Property Tax Strategy

CITY COUNCIL FINANCE COMMITTEE

MAY 7, 2025

Background

- Historically, the City has reduced the tax rate over the last ten years by 7.73 cents while recent years utilizing the 3.5% voter approval rate and using the unused increment last year.

- The City implemented the first homestead exemption in recent years to ease the financial burden on homeowners.

- Assessed values historically increased each year by an average of 9% over the last ten years.

- The reappraisal plan will have a significant impact on the City of Burleson, to city services, residents and businesses. The City is projected a decrease to the five-year forecast of close to $15 million.

- The preliminary values are provided by the Appraisal Districts on 4/30/2025. Certified numbers are expected 07/25/2025.

10 Year Assessed Value Growth

Tax Year	Assessed Value	Growth (YoY)
2024	$ 6,682,231,203	7.11%
2023	$ 6,238,588,521	15.64%
2022	$ 5,395,041,820	13.99%
2021	$ 4,732,777,275	8.63%
2020	$ 4,356,847,366	4.94%
2019	$ 4,151,854,531	10.41%
2018	$ 3,760,434,828	11.14%
2017	$ 3,383,396,267	9.60%
2016	$ 3,086,950,718	6.54%
2015	$ 2,897,517,758	4.09%

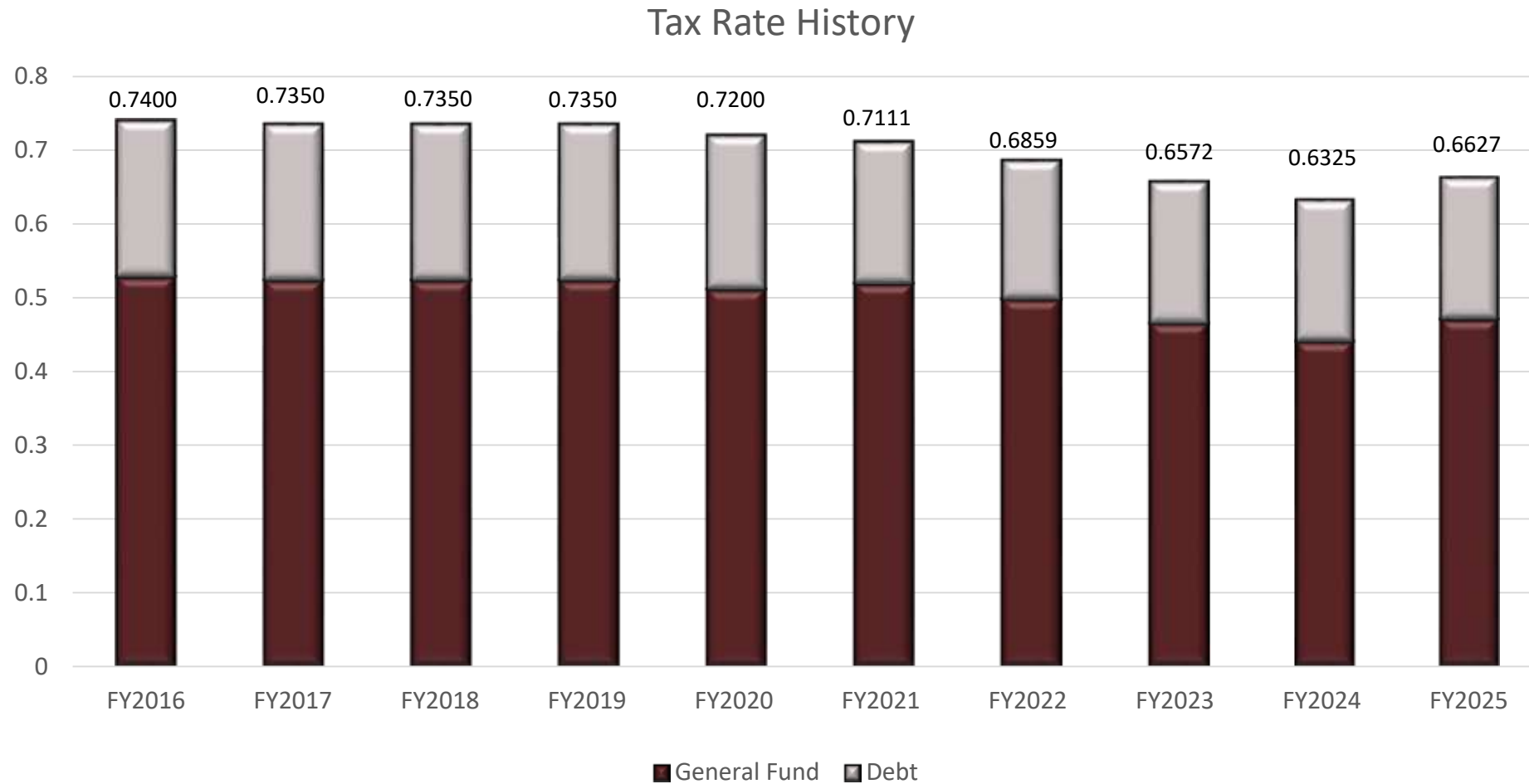|	
Average Growth	9.21%
Outliers Removed	15.64%
	4.09%
Avg Growth Less Outliers	9.05%

Projected Fiscal Impact

Fiscal Year	Original Revenue Projection	Preliminary Revenue Projection – Response to Reappraisal Plan	Difference in Lost Revenue
2025-2026	**5.5 % Increase**	**2.0 % Increase**	**$(996,288)**
2026-2027	**5.5 % Increase**	**1.0 % Increase**	**$(2,357,646)**
2027-2028	**5.5 % Increase**	**4.0 % Increase**	**$(2,927,192)**
2028-2029	**5.5 % Increase**	**4.0 % Increase**	**$(3,545,659)**
2029-2030	**5.5 % Increase**	**2.0 % Increase**	**$(4,850,799)**

Property Tax Facts

Tax Rate History

|	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Total	0.7400	0.7350	0.7350	0.7350	0.7200	0.7111	0.6859	0.6572	0.6325	0.6627

Legend: ■ General Fund ■ Debt

Terminology and Calculations for Taxing Units

"No-New-Revenue Tax Rate" is the tax rate for the year that would raise the same amount of property tax revenue for the City from the same properties as the preceding tax year. The rate is expressed in dollars per $100 of taxable value calculated to the following formula:
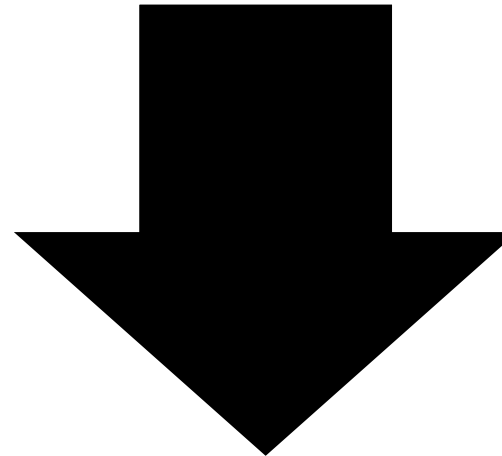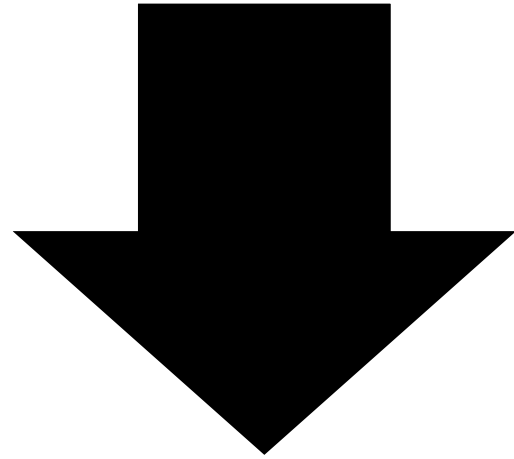
Last Year's Levy - Lost Property Levy ÷ Current Total Value - New Property Value = No-New-Revenue
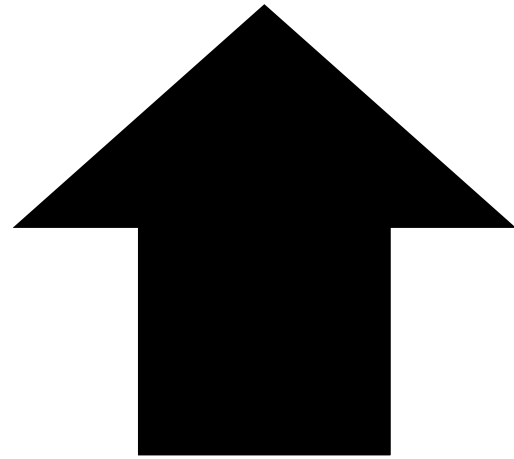
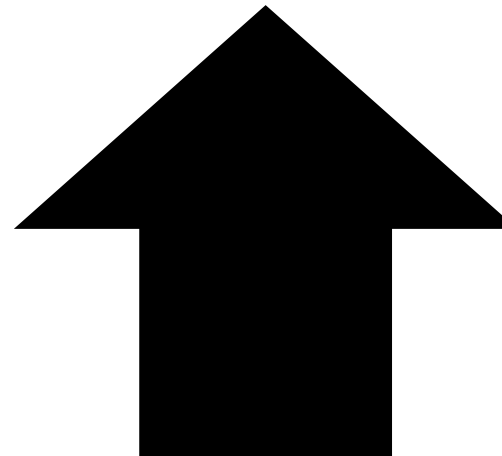If Values Increase
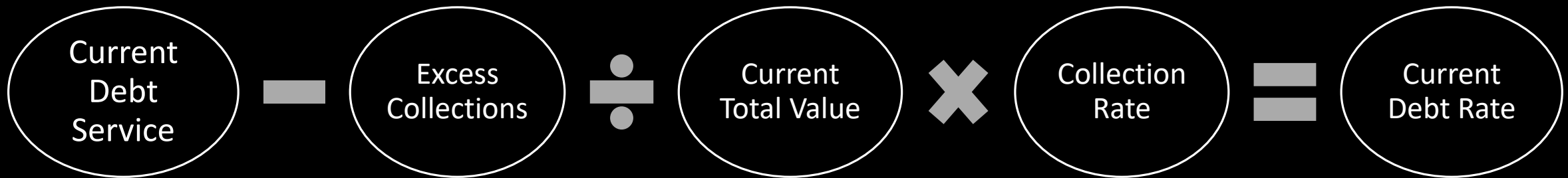
The No-New-Revenue Rate will Decrease
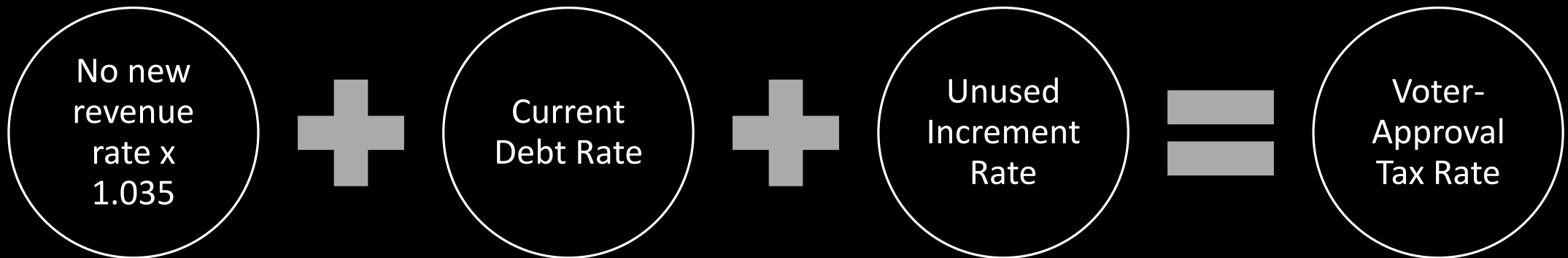
If Values Decrease

The No-New-Revenue Rate will Increase

Terminology and Calculations for Taxing Units

"Current Debt Rate" is a rate that is expressed in dollars per $100 of taxable value calculated to the following formula:

Current Debt Service **−** Excess Collections **÷** Current Total Value **✕** Collection Rate **=** Current Debt Rate
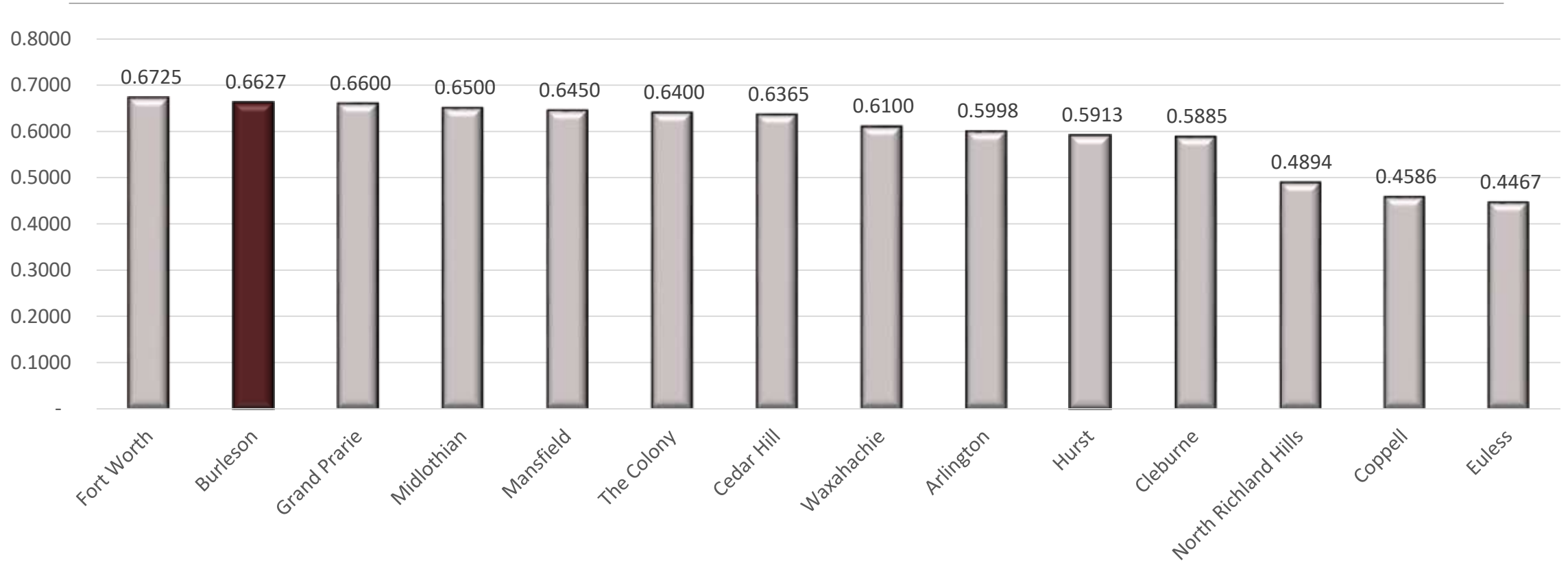
Terminology and Calculations for Taxing Units Cont.

"Voter-Approval Tax Rate" means a rate expressed in dollars per $100 of taxable value calculated as follows:

No new revenue rate x 1.035 **+** Current Debt Rate **+** Unused Increment Rate **=** Voter-Approval Tax Rate

Other City Tax Rates Comparative

City	Tax Rate
Fort Worth	0.6725
Burleson	0.6627
Grand Prarie	0.6600
Midlothian	0.6500
Mansfield	0.6450
The Colony	0.6400
Cedar Hill	0.6365
Waxahachie	0.6100
Arlington	0.5998
Hurst	0.5913
Cleburne	0.5885
North Richland Hills	0.4894
Coppell	0.4586
Euless	0.4467

Items for Consideration

- City Management and staff are working on recommendations for budget cuts through the budget process in response to the reappraisal plan.

- City staff is working on revisions to the CIP in response to the re-appraisal plan. To fund the current CIP, an increase to the current debt rate would be required of an additional 5.47 cents.

- To respond to flat existing values, the Council reserves the option to increase the the tax rate up to 3.5% above the no-new-revenue rate. This would result in a possible increase to the M&O rate.

- In September 2024, City Council adopted an increase to the homestead exemption to go into effect for FY 2025-26. This was before the reappraisal plan was made known. Council has the option of adopting an ordinance to keep the homestead exemption flat or make other changes to the exemption before July 1.

Questions for Committee/Guidance Needed

Does the Committee desire to keep the tax rate relatively flat?

Does the Committee prefer substantial budget cuts that will impact service delivery to raising tax rates?

Does the Committee prefer to proceed with increasing the exemption to 5%, keep the homestead exemption the same as the previous year at 3%, or decrease the exemption?

• The Capital Team is working to adjust to the impacts of the reappraisal plan. Does the Committee prefer to leave the projects in and adjust the rate for the debt needed to cover the projects? Is there some level that is advised to solve to?

QUESTIONS/COMMENTS