

## Legislation Text

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**CC MEETING:** June 6, 2023

**DATE:** May 23, 2023

**TO:** Erin Rinehart, City Manager

**FROM:** Melissa Everett, Director of Finance  
Chrystal Davis, Assistant City Manager

Consider An **Ordinance Increasing The Over Sixty-Five And Disabled Persons Exemption From \$80,000 To \$87,000 For Tax Year 2023.**

**BACKGROUND:**

The City of Carrollton currently provides a 20% homestead exemption and a \$80,000 exemption for both individuals over sixty-five (65) years of age or a disabled person as defined by the Social Security Administration.

Since 2007, the average homestead values have continued to climb which has resulted in a decrease in the value of the Over 65 and Disabled Persons exemptions. In 2007 the value of the exemption was approximately 35% of the average homestead value. To provide tax relief to our vulnerable citizens, in Tax Year 2022 the exemption was increased to \$80,000 to meet the targeted amount of 35% of the homestead value. For Tax Year 2023, the \$80,000 amount is approximately 32% of the average homestead value. Staff is recommending increasing the exemption amount from \$80,000 to \$87,000 for Tax Year 2023, which would result in bringing the value of the exemption back up to 35% of the prior year's average homestead value. Applying the current tax rate, this would reduce the tax bill of eligible residents by \$40 per year. The Central Appraisal Districts for Collin, Dallas and Denton Counties must have notice of the change by July 1<sup>st</sup> of each year for the exemption to be included during the annual Truth in Taxation Calculation which establishes the city's tax rate. This was taken to the Audit, Finance, and Governance Committee on May 4, 2023, and recommended for Council Approval.

**FINANCIAL IMPLICATIONS:**

By raising the exemption, the City will reduce its overall taxable value and will affect the annual Truth in Taxation calculation process. However, this change will provide tax relief to a vulnerable percentage of the population, ensure the overall tax rates are manageable, and does not negatively affect the City's overall financial health. The actual tax rate for the upcoming year will be considered by Council after the certified roll has been received.

**IMPACT ON COMMUNITY SUSTAINABILITY:**

By increasing the exemption, Citizens of Carrollton will see increased tax relief for the upcoming tax year, continuing to make Carrollton a place our residents want to call home.

**STAFF RECOMMENDATION/ACTION DESIRED:**

Staff recommends approving the attached ordinance by maintaining the current homestead exemption and increasing the Over 65 and Disabled Persons exemption from \$80,000 to \$87,000 for Tax Year 2023.