



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 22-0574, **Version:** 1

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

COUNCIL GOAL: Financially Sound Government
(4A: Provide Funding and Organizational Framework to Ensure Continual Economic Improvements)

MEETING DATE: June 21, 2022

DEPARTMENT: Budget

CONTACT: Mark Holloway, Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Approve the ordinance.

ITEM SUMMARY:

- This agenda item discusses the impact of increasing the tax exemption for residents over age 65 and the disabled.
- For every \$5,000 increase in exemption, eligible homeowners will pay \$25 less in taxes at current tax rate.
- For every \$5,000 increase in exemption, non-eligible homeowners will pay \$2.80 more in taxes at current tax rate.
- At current exemption level of \$65,000, non-eligible homeowners pay \$36 more in taxes per year at current tax rate.

BACKGROUND INFORMATION:

- The homestead exemption for residents over age 65 and the disabled was increased in 2018 to \$65,000 (current exemption), and in 2017 to \$60,000. Prior to that, the exemption for residents over 65 had been \$50,000 since 2005, with the exemption for disabled residents added in 2006. 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 \$100,000.
- 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 2022 taxes.

FINANCIAL SUMMARY:

- Based on the current tax rate and the current number of households claiming the over 65 and

disabled exemption, the potential reduction in revenue for every \$5,000 increase in exemption is approximately \$231,000.