

DENTON



Disabled and Over-65 Tax Limitation

Purpose of Work Session

- Present Information on the Over 65 and Disabled Tax Limitation along with other property tax exemptions
- Seek direction from the City Council

Tax Year 2016 Exemptions

Exemptions	Value Amount	Tax Amount	Percentage
Tax Abatements	\$ 131,784,454	\$ 902,394	15.9%
Disabled Persons and Veterans	\$ 50,492,373	\$ 345,747	6.1%
Freeport	\$ 208,186,573	\$ 1,425,558	25.1%
Homestead	\$ 88,848,080	\$ 608,387	10.7%
Historical Property	\$ 4,736,286	\$ 32,432	0.6%
Over 65	\$ 327,388,062	\$ 2,241,790	39.5%
Pollution Control	\$ 17,907,977	\$ 122,625	2.1%
Total	\$ 829,343,805	\$ 5,678,932	100.0%

Approximately 65.7% of single family residences received the homestead exemption.

Homestead Exemptions

- ❑ Currently 0.5% of value or **\$5,000** whichever is greater
- ❑ Have 18,297 properties in 2016 that qualified for homestead exemption out of 27,857 single family homes
- ❑ 6,874 properties qualified for the over 65 exemption (**\$50,000**)
- ❑ 260 properties qualified for the disabled exemption (**\$10,000**)
- ❑ The over 65 exemption was raised from \$25,000 in 2008 in \$5,000 increments to \$50,000 in 2013 in response to citizen requests
- ❑ 177 properties have the deferral option (for over 65 or disabled) for tax year 2016 with actual deferrals of 176 properties on latest delinquent tax roll

Over 65 and Disabled Person Tax Limitation (Tax Freeze)

- ❑ Can be adopted by City Council action or an election must be called if 5% of registered voters submit a petition
- ❑ **Once adopted by ordinance or approved at election the limitation is permanent and can't be rescinded**
- ❑ Impacts homestead (owner occupied) property of those that are over 65 or disabled under state law
- ❑ Disabled is based on qualification for disability insurance benefits under Social Security
- ❑ The tax year in which the limitation is enacted the limitation is set by the property tax dollar amount paid to the jurisdiction (example \$500.00)
- ❑ Limitation is based on actual tax paid after any other exemptions are taken (homestead, over-65, disabled)

Over 65 and Disabled Person Tax Limitation (Tax Freeze)

- ❑ Qualifying property owner may pay less than limitation in any given year, but not more
- ❑ Tax limitation may be passed to surviving spouse if disabled or 55 or older when the qualifying individual dies
- ❑ Qualifying property owner may transfer tax limitation to new property in the same jurisdiction based on a proportional formula
- ❑ The limitation impact will be incremental and grow over time with the exact long-term impact difficult to accurately determine

Tax Limitation Example

Year 1 Limitation Enacted	
Assessed Value	\$ 200,000
Homestead Exemption	\$ (5,000)
Over 65 Exemption	\$ (50,000)
Taxable Value	\$ 145,000
City Tax (at \$0.68475)	\$ 992.89

Year 2 (3.0% Increase in Value)	
Assessed Value	\$ 206,000
Homestead Exemption	\$ (5,000)
Over 65 Exemption	\$ (50,000)
Taxable Value	\$ 151,000
City Tax (at \$0.68475)	\$ 1,033.97
Tax Limitation*	\$ 992.89
Difference	\$ 41.08

* The property owner can owe less than the tax limitation due to decline in property values or an increase in exemptions, but they can never owe more than the limitation.

Tax Limitation Estimated Impact

City of Lewisville Tax Freeze History						
Year	Accounts	Tax without Freeze	Actual Tax	Loss in Revenue	Tax Rate	Loss of Value
2008	2,095	\$718,488	\$641,151	\$77,336	\$0.440500	\$17,556,488
2009	2,288	\$783,494	\$713,291	\$70,202	\$0.440210	\$15,947,461
2010	2,413	\$834,877	\$762,680	\$72,197	\$0.440210	\$16,400,489
2011	2,528	\$899,584	\$817,451	\$82,132	\$0.440210	\$18,657,565
2012	2,667	\$915,164	\$848,970	\$66,194	\$0.440210	\$15,036,935
2013	2,815	\$1,000,517	\$923,587	\$76,931	\$0.440210	\$17,475,960
2014	2,991	\$1,177,641	\$1,021,488	\$156,153	\$0.440210	\$35,472,443
2015	3,136	\$1,386,129	\$1,118,040	\$268,089	\$0.436086	\$61,476,097

City of Denton Tax Freeze Projection (Based on Lewisville History)					
Year	Accounts	Projected Loss in Revenue		Tax Rate	Loss of Value
2008	4,754	\$265,538		\$0.666520	\$39,839,401
2009	4,966	\$230,704		\$0.666520	\$34,613,240
2010	5,155	\$233,529		\$0.666520	\$35,037,099
2011	5,331	\$271,380		\$0.689750	\$39,344,731
2012	5,735	\$223,029		\$0.689750	\$32,334,766
2013	5,962	\$255,297		\$0.689750	\$37,013,028
2014	6,405	\$523,945		\$0.689750	\$75,961,551
2015	6,734	\$910,532		\$0.689750	\$132,008,941

Exemption Breakdown 2016

	Over 65 Exemption	Disabled Exemption	Over 65 and Deferring Taxes
Under \$100,000	606	51	30
\$100,000 to \$200,000	3047	123	71
\$200,000 to \$300,000	1861	54	47
\$300,000 to \$400,000	814	12	23
\$400,000 +	318	3	6
TOTALS:	6646	243	177

Exemption totals vary from DCAD report totals due to properties still under protest and GIS boundary settings.

Average Value of Properties Receiving Over-65 Exemption

	Number of Records	Low Value	High Value	Average
2008	4,502	\$9,489	\$1,043,860	\$157,965
2009	4,710	\$9,621	\$1,233,172	\$160,726
2010	4,801	\$10,217	\$1,356,489	\$162,688
2011	5,106	\$9,835	\$1,271,868	\$165,362
2012	5,485	\$1,329	\$1,252,393	\$165,427
2013	5,745	\$1,329	\$1,242,387	\$168,398
2014	6,085	\$1,329	\$1,313,877	\$179,239
2015	6,404	\$1,329	\$1,375,957	\$192,317
2016	6,646	\$1,329	\$1,438,933	\$209,247
AVERAGES:	5,498	\$5,090	\$1,280,993	\$173,485

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Questions?

