



MEMORANDUM

To: Mayor and City Council

From: Kim Tiehen, Director of Finance

Date: May 10, 2022

Reference: Consider approval of an Ordinance amending Chapter 1 'Administration', Article 1-15 'taxation', sections 1-15-1 and 1-15-2 of the Code of Ordinances to provide for an annual exemption from ad valorem taxation in the amount of one hundred thousand dollars (\$100,000.00) for individuals who are disabled or sixty-five (65) years of age or older; and authorizing the Mayor to sign.

Introduction:

At the April 26, 2022, Council Work Session, staff provided a presentation concerning various strategies for Council to consider regarding an increase in the Over 65/disabled (O65) exemption and the general homestead exemption. Staff was directed to bring forward an ordinance increasing the O65 property tax exemption from \$75,000 to \$100,000 for tax year 2022.

Analysis:

Based on an estimated average home value of \$412,364.32, an increase in the O65/disabled property tax exemption to \$100,000 will provide a potential savings of \$136.49 for an O65 property owner, and a Non-O65 property owner will see a potential \$16.22 increase in their tax bill. The potential impact on City property tax revenue in fiscal year 2023 will be a decrease of \$344,762. The exact impact of this increase will not be known until the Central Appraisal Districts provide certified values on July 25 and the property tax rate is adopted by Council in August.

Legal Review:

The City Attorney prepared this ordinance.

Fiscal Impact:

The potential impact on City property tax revenue is a decrease of \$344,762. The exact impact of this increase will not be known until the Central Appraisal Districts provide certified values on July 25, 2022 and the property tax rate is adopted by Council in August 2022.

Recommendation:

This agenda item reflects the recommendation made by Council at the April 26, 2022 Council Work Session.