
Finance Committee

DEPARTMENT: Finance Department
FROM: Gloria Platt, Director of Finance
MEETING: April 21, 2025

SUBJECT:

Receive a report, hold a discussion, and make possible recommendations regarding the adoption of the property tax rate and annual operating budget for Fiscal Year 2025-2026, assuming a property tax rate that does not exceed the voter-approved rate. (*Staff Contact: Gloria Platt, Director of Finance*)

SUMMARY:

Historically, the Council has directed the City Manager to prepare a calendar for the adoption of the annual budget and tax rate, assuming the property tax rate does not exceed the voter-approved rate.

The City's adoption of the annual budget and tax rate is filled with numerous notice periods and deadlines that necessitate the creation of a calendar to ensure all legal requirements of the Texas Tax Code and Local Government Code are followed. Since 2019, state law has stipulated that if the City Council of a municipality with a population over 30,000 votes to adopt a tax rate that exceeds the voter-approval rate of 3.5%, the municipality must call an election at the November uniform election date for the voters to decide whether to approve the tax rate. The Texas Election Code has numerous additional legal requirements and deadlines when calling and conducting an election. In the end, because of the various legal requirements and deadlines, the calendar for adopting a tax rate that does not exceed the voter-approval rate and the calendar for adopting a tax rate that *does* exceed the voter-approval rate look vastly different. Essentially, adopting a tax rate that exceeds the voter-approval rate pushes up many of the deadlines.

OPTIONS:

- 1) Direct the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2025-2026, assuming a property tax rate that does not exceed the voter-approval rate.
- 2) Direct the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2025-2026, assuming a property tax rate that does exceed the voter-approval rate.

RECOMMENDATION:

Staff recommends directing the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2025-2026, assuming a property tax rate that does not exceed the voter-approval rate.

PRIOR ACTION/INPUT (Council, Boards, Citizens):

n/a

REFERENCE:

n/a

FISCAL IMPACT:

n/a

STAFF CONTACT:

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