



# 2025 Property Tax Rate Calculation

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*PRESENTED TO THE CITY COUNCIL ON AUGUST 4, 2025*

# Tax Rate Focus

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- On June 16, 2025, the City Council approved a resolution directing the City Manager to prepare a budget calendar for the orderly adoption of the property tax rate and annual budget for FY 2025-2026, assuming a property tax rate that does not exceed the voter-approval rate
- Current tax rate is M&O \$0.4704; Debt Rate \$0.1923; Total Rate \$0.6627
- On July 25, 2025 - the City and Johnson County Tax Office received the July certified roll from both the Tarrant County and Johnson County Appraisal Districts
- On July 29, 2025, the Johnson County Tax Assessor's Office submitted the 2025 Tax Rate Calculation Worksheet to Finance for review
  - This worksheet calculates the NNRR, M&O NNRR, Debt Rate, and Voter Approval Rate

# Property Tax Overview

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- Senate Bill 2 – In effect since 2020
  - No New Revenue Rate (NNRR) – total tax rate that would generate the same tax revenue from previous year
    - Based on previous year tax base
      - Tax values increase – total tax rate to generate same revenue as last year goes down
      - Tax values decrease – total tax rate to generate same revenue as last year goes up
- M&O No New Revenue Rate (M&O NNRR) – M&O tax rate that would generate the same tax revenue from previous year – General Fund
  - M&O tax rate has a 3.5% cap without voter approval
  - Previous cap was 8%
  - Above 3.5% tax increase requires voter approval

# Property Tax Overview (cont.)

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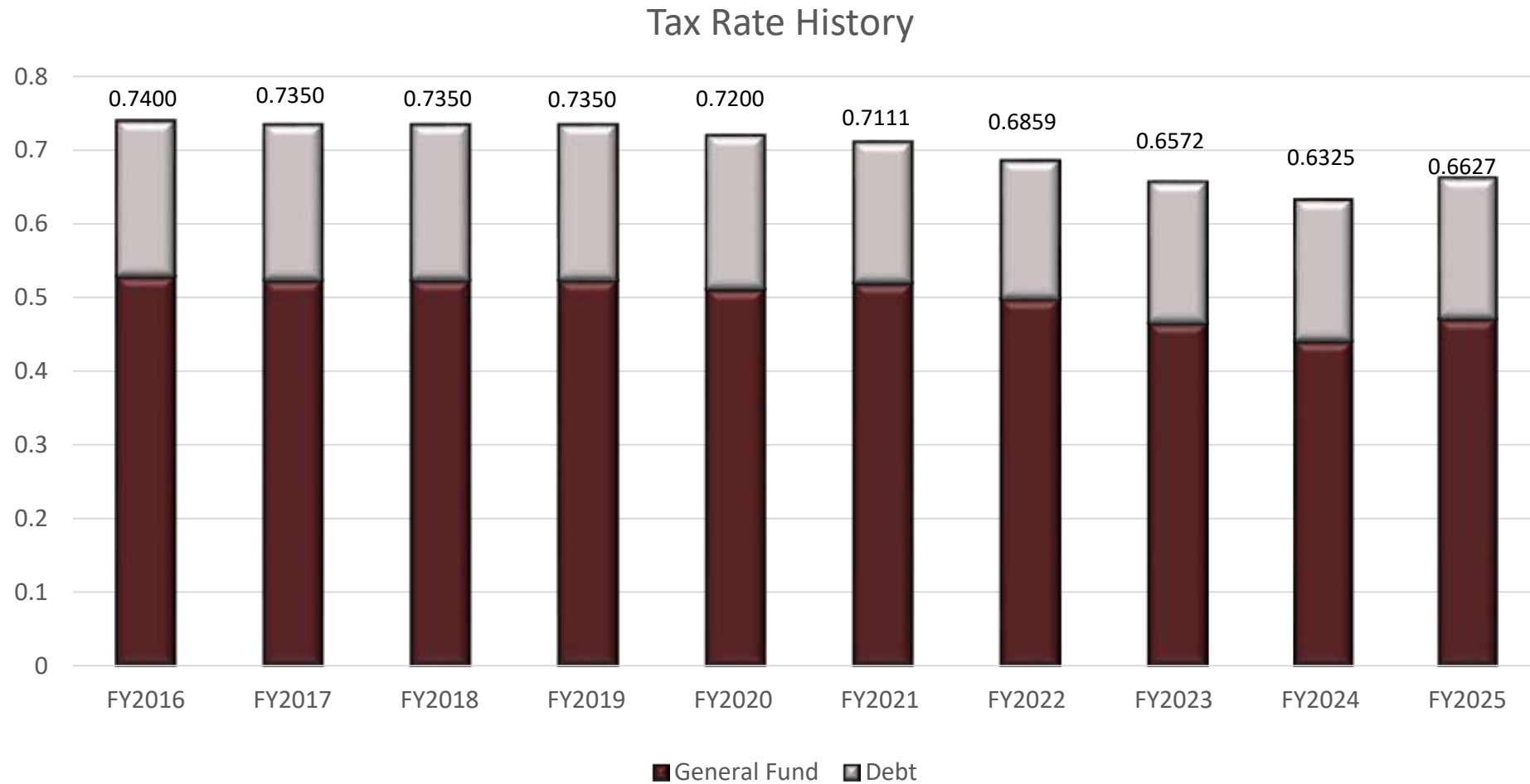
- Unused Increment Rate - A taxing unit that did not use all of its revenue growth may bank that unused growth as long as the taxing unit averaged below 3.5 percent of the voter-approval rate over three years
  - **2025 Unused Increment Rate - \$0.0047**
    - The increment of 1.6 cents used last year was from tax years 2022 and 2021
    - Due to the method used to calculate the available increment (prior 3 years tax rates vs the voter authorization rates), the 2022 increment of 0.47 cents is available again in the current tax year
- Voter-Approval Tax Rate - Maintenance and Operations No-New-Revenue Tax Rate times 1.035 plus current Debt Tax Rate plus Unused Increment Rate
- The Finance Committee and the Council directed staff to utilize strategies to increase the Debt Tax Rate to support the proposed CIP

# FY 25-26 (Tax Year 2025) Tax Rate

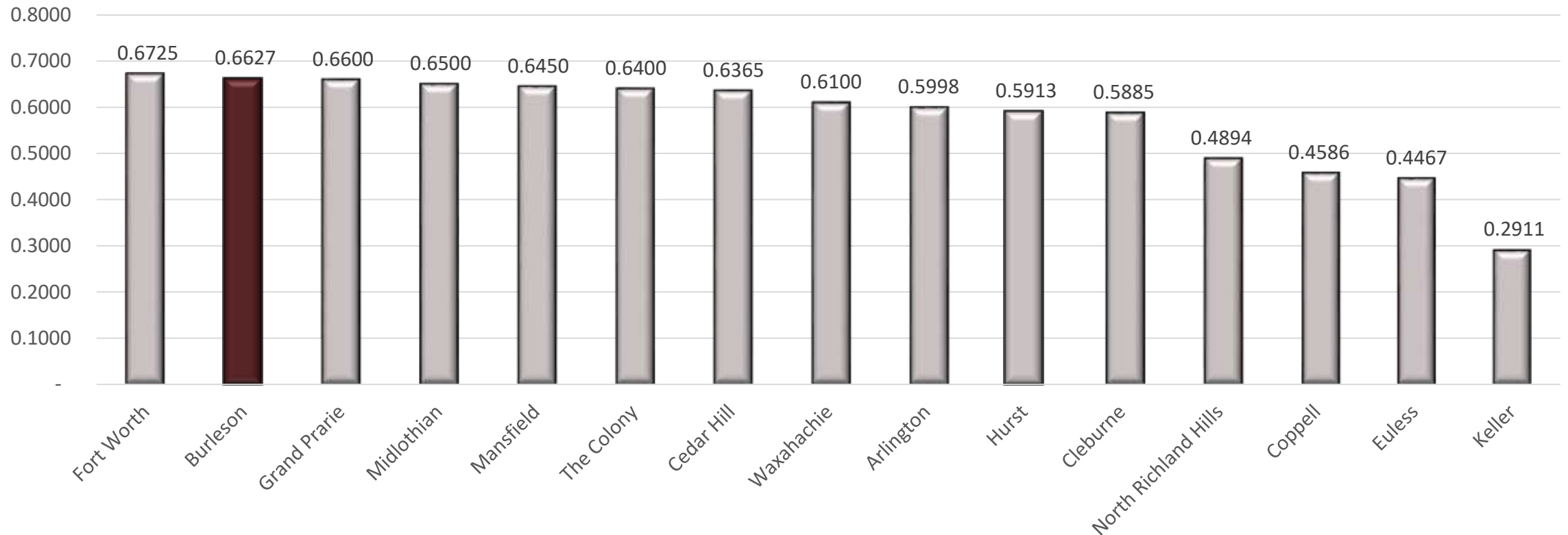
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- Current Tax Rate- M&O Rate **\$0.4704**; Debt Rate **\$0.1923**; Total Rate **\$0.6627**
- FY 2026 Tax Rates:
  - NNRR - **\$0.6591**
  - M&O NNRR - \$0.4721
  - 3.5% of M&O NNRR - \$0.4886 (Also referred as M&O Vote-Approval Rate)
  - Debt Rate - \$0.2285
  - Voter Approval Rate (Before Increment) - **\$0.7171**
  - Unused Increment Rate - \$0.0047
  - Voter Approval Rate - **\$0.7218**

# Property Tax Facts



# Other City Tax Rates Comparative Fiscal Year 2024-25



# Property Tax Rate Options

	M&O	Debt	Total Rate	Revenue (Tax Levy)	Difference	Cumulative
No New Revenue Rate	\$0.4306	\$0.228 5	\$ 0.6591	\$ 43,045,451	\$ -	-
Current Rate	\$0.4704	\$0.192 3	\$ 0.6627	\$ 43,254,064	\$ 208,613	\$ 208,613
Proposed Rate*	\$0.4704	\$0.228 5	\$ 0.6989	\$ 45,351,780	\$ 2,097,716	\$ 2,306,329
Voter Approval Rate (Without Increment)	\$0.4886	\$0.228 5	\$ 0.7171	\$ 46,406,433	\$ 1,054,653	\$ 3,360,981
Voter Approval Rate (With Increment)	\$0.4933	\$0.228 5	\$ 0.7218	\$ 46,678,788	\$ 272,355	\$ 3,633,337

*\*Proposed Rate will provide sufficient revenue to fund the 3 firefighter/paramedics and 1 police officer without an M&O tax rate increase*



# Property Tax Rate Options

	Rate	Total Tax Levy	Average Monthly Increase	Average Annual Increase
No New Revenue Rate	\$ 0.6591	\$ 1,978.68	(\$ 0.72)	(\$ 8.68)
Current Rate	\$ 0.6627	\$ 1,989.49	\$ 0.18	\$ 2.13
Proposed Rate	\$ 0.6989	\$ 2,098.17	\$ 9.23	\$ 110.80
Voter Approval Rate (Without Increment)	\$ 0.7171	\$ 2,152.81	\$ 13.79	\$ 165.44
Voter Approval Rate (With Increment)	\$ 0.7218	\$ 2,166.92	\$ 14.96	\$ 179.55

**This chart is based on an average home value of \$300,210 after the 5% homestead exemption. The average home value before the exemption is \$316,010. The homestead exemption equates to an annual savings of \$110.43 at the proposed tax rate.**

# Next Steps

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- August 4, 2025 – The City Manager will submit a copy of the FY 2025-2026 Proposed Budget to the City Secretary's Office and City Council
- August 6, 2025 – Finance Committee meeting – City Manager FY 2025-2026 budget presentation
- August 11, 2025 – Special Session meeting – City Manager FY 2025-2026 budget presentation
- September 2, 2025
  - Public Hearing on budget and tax rate
  - First reading of Budget, Tax Rate, and Other Related Ordinances
- September 8, 2025 – Final reading of Budget, Tax Rate, and Other Related ordinances

# Council Direction

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- Provide staff direction regarding the M&O Tax Rate
- Provide staff direction regarding the I&S Tax Rate

# QUESTIONS/COMMENTS