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# Annual Review of Property Tax Exemptions for Over-65/Disabled Homeowners

**Committee on Finance**

May 26, 2026

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Budget and Management Services

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# Overview



- **Property Tax Overview**
- **Discuss current property tax exemptions**
- **Consider options to change age-65/over or disabled exemption**
- **Review next steps**

## Property Tax Overview

- Ad valorem (property) taxes are single largest revenue source for City at \$1.55B
  - General Fund: \$1.13B or 73% of revenue
  - Debt Service: \$424.6M or 27% 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 69.88¢ per \$100 valuation
- City Council has lowered the adopted tax rate for the last 10 years, a total reduction of 9.82¢ or 12.3%

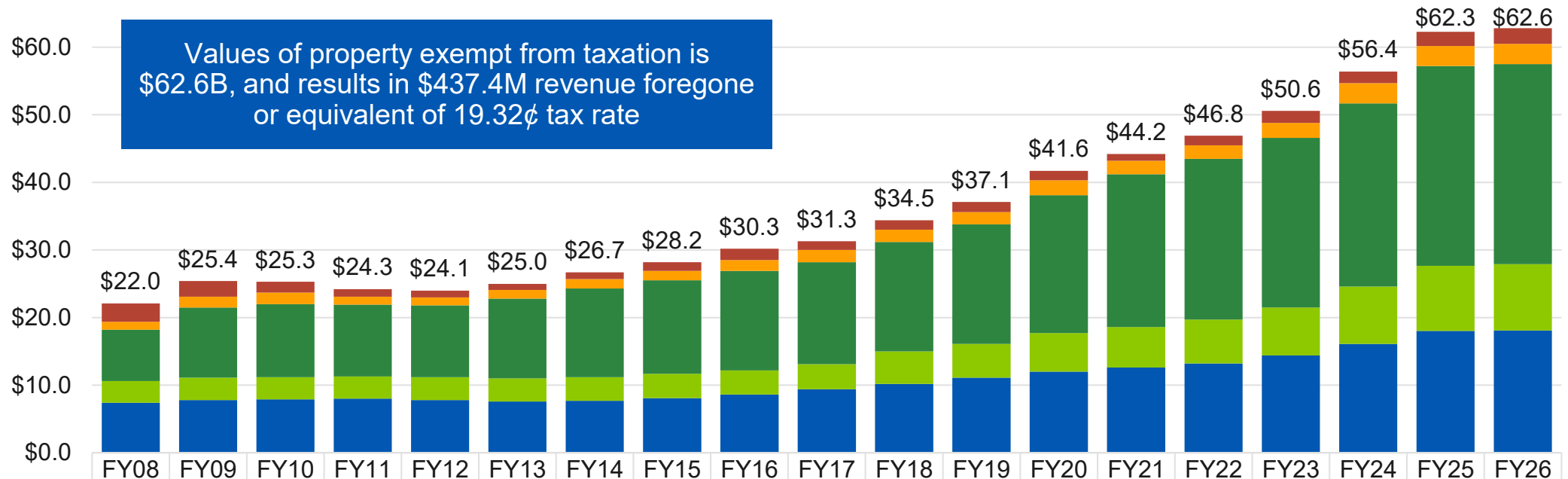
Fiscal Year	General Fund	Debt Service	Total	Reduction	Forgone Revenue in Year of Reduction*
FY16	56.46¢ (70.8%)	23.24¢ (29.2%)	79.70¢		
FY17	56.01¢ (71.6%)	22.24¢ (28.4%)	78.25¢	-1.45¢	\$15.6M
FY18	55.80¢ (71.5%)	22.24¢ (28.5%)	78.04¢	-0.21¢	\$2.4M
FY19	56.67¢ (73.0%)	21.00¢ (27.0%)	77.67¢	-0.37¢	\$4.7M
FY20	56.91¢ (73.3%)	20.75¢ (26.7%)	77.66¢	-0.01¢	\$0.1M
FY21	56.88¢ (73.3%)	20.75¢ (26.7%)	77.63¢	-0.03¢	\$0.4M
FY22	56.58¢ (73.2%)	20.75¢ (26.8%)	77.33¢	-0.30¢	\$4.6M
FY23	54.03¢ (72.4%)	20.55¢ (27.6%)	74.58¢	-2.75¢	\$48.5M
FY24	53.17¢ (72.3%)	20.40¢ (27.7%)	73.57¢	-1.01¢	\$19.7M
FY25	51.09¢ (72.5%)	19.38¢ (27.5%)	70.47¢	-3.10¢	\$65.6M
FY26	50.75¢ (72.6%)	19.13¢ (27.4%)	69.88¢	-0.59¢	\$13.4M
			<b>Total</b>	<b>-9.82¢</b>	

\*Based on collection rate at the time of reduction

# Property Tax Overview

- Certified property values in Dallas total \$226.5B for FY 2025-26 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
- \$62.6B value is exempt from taxation in FY 2025-26 resulting in \$437.4M revenue forgone
- Current exemptions authorized by City Council include:
  - 20% homestead exemption (maximum allowed by state law)
  - \$175,000 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)



	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
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	\$62.6
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	\$2.3
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	\$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	\$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	\$9.8
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	\$18.1

## 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 \$18.1B value being exempt from taxes and \$126.2M revenue forgone (which equals 5.57¢ tax rate)

## Tax Exemptions – 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 \$5.3M value being exempt from taxes and \$37K 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 (6/26/24)
  - Increased to \$175,000 (6/11/25)
- 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

## Tax Exemptions – Age-65/over or Disabled

- Eligible homeowners pay no City taxes if market value is \$218,750 or less
  - 20% homestead + \$175,000 age-65/over or disabled exemptions
- Age-65/over or disabled exemptions account for \$9.8B value being exempt from taxes and \$68.2M revenue forgone (which equals 3.01¢ tax rate)

Tax Year & Fiscal Year	Approved Exemption	Number of Parcels	Value of Exemption (in Billions)	Revenue Forgone (In Millions)	Median Single Family Home (SFH) Market Value
2023 (FY24)	\$139,400	72,571	\$7.1B	\$62.7M	\$334,710
2024 (FY25)	\$153,400	74,334	\$9.6B	\$67.9M	\$381,545
2025 (FY26)	\$175,000	74,447	\$9.8B	\$68.2M	\$384,290*

\*BMS updated published 2025 Median Value from \$382,010 to \$384,290 based on a technical correction to individual certified account values

# 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)**

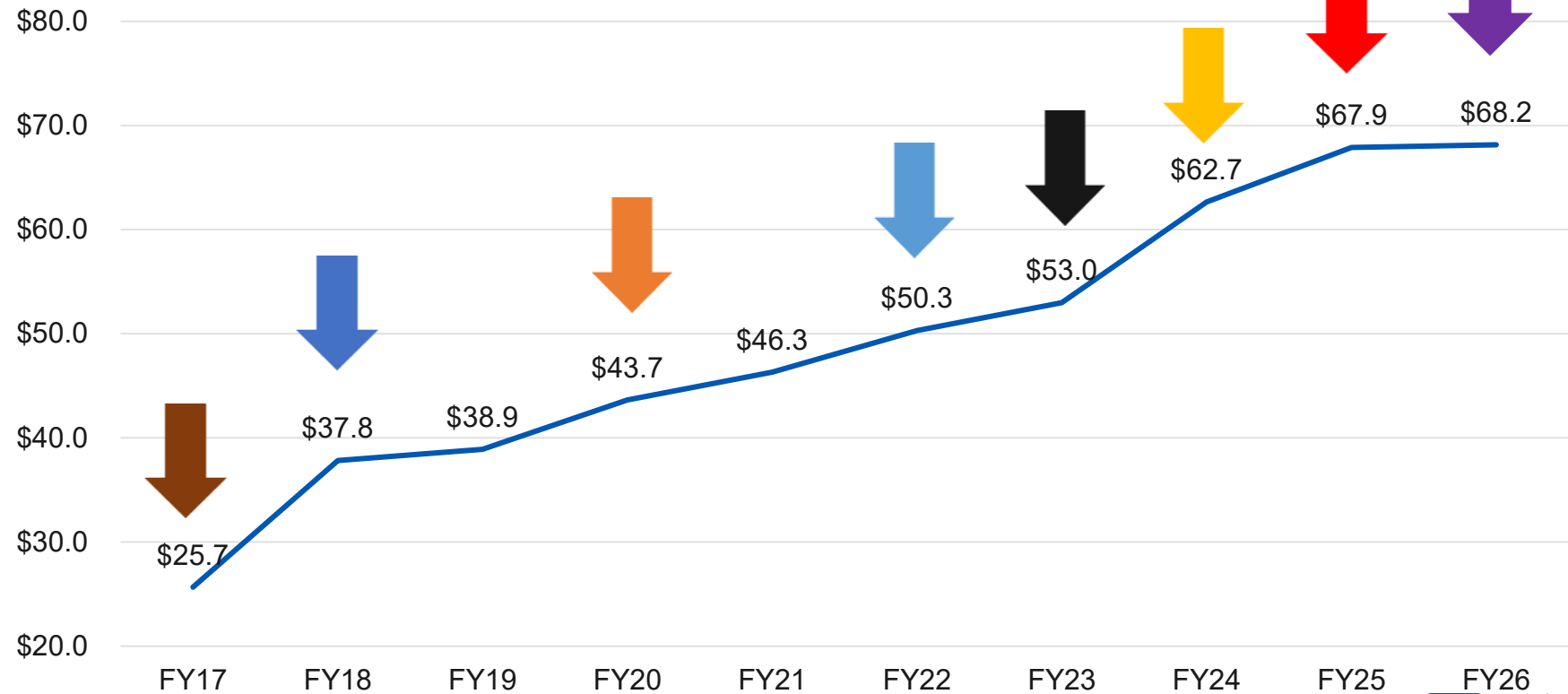
**\$107,000 to \$115,500**  
**(6/8/22)**

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

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

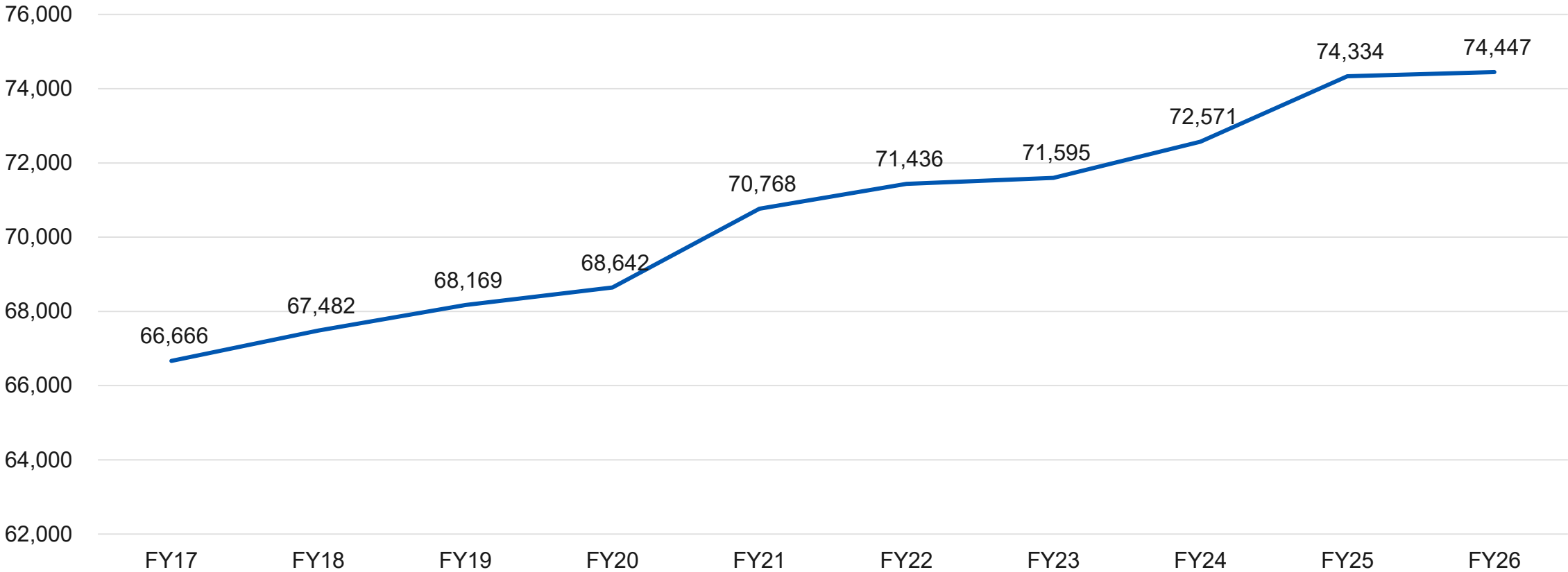
**\$153,400 to \$175,000**  
**(6/11/2025)**

Revenue Foregone  
(in Million Dollars)



# Number of Parcels – Age-65/over or Disabled

Parcels Claiming Over-65/Disabled Exemption



## 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:
  - Most recent annual Consumer Price Index – Elderly (CPI-E)
  - Year-over-year change in median residential market value\*
- Required to provide analysis to City Council prior to June 30 for “possible modification”
- 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

- Most recent annual Consumer Price Index – Elderly (CPI-E)
  - **3.78% increase** (April 2025 to April 2026)
- Year-over-year change in median residential market value
  - **0.72% increase** (\$381,545 to \$384,290 Market Price)

# Financial Management Performance Criteria #23

## Over-65/Disabled Exemption Analysis

	Current Exemption \$175,000	Scenario A** (CPI-E April 2025 to April 2026) \$181,600	Scenario B* (Annual Growth in Med Value Tax Year 2024 to 2025) \$176,300
Percent Change in Exemption	N/A	3.78%	0.72%
<b>Change in Exemption</b>		<b>\$6,600</b>	<b>\$1,300</b>
# of 65/over or Disabled Accounts	74,447	74,447	74,447
Value of exemption	\$13.0B	+\$491.4M	+\$96.8M
Total revenue foregone	\$91.0M	+\$3.4M	+\$0.7M
City tax bill*	\$925.43	\$879.31	\$916.35
<b>Change in City tax bill</b>		<b>(\$46.12)</b>	<b>(\$9.08)</b>

\*Assumes median value of \$384,290 and 20% homestead exemption plus age-65/over or disabled exemption

\*\*Eligible homeowners pay no City taxes if market value is \$227,000 or less

## 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

## Next Steps

- Receive feedback and recommendation from Committee on Finance regarding possible modification to age 65 and older or disabled exemption
- City Council consider change to exemption at agenda meeting on 6/10/26
- Submit changes to appraisal districts no later than 6/30/26 to implement with tax year 2026 (FY 2026-27)



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