



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 17-506, **Version:** 1

Consider/Discuss/Act on an Ordinance Increasing the Homestead Exemption for Residents Over Age 65

COUNCIL GOAL: Financially Sound Government

MEETING DATE: June 20, 2017

DEPARTMENT: Budget

CONTACT: Mark Holloway, Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Approve the ordinance.

ITEM SUMMARY:

- This item was presented at the May 16th Council meeting, but was tabled at the request of Council until the new Mayor and Council were seated.
- This agenda item discusses the impact of increasing the tax exemption for residents over age 65.
- For every \$5,000 increase in exemption, eligible homeowners will pay \$29 less in taxes at current tax rate.
- For every \$5,000 increase in exemption, non-eligible homeowners will pay \$3.28 more in taxes at current tax rate.

BACKGROUND INFORMATION:

- The current homestead exemption for residents over age 65 has been \$50,000 since 2005. Between 1999 and 2005, the exemption was \$30,000. Before 1999, the exemption was \$4,500 since 1979.
- When compared with other area cities, exemptions range from \$30,000 to \$80,000.
- The county appraisal district must receive notice of adoption from the City before July 1 in order for the increase to be effective October 1 for 2017 taxes.

SPECIAL CONSIDERATIONS: None

FINANCIAL SUMMARY:

- Based on the current tax rate and the current number of households claiming the over 65 exemption, the potential reduction in revenue for every \$5,000 increase in exemption is approximately \$200,000.