

FY2025 Property Tax Exemptions: Over 65 and Disabled Person

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Exemption History in Fort Worth

Exemption Changes

	From:	To:	
1982	\$18,182	\$23,091	← Over 65
1984	\$23,091	\$40,000	
1991	\$20,000	\$40,000	← Disabled
2023	\$40,000	\$60,000	← Both

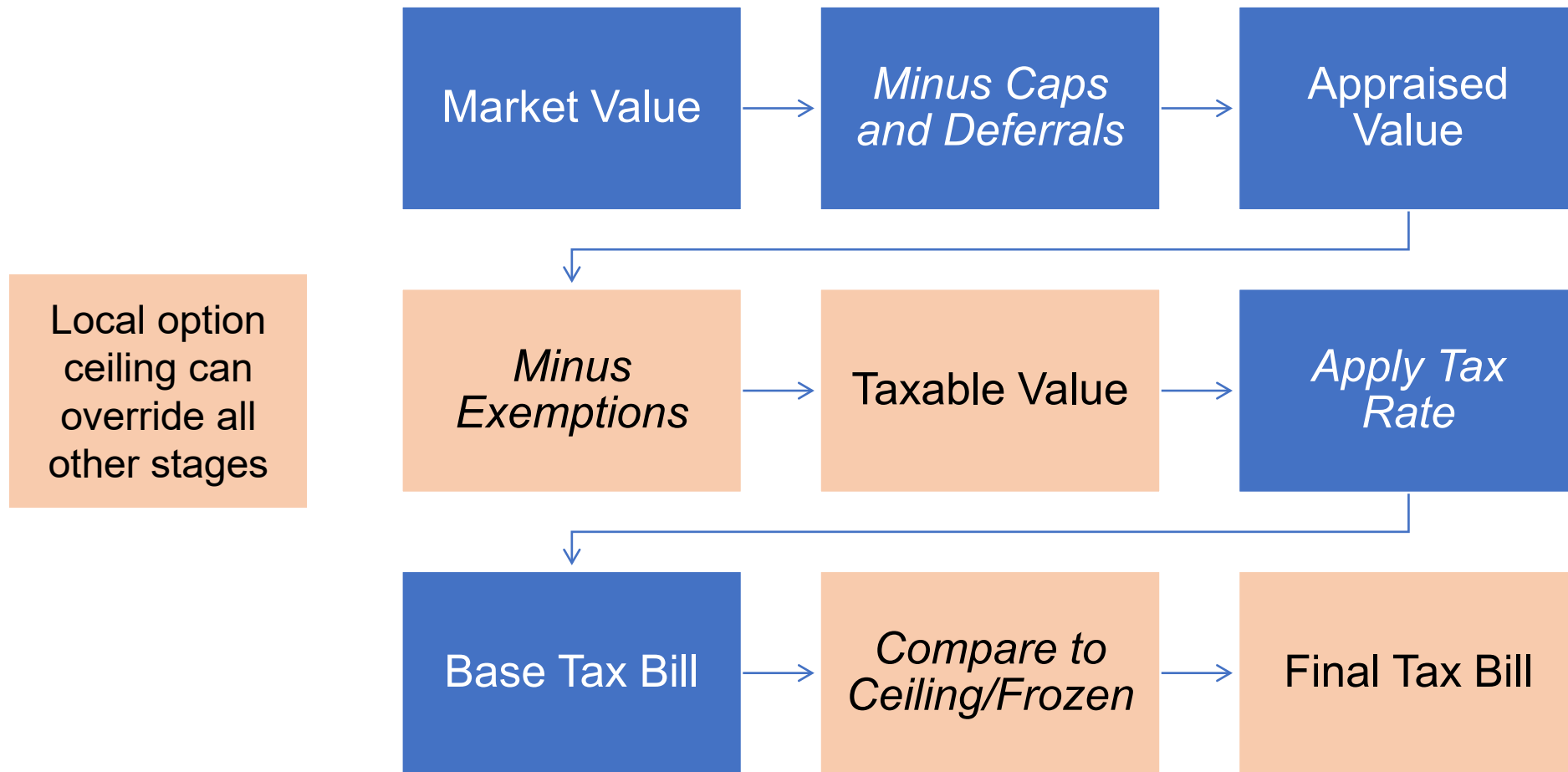
Exemption Comparison

Top 10 Texas Cities by Population					
City	Adopted Tax Rate	Local Exemptions			
	FY2024	Homestead	Over Age 65	Disabled Person	
Houston	0.5336	20%	\$260,000	\$260,000	
San Antonio	0.5416	20%	\$85,000	\$85,000	
Dallas	0.7357	20%	\$139,400	\$139,400	
Austin	0.4458	20%	\$124,000	\$124,000	
Fort Worth	0.6725	20%	\$60,000	\$60,000	
El Paso	0.8189	\$5,000	\$42,500	\$42,500	
Arlington	0.5898	20%	\$60,000	\$60,000	
Corpus Christi	0.5998	10%	\$50,000	\$50,000	
Plano	0.4176	20%	\$40,000	\$40,000	
Lubbock	0.4816	0%	\$16,700	\$10,000	

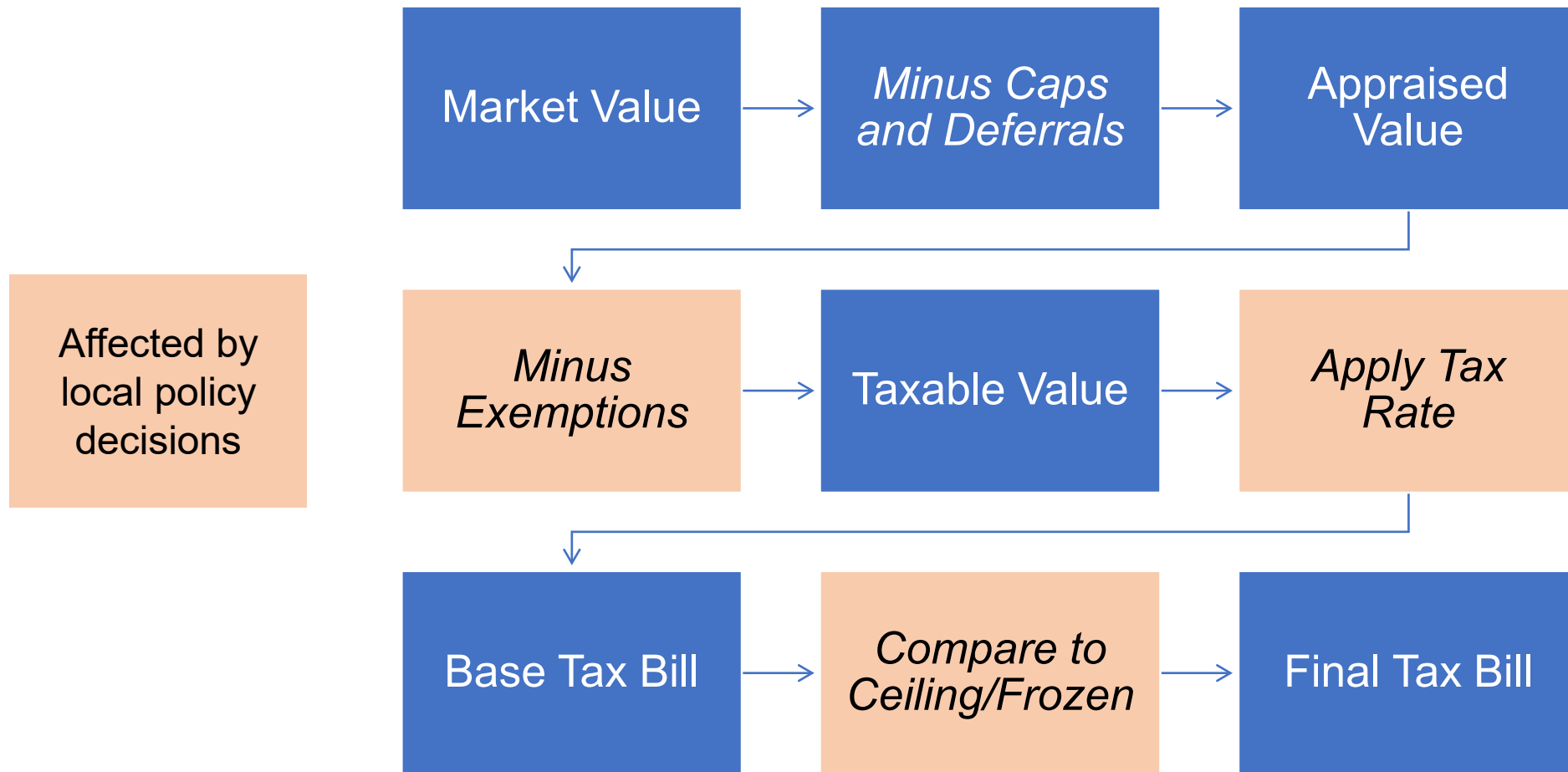
Over 65 and Disabled Tax Benefits

- Fort Worth offers two property tax benefits to Over 65/Disabled
- Local Over 65/Disabled ‘freeze’
 - Also called tax ceiling
 - Ceiling may adjust for changes in property (improvements, new home, etc.)
- Local Over 65/Disabled Homestead
 - Reduction to taxable value
 - Currently \$60,000
- Local freeze has larger long-term impact than exemption

Property Tax Bill Determination



Property Tax Bill Determination



Freeze vs Exemption Impact Example

- \$250,000 property value (appraised) in base year
- 3% annual growth
- Static property tax rate
- Exemption
 - Initially \$40K
 - Increases in Years 6 and 7



Freeze vs Exemption Impact Example

- \$250,000 property value (appraised) in base year
- 5% annual growth
- Static property tax rate
- Home owner qualifies for exemption in **Year 3**
- Exemption
 - Initially \$40K
 - Increases in **Years 5 and 6**

	Year 1	Year 2	Year 3*	Year 4	Year 5	Year 6	Year 7	Year 8
Property Owner Age	63	64	65	66	67	68	69	70
Appraised Value	\$250,000	\$257,500	\$265,225	\$273,182	\$281,377	\$289,819	\$298,513	\$307,468
Exemption			\$ 40,000	\$ 40,000	\$ 60,000	\$ 80,000	\$ 80,000	\$ 80,000
Taxable Value with Exemption	\$250,000	\$257,500	\$225,225	\$233,182	\$221,377	\$209,819	\$218,513	\$227,468
Tax Bill @ 0.6725	\$1,681	\$1,732	\$1,515	\$1,568	\$1,489	\$1,411	\$1,470	\$1,530
Tax Ceiling, Local Freeze			\$1,515	\$1,515	\$1,515	\$1,515	\$1,515	\$1,515
Final Tax Bill	\$1,681	\$1,732	\$1,515	\$1,515	\$1,489	\$1,411	\$1,470	\$1,515
Benefit from Exemption Increase					\$26	\$104	\$45	\$0

*after Year 3, maximum City tax bill of \$1,515

Freeze vs Exemption Impact Example

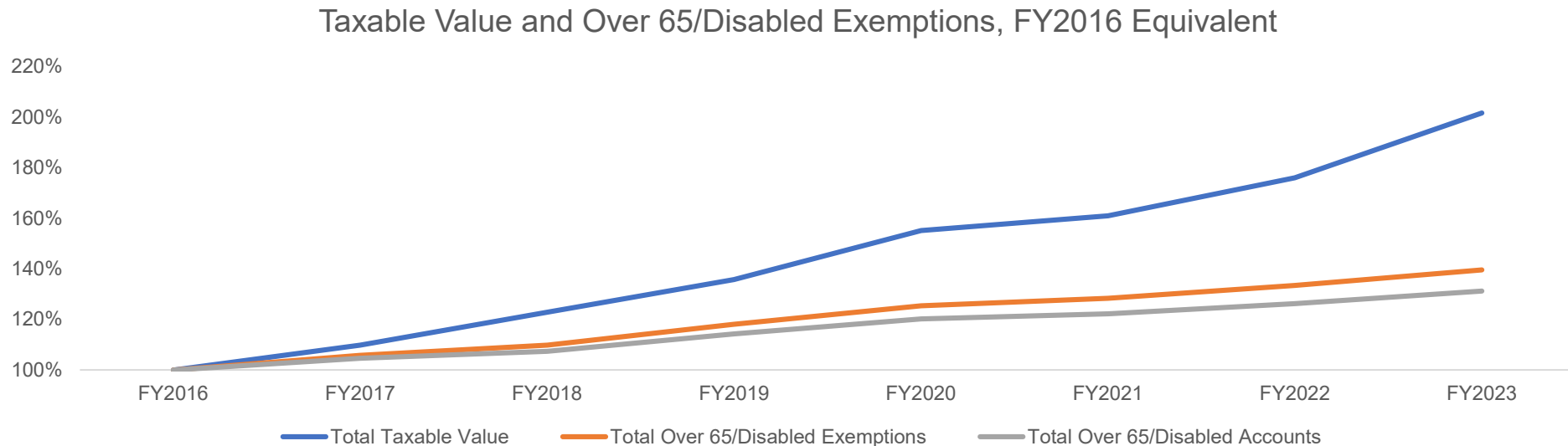
- \$250,000 property value (appraised) in base year
- 5% annual growth
- Static property tax rate
- Home owner qualifies for exemption in **Year 1**
- Exemption
 - Initially \$40K
 - Increases in **Years 5 and 6**

	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Property Owner Age	65	66	67	68	69	70	71	72
Appraised Value	\$250,000	\$257,500	\$265,225	\$273,182	\$281,377	\$289,819	\$298,513	\$307,468
Exemption	\$40,000	\$40,000	\$40,000	\$40,000	\$60,000	\$80,000	\$80,000	\$80,000
Taxable Value with Exemption	\$210,000	\$217,500	\$225,225	\$233,182	\$221,377	\$209,819	\$218,513	\$227,468
Tax Bill @ 0.6725	\$1,412	\$1,463	\$1,515	\$1,568	\$1,489	\$1,411	\$1,470	\$1,530
Tax Ceiling, Local Freeze	\$1,412	\$1,412	\$1,412	\$1,412	\$1,412	\$1,412	\$1,412	\$1,412
Final Tax Bill	\$1,412	\$1,412	\$1,412	\$1,412	\$1,412	\$1,411	\$1,412	\$1,412
Benefit from Exemption Increase					\$0	\$1	\$0	\$0

*after Year 1, maximum City tax bill of \$1,412

Factors Driving Exemption Amount

- Total exemption amount driven mostly by number of accounts
- Similar increases to exemption amount will carry similar costs



Maximum Tax Relief from \$20,000 Exemption Increase

$$\$20,000 / 100 = \$200$$

$$\$200 * 0.6725 = \$134.50$$

\$20,000 Exemption Increase

Exemption Increase	\$20,000
Tax Rate	0.6725
Total Cost of Increase	\$940,609
Paying \$0 Now	7,954
Paying \$0 After Increase	9,345
Increase	1,391

*data from April estimates

\$20,000 Exemption Increase

Tax Relief From Increase	Number of Accounts	Total Tax Relief	Average Market Value	Average Taxable Value
\$0	37,210	\$0	\$357,679	\$183,224
\$0 - \$5	476	\$1,219	\$245,169	\$107,062
\$5 - \$10	438	\$3,253	\$249,528	\$110,410
\$10 - \$25	1,206	\$21,164	\$253,048	\$112,285
\$25 - \$50	1,885	\$70,516	\$245,697	\$105,327
\$50 - \$100	3,064	\$223,520	\$233,788	\$97,049
\$100 - \$134.49	1,977	\$239,630	\$336,897	\$177,719
\$134.50	2,835	\$381,308	\$383,700	\$210,837
Total	49,091	\$940,609	\$338,983	\$171,184

*data from April estimates

Who Benefits from Increased Exemption

- First-time qualifiers – impacts frozen tax bill
- Those who recently qualified, taxable value still close enough to value when frozen
- Those with new property or new improvements who may have tax ceiling recalculated
- Those who have moved to less expensive property, qualified for other new exemptions, or effectively managed taxable value in other ways, and are paying below ceiling

Homeowner Group	Exemption Benefit Impact
Newly qualified for exemption	High
Qualified for exemption past 1-2 years	Low – None
Qualified for exemption 3+ years ago	None

Next Steps

- Changes to local exemptions must be adopted by City Council and communicated to CADs on May 14
- Tentatively prepared ordinance authorizes \$80,000 O65 and Disabled Person exemption (\$20,000 increase) and 100% Childcare Provider Exemption

Questions?

Appendix

Exemption Increase – One Year Later

Tax Relief From Increase	Number of Accounts	Total Tax Relief	Average Market Value	Average Taxable Value
\$0	40,003	\$0	\$376,114	\$193,878
\$0 - \$5	373	\$879	\$245,088	\$97,582
\$5 - \$10	341	\$2,542	\$240,303	\$97,532
\$10 - \$25	1,045	\$18,451	\$247,714	\$103,873
\$25 - \$50	1,666	\$61,893	\$254,377	\$109,052
\$50 - \$100	2,892	\$212,593	\$239,794	\$100,949
\$100 - \$134.49	1,298	\$150,201	\$316,345	\$149,822
\$134.50	1,472	\$197,984	\$400,200	\$208,304
Total	49,090	\$644,543	\$355,932	\$179,743

*data from April estimates

\$25,000 Exemption Increase

Exemption Increase	\$25,000
Tax Rate	0.6725
Total Cost of Increase	\$1,323,971

Paying \$0 Now	7,954
Paying \$0 After Increase	9,861
Increase	1,907

Tax Relief From Exemption

Increase	Number of Accounts	Total Tax Relief	Average Market Value	Average Taxable Value
\$0	34,854	\$0	\$362,130	\$185,963
\$0 - \$5	436	\$1,058	\$264,294	\$123,116
\$5 - \$10	454	\$3,378	\$263,578	\$119,765
\$10 - \$25	1,335	\$23,435	\$260,822	\$115,312
\$25 - \$50	2,049	\$76,410	\$257,698	\$115,211
\$50 - \$100	3,565	\$264,251	\$249,059	\$109,481
\$100 - \$168.12	3,690	\$500,157	\$315,778	\$161,563
\$168.13	2,708	\$455,283	\$392,730	\$218,464
Total	49,091	\$1,323,971	\$338,983	\$171,184

*data from April estimates

\$30,000 Exemption Increase

Exemption Increase	\$30,000
Tax Rate	0.6725
Total Cost of Increase	\$1,765,774

Paying \$0 Now	7,954
Paying \$0 After Increase	10,443
Increase	2,489

Tax Relief From Exemption

Increase	Number of Accounts	Total Tax Relief	Average Market Value	Average Taxable Value
\$0	32,669	\$0	\$365,664	\$188,019
\$0 - \$5	431	\$1,063	\$272,205	\$121,808
\$5 - \$10	412	\$3,067	\$270,746	\$122,270
\$10 - \$25	1,255	\$21,941	\$264,938	\$118,836
\$25 - \$50	2,162	\$80,911	\$270,153	\$124,388
\$50 - \$100	3,843	\$284,489	\$263,511	\$120,173
\$100 - \$201.74	5,762	\$858,429	\$304,969	\$153,678
\$201.75	2,557	\$515,875	\$406,294	\$229,759
Total	49,091	\$1,765,774	\$338,983	\$171,184

*data from April estimates

\$40,000 Exemption Increase

Exemption Increase	\$40,000
Tax Rate	0.6725
Total Cost of Increase	\$2,798,716

Paying \$0 Now	7,954
Paying \$0 After Increase	11,658
Increase	3,704

Tax Relief From Exemption

Increase	Number of Accounts	Total Tax Relief	Average Market Value	Average Taxable Value
\$0	28,697	\$0	\$371,118	\$190,972
\$0 - \$5	409	\$1,089	\$269,027	\$117,754
\$5 - \$10	416	\$3,117	\$260,916	\$112,036
\$10 - \$25	1,280	\$22,461	\$271,698	\$122,276
\$25 - \$50	1,991	\$74,515	\$278,211	\$126,988
\$50 - \$100	3,836	\$287,503	\$286,334	\$135,079
\$100 - \$268.99	10,084	\$1,770,349	\$302,713	\$152,544
\$269.00	2,378	\$639,682	\$424,152	\$244,440
Total	49,091	\$2,798,716	\$338,983	\$171,184

*data from April estimates

\$60,000 Exemption Increase

Exemption Increase	\$60,000
Tax Rate	0.6725
Total Cost of Increase	\$5,308,905

Paying \$0 Now	7,954
Paying \$0 After Increase	14,191
Increase	6,237

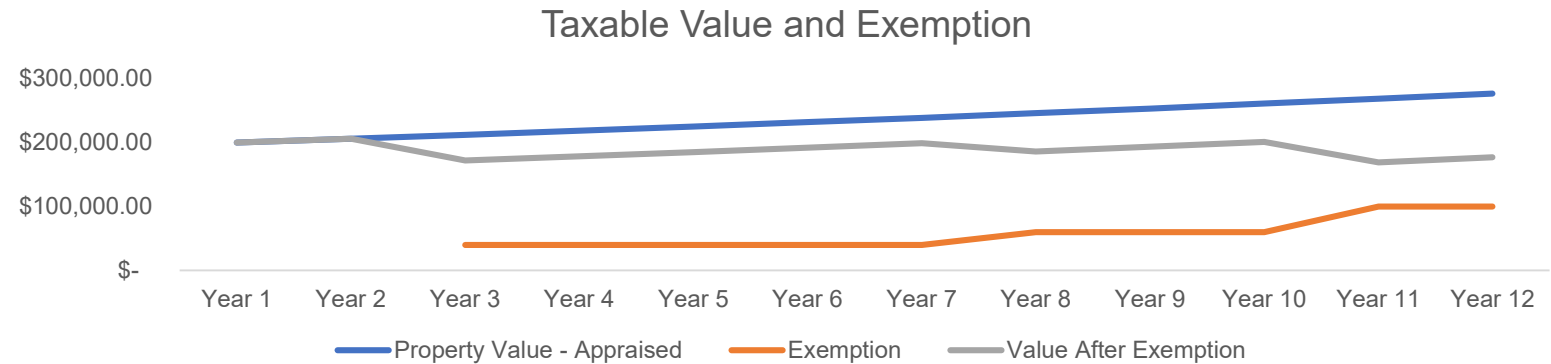
Tax Relief From Exemption

Increase	Number of Accounts	Total Tax Relief	Average Market Value	Average Taxable Value
\$0	22,410	\$0	\$379,959	\$194,971
\$0 - \$5	390	\$963	\$269,777	\$120,278
\$5 - \$10	344	\$2,578	\$272,040	\$117,384
\$10 - \$25	1,072	\$18,727	\$258,750	\$110,584
\$25 - \$50	1,848	\$69,172	\$276,179	\$122,239
\$50 - \$100	3,563	\$266,664	\$279,745	\$124,641
\$100 - \$403.49	17,385	\$4,111,925	\$315,548	\$162,236
\$403.50	2,078	\$838,473	\$457,550	\$270,842
Total	49,090	\$5,308,502	\$338,983	\$171,184

*data from April estimates

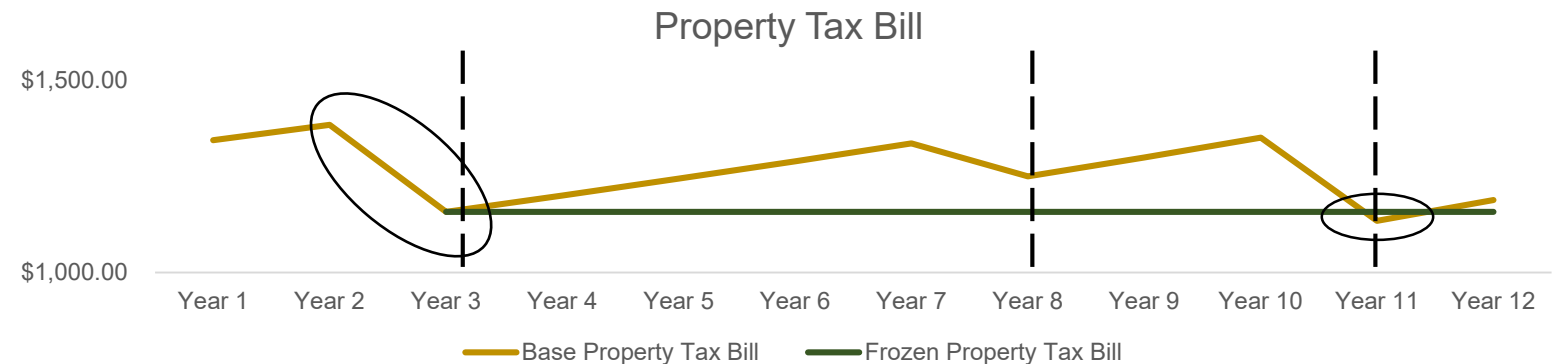
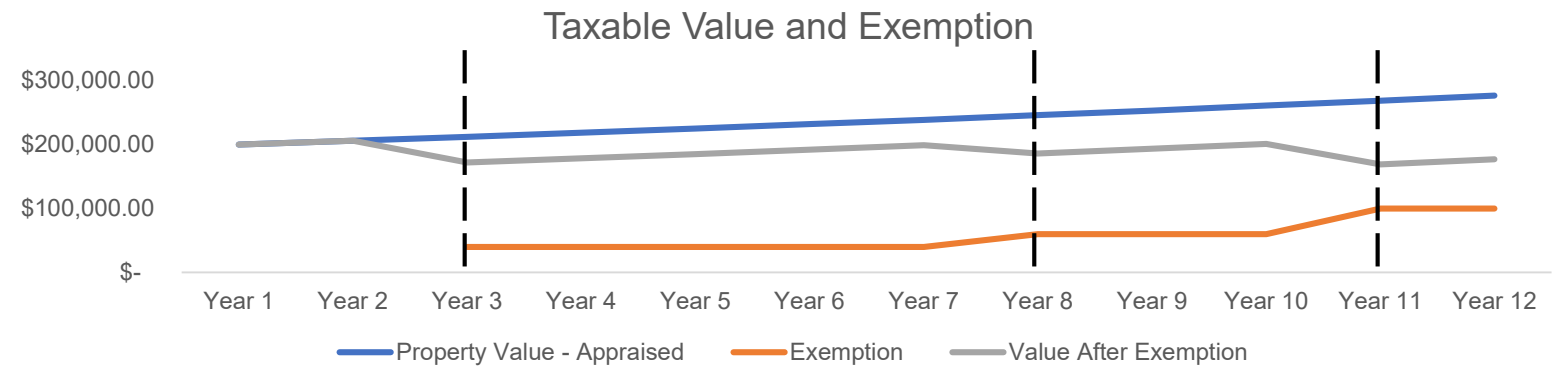
Freeze vs Exemption Impact Example

- \$200,000 property value (appraised) in base year
- 3% annual growth
- Static property tax rate
- Home owner qualifies for exemption in Year 3 (was not previously O65 or DP)
- Exemption
 - Initially \$40K
 - Year 8 minor increase
 - Year 11 significant increase



Freeze vs Exemption Impact Example

- Initially qualifying for exemption benefits property owners
- Frozen property tax **bill** (not property value) serves as ceiling but not floor
- Subsequent exemption increases have little or no impact
- \$23 savings from significant exemption increase in Year 11



Freeze vs Exemption Impact Example

