


City Council Regular Meeting

DEPARTMENT: Finance
FROM: Mark Davies, Finance Director
MEETING: June 15, 2026

SUBJECT:

Consider and take possible action on a resolution directing the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2026-2027 assuming a property tax rate that does not exceed the voter-approval rate.
(Staff Contact: Harlan Jefferson, Deputy City Manager)

STRATEGIC PRIORITY AND GOAL(S):

Strategic Priority	Strategic Goal
 <p>High Performing City Organization Providing Exceptional, People Focused Services</p>	<p>1.4 Be a responsible steward of the city's financial resources by providing rates and fees that represent a strong value to our citizens; providing timely, accurate and transparent financial reporting; and utilizing long-range planning.</p>

SUMMARY:

The proposed resolution directs the City Manager to prepare a calendar for the adoption of the annual budget and tax rate for FY 2026-2027 assuming the property tax rate that does not exceed the voter-approval rate.

The City's adoption of the annual budget and tax rate are filled with numerous notice periods and deadlines that necessitate the creation of 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 a 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 when adopting a tax rate that *does not* exceed the voter-approval rate and the calendar when adopting a tax rate that *does* exceed the voter-approval rate look vastly different. Essentially, adopting a tax rate that does exceed the voter-approval rate pushes up many of the deadlines.

OPTIONS:

- 1) Approve the resolution directing the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2026-2027 assuming a property tax rate that does not exceed the voter-approval rate.
- 2) Deny the resolution directing the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2026-2027 assuming a property tax rate that does not exceed the voter-approval rate.

RECOMMENDATION:

Staff recommends to approve the resolution directing the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2026-2027 assuming a property tax rate that does not exceed the voter-approval rate.

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

The calendar was presented to the Finance Committee on May 27, 2026. The committee recommended a calendar assuming a rate that does not exceed the voter-approval rate.

The calendar was presented to Council on June 1, 2026 during the budget overview presentation.

REFERENCE:

Chapter 26 of the Texas Tax Code

FISCAL IMPACT:

Proposed Expenditure/Revenue: N/A
Account Number(s): N/A

Fund: N/A
Account Description: N/A

STAFF CONTACT:

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