



To: Don Norrell

Cc: Robin Cross and Monte Akers

From: Julie Fort

Re: Executive Summary of 65 and Older or Disabled Tax Freeze/Tax Ceiling

Date: November 13, 2018

Question Presented

Could a newly incorporated city adopt a 65 and older or disabled tax freeze (also known as a tax ceiling)?

Short Answer

Yes, any city may adopt a tax freeze by ordinance or by election of the citizens. Once a tax freeze is adopted, it is permanent and cannot be repealed. Currently, the Township, as a special district, is not eligible to adopt a tax freeze.

Discussion

A tax freeze is a tool allowing a city to provide that existing city property taxes on a homestead of 65 and older or disabled persons may not be increased, thus the amount of tax is frozen regardless of an increase in value or tax rate (except that increases based upon certain additions, such as a new room or putting in a pool, do apply). The tax freeze can be adopted by:

1. Ordinance of the City Council; or
2. The citizens can require the City Council to call an election is required if a petition is received by five percent of the registered voters in the city. TEX. CONST. art. 8, Sec. 1-b(h); TEX. TAX CODE 11.261.

Once adopted by the City Council, the tax freeze may not be repealed. TEX. CONST. art. 8, Sec. 1-b(h). Notably, *only* cities, towns, counties, and junior college districts may adopt a tax freeze. Thus, *the current Township special district is not eligible to adopt a tax freeze.*

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