

Memorandum



CITY OF DALLAS

DATE May 24, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Follow-up to the May 21, 2024, Government Performance and Financial Management Committee Meeting**

On May 21, 2024, the Government Performance & Financial Management Committee was briefed on Ad Valorem Tax Relief for Over-65 or Disabled homeowners. The following information is provided in response to questions posed by members of the Committee on the proposed increase to the tax exemption.

1. Is the historical growth in tax exemptions equivalent to the growth in tax base?

The historical growth in tax exemptions has outpaced the growth in tax base by 16 percent. Tax exemptions increased by 156 percent from FY08 to FY24. Certified values increased by 135 percent during the same time period. Note, tax exemptions represent a small percentage of total value.

Annual Growth in Tax Exemptions versus Tax Base (In Billions)					
Fiscal Year	Certified Values	Growth in Tax Base	Total Tax Exemptions	Growth in Tax Exemptions	Exemptions as % of Value
FY08	\$84,527		\$22.0		
FY09	\$90,478	7.0%	\$25.4	15.5%	0.03%
FY10	\$87,264	-3.6%	\$25.3	-0.4%	0.03%
FY11	\$83,425	-4.4%	\$24.3	-4.0%	0.03%
FY12	\$81,994	-1.7%	\$24.1	-0.8%	0.03%
FY13	\$83,682	2.1%	\$25.0	3.7%	0.03%
FY14	\$87,252	4.3%	\$26.7	6.8%	0.03%
FY15	\$93,138	6.7%	\$28.2	5.6%	0.03%
FY16	\$100,319	7.7%	\$30.3	7.4%	0.03%
FY17	\$110,388	10.0%	\$31.3	3.3%	0.03%
FY18	\$118,315	7.2%	\$34.5	10.2%	0.03%
FY19	\$130,081	9.9%	\$37.1	7.5%	0.03%
FY20	\$140,238	7.8%	\$41.6	12.1%	0.03%
FY21	\$149,137	6.3%	\$44.2	6.3%	0.03%
FY22	\$155,938	4.6%	\$46.8	5.9%	0.03%
FY23	\$179,434	15.1%	\$50.6	8.1%	0.03%
FY24	\$198,272	10.5%	\$56.4	11.5%	0.03%

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2. What tax exemptions for over-65 or disabled homeowners are provided by Dallas County or Dallas Independent School District (DISD)?

	Dallas County	Dallas ISD
Homestead	20%	10%
Over-65 or Disabled	\$100,000	\$45,000

3. Provide three additional exemption scenarios, using (1) Annual Growth in Median Home Value, (2) Consumer Price Index for All Urban Consumers (CPI), and (3) a blend or average of multiple scenarios.

The additional scenarios (Options C, D, and E) are provided below. The original recommendation of \$153,400 (Option B) aligns with the current Financial Management Performance Criteria (FMPC) #23. FMPC #23 requires an annual comparison of the current disabled and over-65 exemption to the most recent annual Consumer Price Index for the Elderly (CPI-E), and the year-over-year change in the average residential market value (whichever is greater).

		Option A	Option B	Option C	Option D	Option E
	Current Exemption	Change in CPI-E	Year-over-Year change in Average Value ¹	Change in CPI ²	Year-over-Year change in Median Value ³	Average of Option A and Option B - Blended ⁴
Percent Change in Exemption		3.65%	9.99%	3.36%	4.30%	6.82%
Change in Exemption		\$5,086	\$13,937	\$4,684	\$5,999	\$9,512
Exemption	\$139,400	\$144,486	\$153,337	\$144,084	\$145,399	\$148,912
# of 65/over or Disabled Accounts	72,571	72,571	72,571	72,571	72,571	72,571
Value of Exemption	\$8.5B	+\$369.1M	+\$1.0B	+\$339.9M	\$435.4M	\$690.3M
Total Revenue Foregone	\$62.7M	+\$2.7M	+\$7.4M	+\$2.5M	+\$3.2M	+\$5.1M
City Tax Bill	\$1,540.10	\$1,502.68	\$1,437.56	\$1,505.64	\$1,495.96	\$1,470.12
Change in City Tax Bill	\$-	(\$37.42)	(\$102.53)	(\$34.46)	(\$44.14)	(\$69.98)

¹FMPC #23 effective FY22-Current, requires a comparison of the exemption to the most recent Consumer Price Index for the Elderly (CPI-E), and the year-over-year change in the average residential market value (whichever is greater).

²FMPC #23 effective FY19-FY21 compare the current disabled and over-65 exemption to the most recent annual Consumer Price Index (CPI) every two years and provide an analysis to City Council.

³On May 21, 2024, the Government Performance and Financial Management (GPFM) Committee requested a comparison of the year-over-year change in median value.

⁴On May 21, 2024, the GPFM Committee requested a "blended" option for consideration - Option E provides an average of the change in CPI-E and year-over-year change in average market value.

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**4. Are multi-tenant apartment complexes considered residential or
commercial properties?**

Typically, multi-tenant dwellings with less than five units (including duplexes, triplexes, fourplexes), townhomes, and condominiums are considered residential properties while complexes with more than five units (apartments) are considered commercial properties.

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



Jack Ireland
Chief Financial Officer

c: Kimberly Bizzor Tolbert, City Manager (I)
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Billieae Johnson, City Secretary
Preston Robinson, Administrative Judge
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
Donzell Gipson, Assistant City Manager (I)
Robin Bentley, Assistant City Manager (I)
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors