

City Council Regular Meeting

DEPARTMENT: Finance


FROM: Harlan Jefferson, Deputy City Manager

MEETING: June 15, 2026

SUBJECT:

Consider and take possible action on a resolution designating the Johnson County Tax Assessor-Collector to perform the required calculation of relevant tax rates and the City Manager to publish and deliver the tax rate forms in accordance with Chapter 26 of the Texas Tax Code. *(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:

Texas Tax Code Chapter 26 establishes the statutory framework governing the annual property tax rate adoption process for Texas cities. Commonly referred to as the "Truth-in-Taxation" law, the chapter is intended to promote transparency, standardize tax rate calculations statewide, and ensure taxpayers are informed regarding proposed property tax revenues and tax rate changes. The law prescribes the procedures cities must follow in calculating, noticing, discussing, and adopting annual property tax rates.

A central component of Chapter 26 is Section 26.04, which requires the calculation of the No-New-Revenue (NNR) Tax Rate and the Voter-Approval Tax Rate (VATR). The NNR tax rate is the rate that would generate approximately the same amount of maintenance and operations revenue from existing properties as the prior year, excluding revenue from new construction and newly added property. The voter-approval tax rate represents the maximum rate the City may adopt without potentially triggering additional election-related requirements under state law.

The proposed resolution before the Council designates that the Johnson County Tax Assessor/Collector (“TAC”) perform the required calculation of the relevant tax rates and the preparation of notices for publication in accordance with the Texas Tax Code. The tax calculations required are the no-new-revenue tax rate (no-new-revenue tax rate = [last year’s levy – lost property levy] / [current total value – new property value]) and the voter-approval tax rate (voter-approval tax rate = [no-new-revenue maintenance and operations rate x 1.035] + current debt rate). The required tax rate calculations must be made on specific worksheet forms prescribed by the state comptroller. In 2005, the City and the TAC entered into an interlocal agreement whereby the City designated the TAC as the tax assessor and collector for the City.

Texas Tax Code § 26.04 requires that tax calculations be done by a designated officer or employee of the City, and traditionally, that function has been done by the TAC (considered an officer of the unit by case law). Historically, the TAC treated the interlocal agreement with the City as the designation of the TAC to perform the calculations without any other formal action by the city council.

In 2019, however, the 86th Texas Legislature made sweeping changes to the Texas Tax Code in S.B. 2, and gave additional responsibilities to the designated officer or employee. Accordingly, because of the changes, the City, through this resolution, is formally designating the TAC as the officer to make these calculations instead of relying on the 2005 interlocal agreement.

OPTIONS:

- 1) Approve the resolution designating the Johnson County Tax Assessor-Collector to perform the required calculation of relevant tax rates and the City Manager to publish and deliver the tax rate forms in accordance with Chapter 26 of the Texas Tax Code.
- 2) Deny the resolution designating the Johnson County Tax Assessor-Collector to perform the required calculation of relevant tax rates and the City Manager to publish and deliver the tax rate forms in accordance with Chapter 26 of the Texas Tax Code.

RECOMMENDATION:

Staff recommends approving the resolution designating the Johnson County Tax Assessor-Collector to perform the required calculation of relevant tax rates and the City Manager to publish and deliver the tax rate forms in accordance with Chapter 26 of the Texas Tax Code

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

On June 16, 2025, the City Council approved a resolution designating the Johnson County Tax Assessor-Collector to perform the required calculation of relevant tax rates and the City Manager to publish and deliver the tax rate forms in accordance with Chapter 26 of the Texas Tax Code.

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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