



# Tax Rate Strategies

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PRESENTED TO THE FINANCE COMMITTEE ON  
MAY 8, 2024

# Presentation Overview

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Property Tax Facts

Tax Rate Comparison

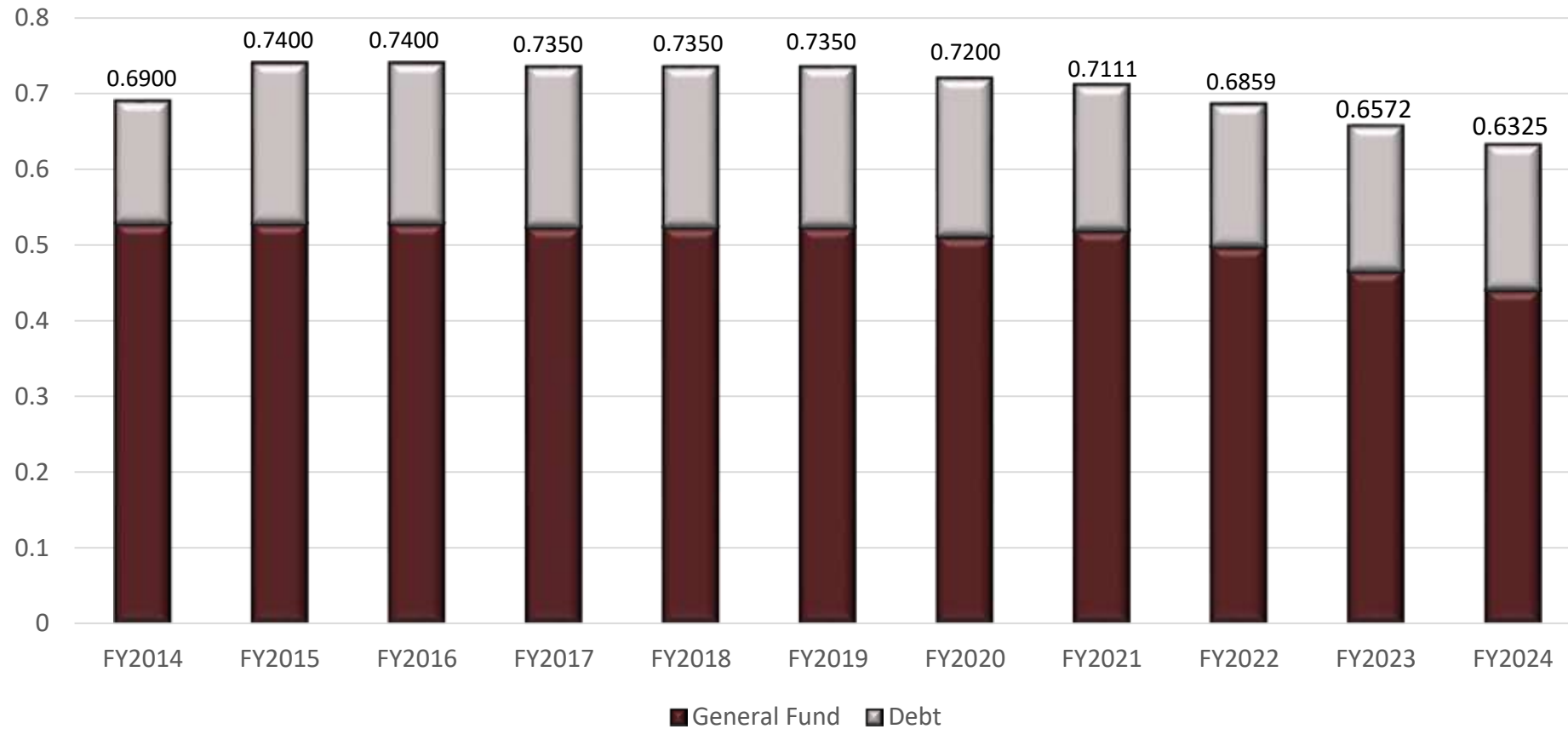
Truth-In-Taxation Terms

Retaining Tax Rate Options

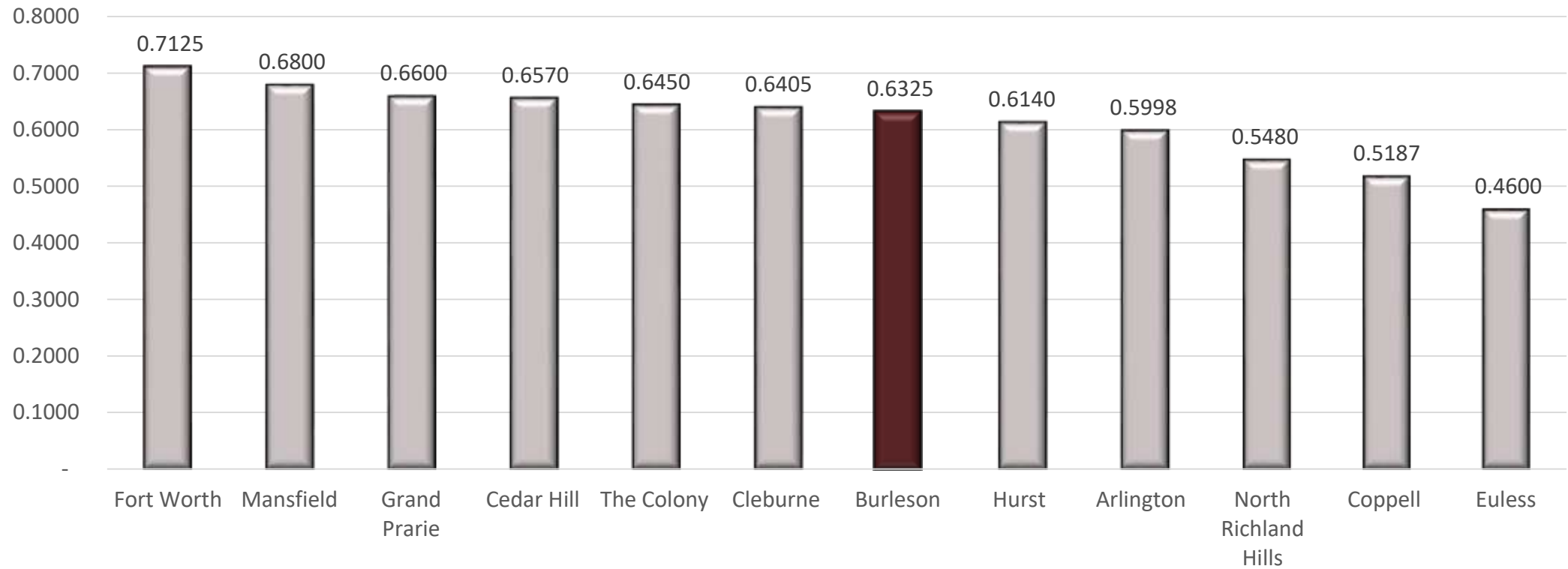
Review Next Steps

# Property Tax Facts

Tax Rate History



# Other City Tax Rates Comparative



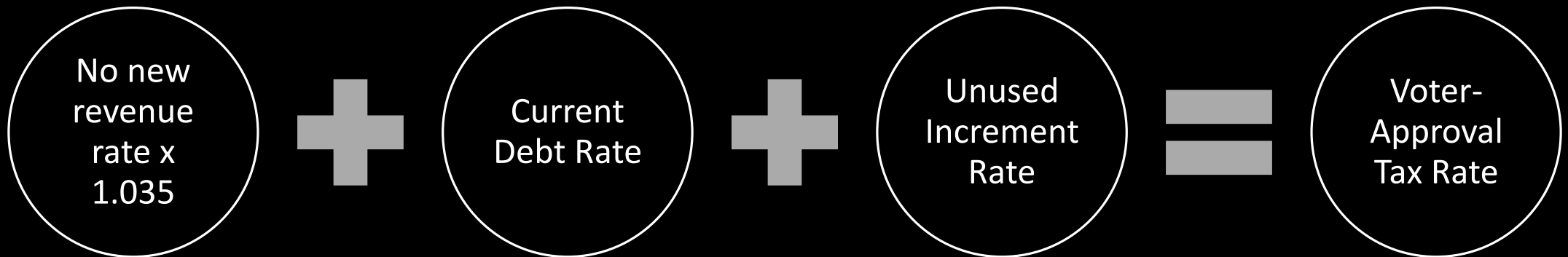
# Terminology and Calculations for Taxing Units

*“No-New-Revenue Tax Rate”* means a rate expressed in dollars per \$100 of taxable value calculated to the following formula:



# 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:



# Terminology and Calculations for Taxing Units Cont.

- “*Unused Increment Rate*” occurs because a taxing unit adopted a rate below the voter-approval tax rate. The amount below the voter-approval tax rate in the last three years is added to the voter approval tax rate in the current tax year.
- *Example – The adopted rate for 2022 was 2 cents below the voter approval tax rate, so this 2 cents is added to the calculated voter-approval rate in 2023. Calculated voter approval tax rate in 2023 of 63 cents plus the 2 cent unused increment rate would equal a 65 cent voter approval tax rate.*






# Homestead Exemption History

- As part of the FY2021-2022 budget process, the City Council approved a 1% residential homestead exemption to be effective for Tax Year 2022 (FY2022-2023). This was the first residential homestead exemption in the history of the City of Burleson.
- As part of the FY2022-2023 budget process, the City Council approved a 1% increase to the residential homestead exemption, for a total of 2%, to be effective for Tax Year 2023 (FY2023-2024).
- As part of the FY2023-2024 budget process, the City Council approved a 1% increase to the residential homestead exemption, for a total of 3%, to be effective for Tax Year 2024 (FY2024-2025).
- Because increases in the homestead exemption reduce the taxable value, the voter-approval tax rate is higher than it would otherwise be and the exemption does not benefit commercial or income producing property.





# Reconsider Cash Funding Capital Projects

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- When calculating the voter-approval tax rate, debt service payments and the necessary tax rate to fund the debt service payments are automatically included in the total voter-approval tax rate.
- This means the City could increase the debt service portion of the tax rate without risking going over the voter-approval tax rate.
- Staff's recommendation is to stop utilizing cash funding to fund capital projects.

# Summary of Assumptions

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	FY 24	FY 25	FY 26	FY 27	FY 28
Cash Funding – Capital Projects	\$1.4M	\$.64K	\$.88K	\$1.38M	\$0

# Unused Increment Rate

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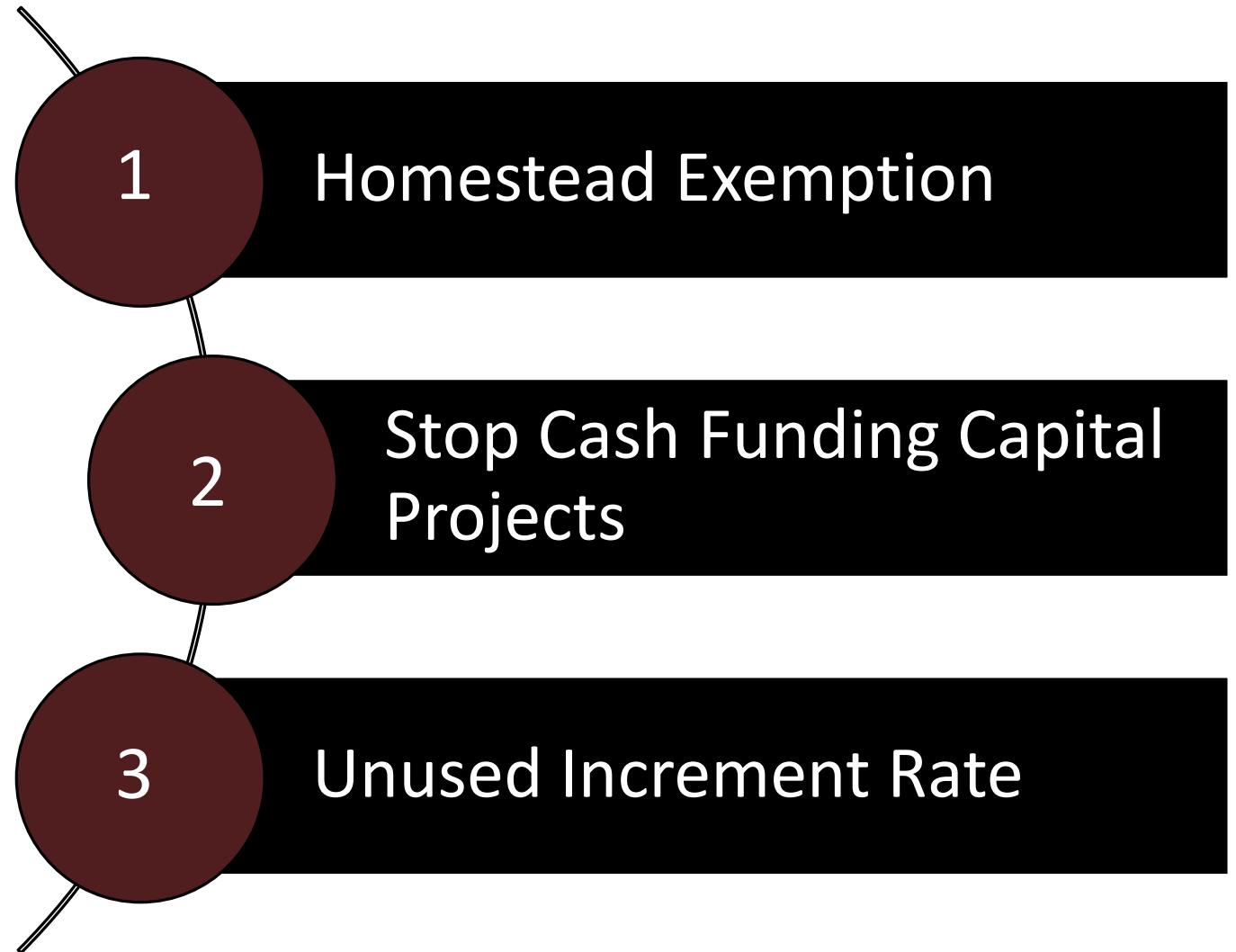
2021  
\$0.0158

2022  
\$0.0060

2023  
\$0.0000

Total  
\$0.0218

# Options For Retaining Tax Rate



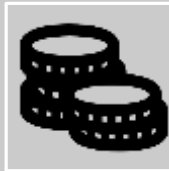
# Next Steps



Council consider a resolution  
addressing the Voter-Approval Tax Rate



Council consider an ordinance  
addressing the Homestead Exemption



Address Unused Increment Rate





# QUESTIONS/COMMENTS

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Approve as presented  
or with modifications



Deny request

# Options