

Memorandum



CITY OF DALLAS

DATE August 21, 2020

TO Honorable Mayor and Members of the City Council

SUBJECT **Certified Property Value for FY 2020-21 Budget**

As you know, Collin, Dallas, Denton, and Rockwall central appraisal districts certify property values within the City by July 25 of each year in accordance with State law. However, this year, three of the appraisal districts were unable to complete the certification process by July 25 and therefore provided “certified estimates” as allowed by State law. The delay was due to the COVID-19 pandemic and its impact on the appraisal appeal and review process.

To complete the City Manager’s FY 2020-21 recommended budget on time, we used the certified estimates (\$133.8 billion) and made assumptions about values still in dispute to project property values to be \$147.6 billion. This is \$7.4 billion, or 5.28 percent more than the \$140.2 billion value certified in July 2019 for FY 2019-20.

On August 20, the Dallas Central Appraisal District (DCAD) notified us that it has certified 90 percent of properties in its jurisdiction. DCAD also provided certified property values in place of the previous estimates. It is important to remember that values will continue to change as the remaining disputes are resolved.

The table below details the values for all four appraisal districts with the updated information from DCAD. We now project property values for FY 2020-21 to be \$147.3 billion which is \$7.1 billion, or 5.05 percent more than the values certified last July for FY 2019-20. The “Updated Projection” column reflects certified values for Dallas and Rockwall, and staff projections for Collin and Denton. We do not anticipate receiving certified values for Collin and Denton counties until mid-September.

Appraisal District	2019 Certified FY 2019-20	Staff Projection for FY 2020-21	Updated Projection FY 2020-21	Variance (FY21 Update to FY20 Certified)	Percent Change
Collin (Estimate)	\$5,657,015,355	\$5,684,882,584	\$5,684,882,584	\$27,867,229	0.49%
Dallas (Certified)	\$132,833,918,596	\$140,111,446,121	\$139,791,951,831	\$6,958,033,235	5.24%
Denton (Estimate)	\$1,735,724,224	\$1,836,289,366	\$1,836,289,366	\$100,565,142	5.79%
Rockwall (Certified)	\$10,973,460	\$8,947,100	\$8,947,100	(\$2,026,360)	-18.47%
Total	\$140,237,631,635	\$147,641,565,171	\$147,322,070,881	\$7,084,439,246	5.05%

We are currently analyzing the data and the impact it will have on the City’s property tax revenue for next year. It appears that there were significant differences in the new construction estimates, indicating many appeals of new construction appraisals resulted in lower values. Since TIF districts generally have robust new construction, we are

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reviewing adjustments that we will make to the payments to Tax Increment Financing Districts. When we have completed our analysis, we will propose a City Manager's budget amendment to rebalance the FY 2020-21 General Fund with less revenue. Updated no-new-revenue and voter-approval tax rate calculations are not available at this time.

We will update you as soon as more information is available. Please contact me if you have any questions.


M. Elizabeth Reich
Chief Financial Officer

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Biliera 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
Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services
Laila Aleqresh, Chief Innovation Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors