabled exemption can be changed after enacted



# Tax Exemptions – Age-65/over or Disabled

- Eligible homeowners pay no City taxes if market value is \$191,750 or less
  - 20% homestead + \$153,400 age-65/over or disabled exemptions
- Age-65/over or disabled exemptions account for \$9.6B value being exempt from taxes and \$67.9M revenue forgone (which equals 3.16¢ tax rate)

Tax Year & Fiscal Year	Approved Exemption	Value of Exemption (in Billions)	Revenue Forgone (In Millions)	Median SFH Market Value
2022 (FY23)	\$115,500	\$7.1B	\$53.0M	\$320,900
2023 (FY24)	\$139,400	\$8.5B	\$62.7M	\$334,710
2024 (FY25)	\$153,400	\$9.6B	\$67.9M	\$381,545





# Tax Exemptions – Age-65/over or Disabled

**\$64,000**  
**(since 9/17/86)**

**\$64,000 to**  
**\$90,000 (6/28/17)**

**\$90,000 to**  
**\$100,000 (6/12/19)**

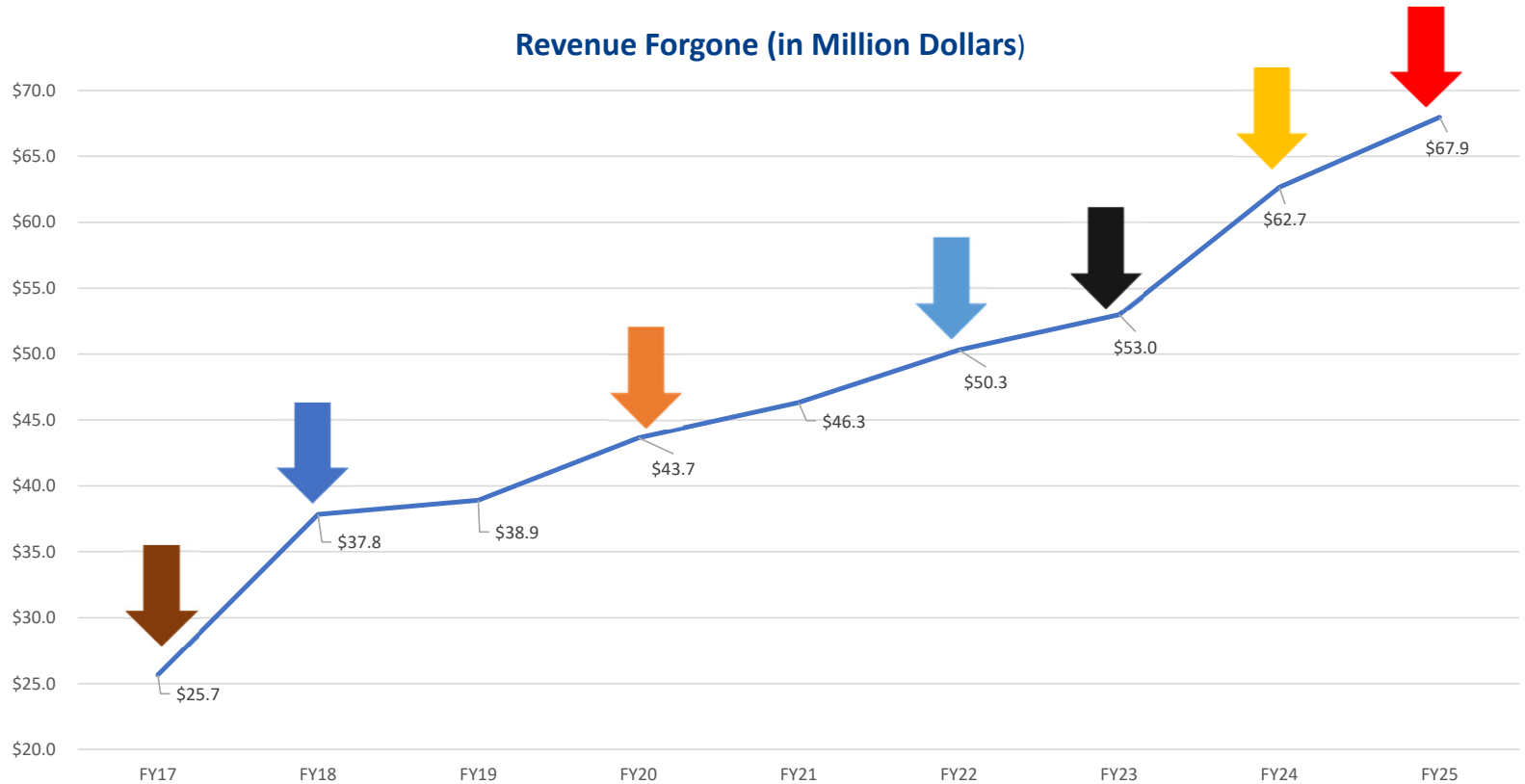
**\$100,000 to**  
**\$107,000 (6/9/21)**

**\$107,000 to**  
**\$115,500 (6/8/22)**

**\$115,500 to**  
**\$139,400 (6/14/23)**

**\$139,400 to**  
**\$153,400 (6/12/24)**

Revenue Forgone (in Million Dollars)



## Financial Management Performance Criteria #23



- Required to annually compare current exemption for individuals age-65/over or disabled to whichever is greater of the following:
  - A. Most recent annual Consumer Price Index – Elderly (CPI-E)
  - B. Year-over-year change in median residential market value\*
- Required to provide analysis to City Council prior to June 30 for possible increase
- Must provide changes to property tax exemptions to appraisal districts no later than June 30

\*FMPC was last updated on March 26, 2025.



## Financial Management Performance Criteria #23



- A. Most recent annual Consumer Price Index – Elderly (CPI-E)
  - A. **2.59% increase** (April 2024 to April 2025)
  
- B. Year-over-year change in median residential market value (SFH)
  - A. **13.99% increase** (\$334K to \$381K Market Price)





# Financial Management Performance Criteria #23

## Over-65/Disabled Exemption Analysis

	<b>Current Exemption \$153,400</b>	<b>Scenario A (CPI-E April 2024 to April 2025) \$157,373</b>	<b>Scenario B** (Annual Growth in Med Value Tax Year 2023 to 2024) \$175,000</b>
Percent Change in Exemption	N/A	2.59%	13.99%
Change in Exemption		\$3,973	\$21,600
# of 65/over or Disabled Accounts	73,081	73,081	73,081
Value of exemption	\$9.6B	+\$290.4M	+\$1.6B
Total revenue forgone	\$67.9M	+\$2.0M	+\$11.1M
City tax bill*	\$1,069.99	\$1,041.99	\$917.77
Change in City tax bill	\$-	(\$28.00)	(\$152.22)

\*Assumes median value of \$381,545 and 20% homestead exemption plus age-65/over or disabled exemption

\*\*Eligible homeowners pay no City taxes if market value is \$218,750 or less

**Recommend increase from \$153,400 to \$175,000**





# Other Tax Relief Options



- Other protections and options for age-65/over or disabled home-owners
  - Quarterly payments without penalty and interest
    - Taxpayer with fixed income may request to pay property taxes in four equal payments
    - Must submit initial payment and request by January 31
  - File tax “deferral” if unable to pay
    - Deferral allowed on residence homestead until taxpayer no longer owns or occupies the home
    - Protects property from being sold for back taxes during ownership
    - Property taxes continue to accrue during deferral period and interest will be assessed at the rate of 5% per year
    - Once deferral ends, all accrued taxes, penalty, and interest are due within 180 days



## Recommendation and Next Steps



- Recommend increasing age-65 and older or disabled exemption from \$153,400 to \$175,000
- Receive GPFM feedback
- City Council consider change to exemption at agenda meeting on 6/11/25
- Submit changes to appraisal districts no later than 6/30/25 to implement with tax year 2025 (FY 2025-26)





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