

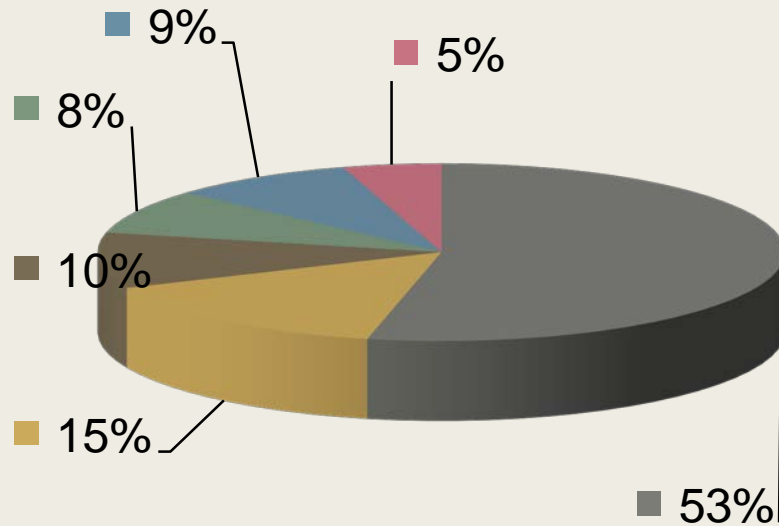


OVER 65 TAX RELIEF
OPTIONS



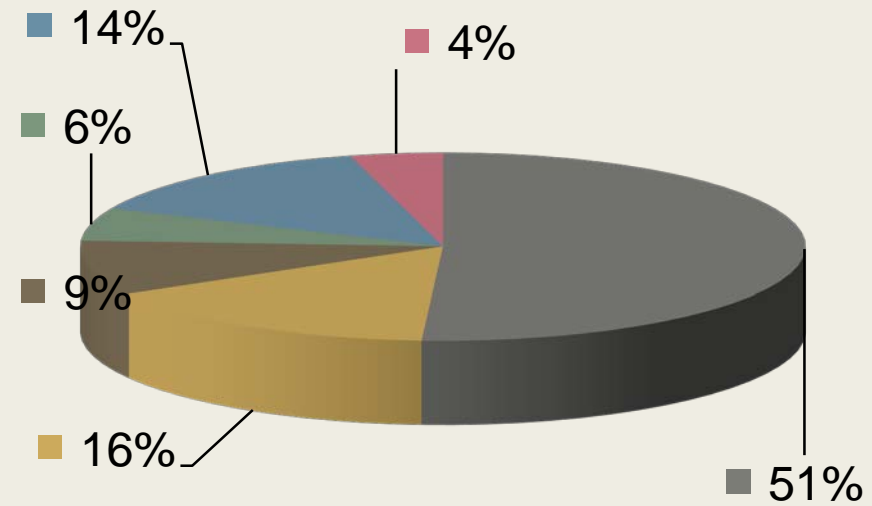
Argyle General Fund Revenue

FY 19 Adopted



- Prop. Tax
- Sales Tax
- Franchise Fees
- Court
- Devel/Const/Permits
- Other/Transfers

FY 20 Proposed



- Prop. Tax
- Sales Tax
- Franchise Fees
- Court
- Devel/Const/Permits
- Other/Transfers

Argyle's Tax Roll – Residential

- Total Residential Properties: 1,424
- Over 65 Residential Properties: 330 (23%)

- Median Assessed Value, all: \$401,857
- Median Assessed Value, Over 65: \$373,391

- Average Assessed Value, all: \$463,742
- Average Assessed Value, Over 65: \$414,313

Existing Relief for Over 65 Population

■ Town of Argyle

- *Over 65 (O65) Tax Exemption - \$40,000*
- *Homestead Exemption¹ - 1%, \$5,000 min.*
- *Ag Exemption*
- *Deferral of taxes*

■ Other Entities

- *School District Tax Freeze*
- *School District Exemption (statutory)*
- *County Tax Freeze*

Senior Tax Freeze

■ What is a property tax freeze?

- *An amendment to the Texas Constitution in 2003 provided municipalities with the option of freezing the homestead tax of persons disabled or over the age of 65.*
- *The actual dollar amount paid to the Town in the year the freeze is enacted remains the same for future years.*
- ***This is a permanent action, per state law.***
- *For those who have yet to turn 65, their “baseline” year is established the first year in which the individual qualifies for the over-65 homestead exemption.*

Tax Freeze versus Tax Exemption

Tax Freeze

- “Freezes” the amount you pay in taxes as of the date of the adoption, regardless of taxable value
- Is a “fixed amount” and cannot be repealed as set out in the Texas Constitution
- FY 2020 Tax Revenue for the 330 Over 65 properties is \$494,248 (General Fund & Debt)

Tax Exemption

- Is an amount established annually
- Typically in increments of \$10,000
- Argyle’s current 065 exemption is \$40,000
- Relatively known amount to budget
- For every \$10,000 of exemption, \$13,117 is lost revenue or transferred tax burden for 2019 (based on 330 065 exemptions)

Argyle's Tax Roll, Assessed Valuation

	All	Over 65	% of Total
Less than \$152,000 Valuation (10 th percentile of 065 = \$152,132)	95	33	34.7%
\$152,001 - \$252,000 Valuation (25 th percentile of 065 = \$251,463)	152	51	33.6%
\$252,001 - 371,000 Valuation (50 th percentile of 065 = \$370,617)	361	81	22.4%
\$371,001 - \$507,000 Valuation (75 th percentile of 065 = \$506,470)	365	83	22.7%
\$507,001 - \$683,000 Valuation (90 th percentile of 065 = \$682,916)	248	49	19.8%
Over \$683,001 Valuation	203	33	16.3%

Example of Tax Freeze

Example: Freeze is enacted in September of 2019 based on the following:

Year	Assessed Value	Less Exemptions	Taxable Value	Taxes Rate	Taxes Assessed	Taxes Paid
2018	\$345,000	- 45,000	\$300,000	0.3975/\$100	\$1,192.50	\$1,192.50
2019	\$354,000	- 45,000	\$309,000	0.3975/\$100	\$1,228.78	\$1,228.78
2020	\$363,000	- 45,000	\$318,000	0.3975/\$100	\$1,264.05	\$1,228.78
2021	\$372,000	- 45,000	\$327,000	0.3975/\$100	\$1,299.01	\$1,228.78
2022	\$381,000	- 45,000	\$336,000	0.3975/\$100	\$1,335.60	\$1,228.78

Median 065 Assessed Value for 2019 is \$373,391

Assumes Assessed Values increasing at a rate of ~2.5%

Sample Household – Property A w/ no Ag Exemptions

Property “A” – House with a 2019 market value of \$403,146 (065 Avg is \$414,313, Median is \$373,391) with Homestead and 065 exemptions

	2012		2019
Market Value:	\$296,892	Market Value:	\$403,146
Assessed Value:	\$296,892	Assessed Value:	\$403,146
Less Exemptions:	(\$45,000)	Less Exemptions:	(\$45,000)
Taxable Value:	\$251,892	Taxable Value:	\$358,146
Taxes Paid to Argyle:	\$ 1,001.27	Taxes Paid to Argyle:	\$ 1,423.63
		Total Increase (42%)	\$ 422.36
		Average of \$60/year	

Sample Household – Property B w/ Ag Exemptions

Property “B” – House with a 2019 market value of \$418,231 (065 Avg is \$414,313, Median is \$373,391) with homestead, 065 and Ag exemptions

	2012		2019
Market Value:	\$299,675	Market Value:	\$418,231
Less Ag Value	(\$159,705)	Less Ag Value	(\$297,024)
Assessed Value:	\$139,970	Assessed Value:	\$170,523
Less Exemptions:	(\$45,000)	Less Exemptions	(\$45,000)
Taxable Value:	\$ 94,970	Taxable Value:	\$125,523
Taxes Paid to Argyle:	\$ 377.51	Taxes Paid to Argyle:	\$ 498.95
		Total Increase (32%)	\$ 121.44
		Average of \$17.35/year	

Options – 0 65 Tax Relief

- Option A - An option to provide manageable tax relief to the Over 65 population would be to increase the Over 65 exemption from \$40,000 to \$50,000. This would:
 - Reduce 2019 taxes owed by \$39.75 per household
 - Reduce FY 20 revenues by \$ 13,117
 - Each increment of \$10,000 results in a savings of \$39.75 to the property owner and a cost of \$13,117 to the Town (based on the 330 current households)
- Option B - Enact a tax freeze now which would provide freeze on the 2019 taxes from this year forward. This year's taxable value would not change. This would result in approximately \$29,000 in lost revenue for FY 2021 which would increase incrementally and would be projected at \$110,000 in lost revenue in FY 2024 based on the same 330 Over 65 senior households.

Options – 65 Tax Relief

- Option C – Educate the Over 65 population on the option to defer property tax payments. This requires filing an affidavit with the appraisal district which allows the homeowner to continue to own and live in the home as taxes accrue, along with interest (5%) per year. The taxes and interest become due when the homeowner or surviving spouse no longer own and live in the home. It is difficult to determine what the cost to the Town would be with this option.

FY20 – FY 24 Forecasted Revenues & Expenditures – General Fund

	FY 20	FY 21	FY 22	FY 23	FY 24
Rev.	\$4,416,565	\$5,269,417	\$5,367,459	\$6,023,107	\$6,588,519
Exp.	\$4,414,207	\$5,275,788	\$5,370,572	\$6,041,672	\$6,619,688
Rev. less Exp.	\$2,358	(\$6,371)	(\$3,113)	(\$18,565)	(\$31,168)
Ending Fund Balance	\$1,804,399	\$1,798,028	\$1,794,915	\$1,776,350	\$1,745,182
Days	149.2	124.4	122	107.3	96.2
Population	4,686	4,747	5,091	5,671	6,004
GF Exp Per Capita	\$942.00	\$1,111.39	\$1,054.91	\$1,065.36	\$1,102.55

Options – Increase 0 65 Tax Exemption

- If Option A or B are selected, Council will need to direct Staff on which budget enhancement(s) to remove for FY 2020 as current excess revenues are projected at \$2,358.