2026 Property Tax Rate Calculation

PRESENTED TO THE FINANCE COMMITTEE ON AUGUST 5, 2026

Tax Rate Focus

- On June 15, 2026, 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 2026-2027, assuming a property tax rate that does not exceed the voter-approval rate
- Current tax rate is M&O $0.4933; Debt Rate $0.2285; Total Rate $0.7218
- On July 27, 2026 - the City and Johnson County Tax Office received the July certified roll from both the Tarrant County and Johnson County Appraisal Districts
- On July 30, 2026, the Johnson County Tax Assessor’s Office submitted the 2026 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

- 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.)

- Unused Increment Rate - A taxing unit that did not use all of its revenue growth may bank that unused growth if the taxing unit averaged below 3.5 percent of the voter-approval rate over three years
  - **2026** Unused Increment Rate - **$0.0000**
    - The increment of 0.47 cents used last year was from tax years 2022 due to the method used to calculate the available increment (prior 3 years tax rates vs the voter authorization rates).

- Voter-Approval Tax Rate - Maintenance and Operations No-New-Revenue Tax Rate times 1.035 plus current Debt Tax Rate plus Unused Increment Rate

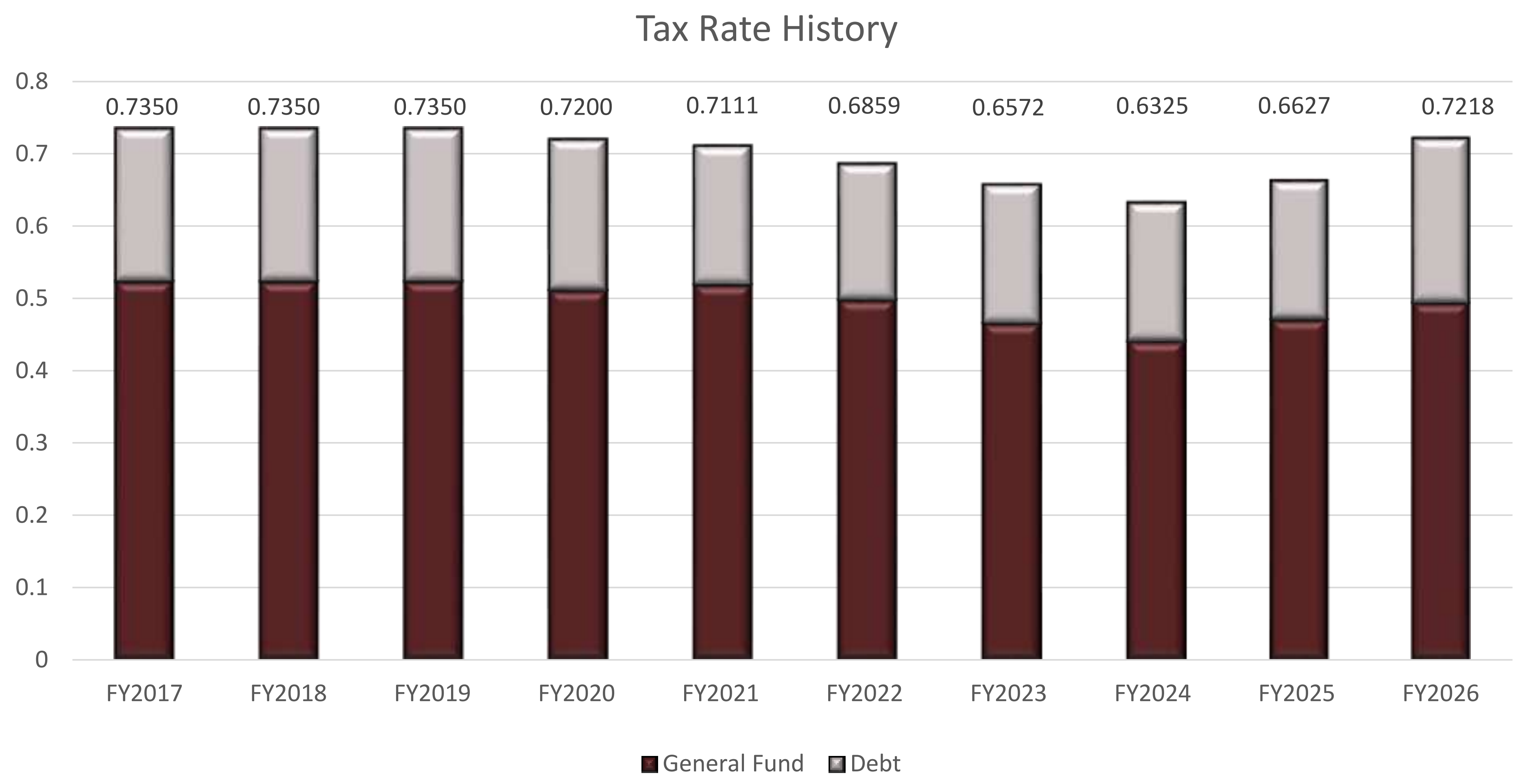
- The Finance Committee and the Council directed staff to utilize strategies to maintain the Debt Tax Rate to support the proposed CIP

FY 26-27 (Tax Year 2026) Tax Rate

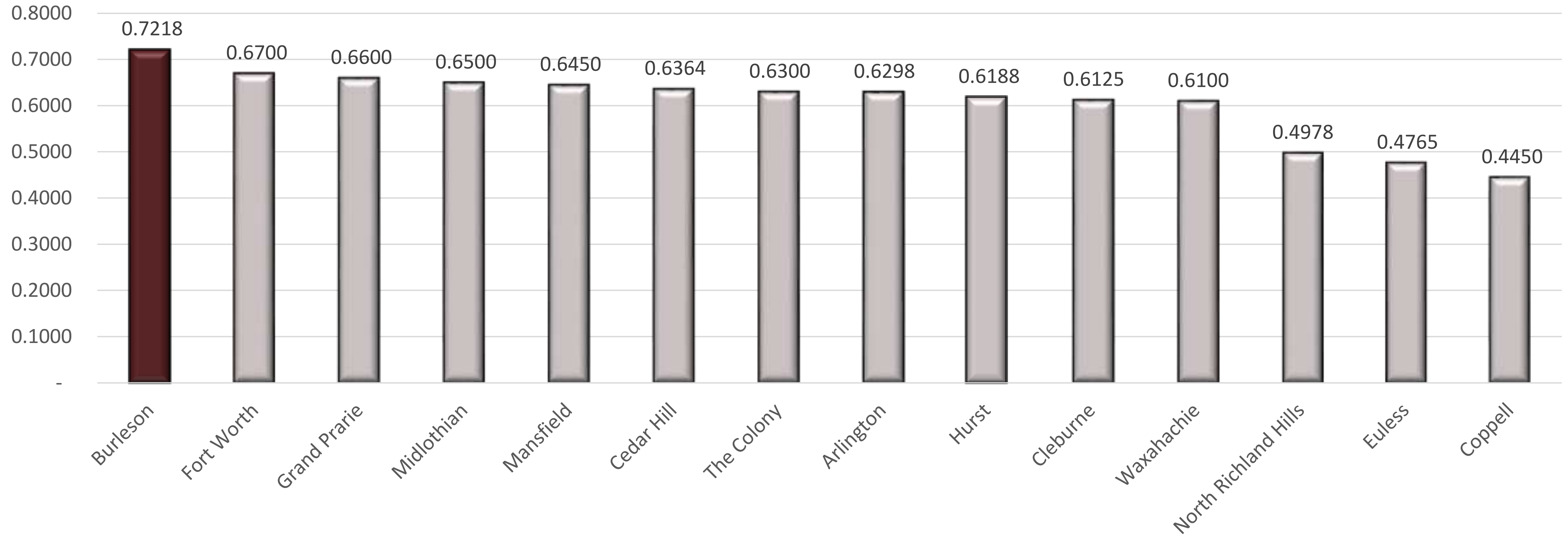
- Current Tax Rate- M&O Rate **$0.4933**; Debt Rate **$0.2285**; Total Rate **$0.7218**

- FY 2026 Tax Rates:
  - NNRR - **$0.7298**
  - Voter Approval Rate (Before Increment) - **$0.7468**
    - M&O NNRR - $0.5008
    - 1.035% of M&O NNRR - $0.5183
    - Debt Rate - $0.2285
  - Unused Increment Rate - $0.0000
  - Voter Approval Rate - **$0.7468**

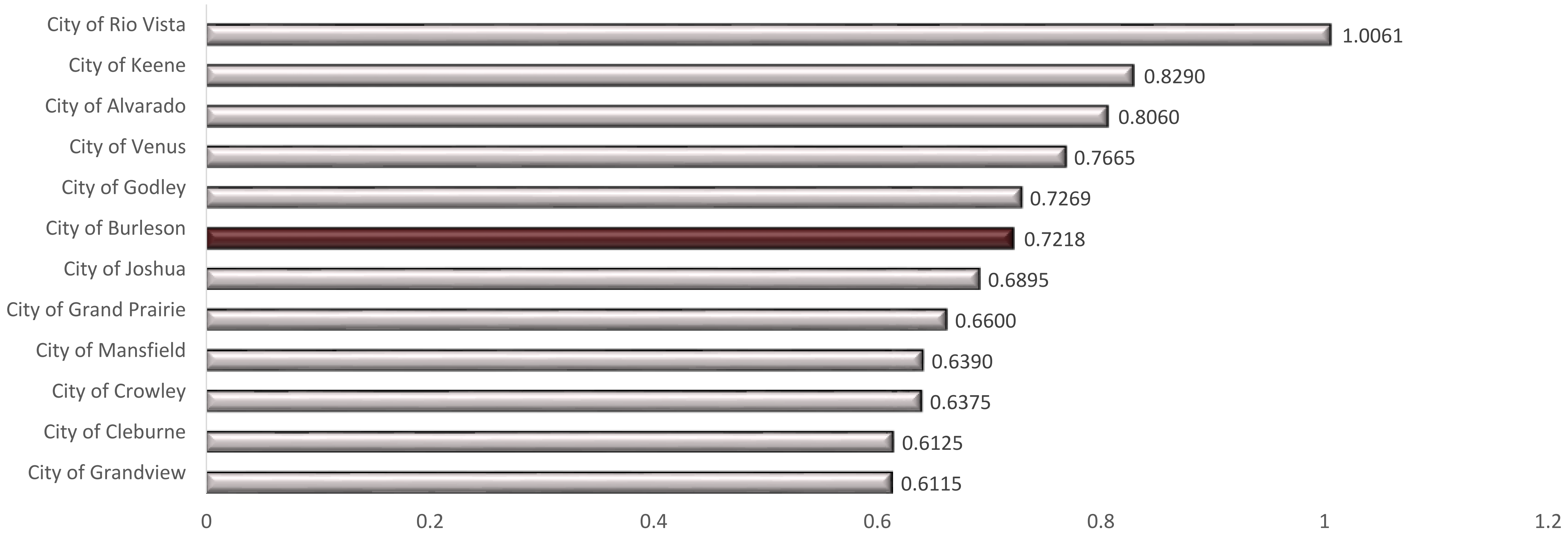
Property Tax Facts



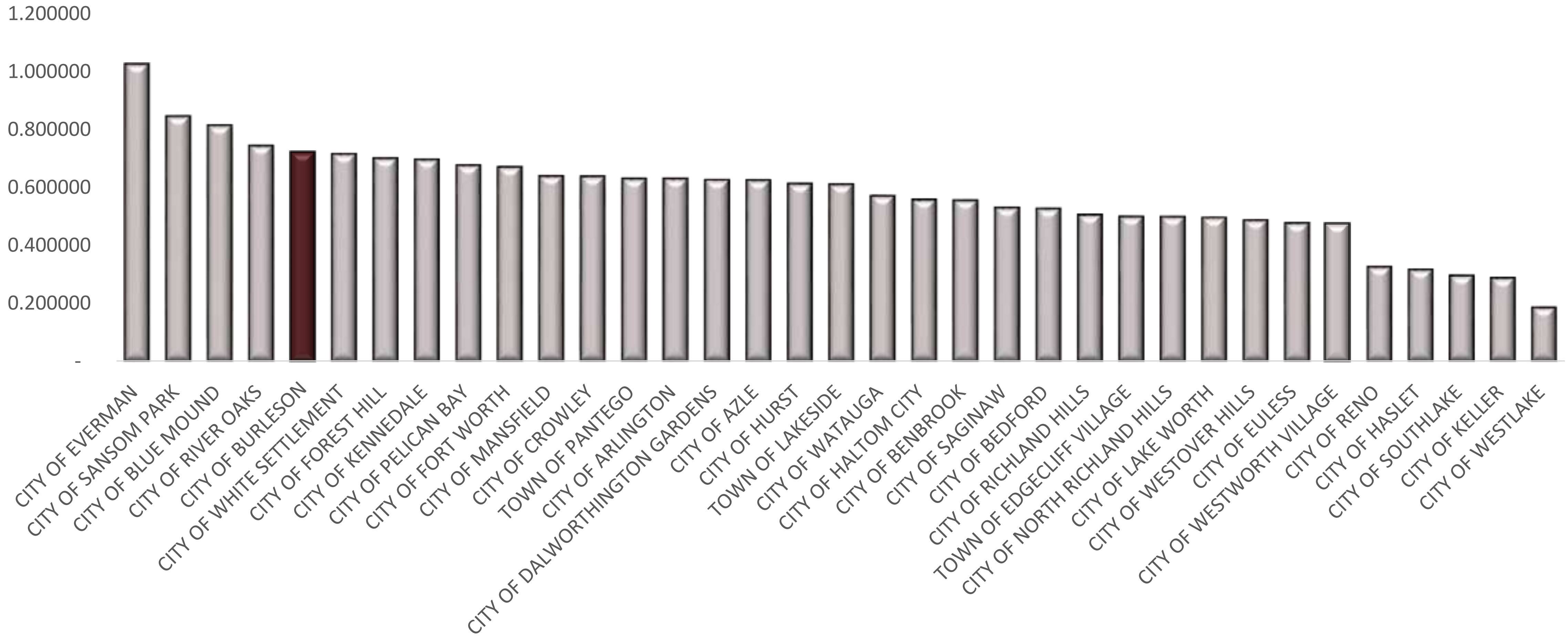
Other City Tax Rates Comparative Fiscal Year 2025-26



Johnson County City Tax Rates Comparative Fiscal Year 2025-26



Tarrant County City Tax Rates Comparative Fiscal Year 2025-2026



Property Tax Rate Options

	M&O	Debt	Total Rate	Revenue (Tax Levy)	Difference	Cumulative
Current Rate	$0.4933	$0.2285	$0.7218	$47,224,799	$ -	$ -
Proposed Rate*	**$0.4933**	**$0.2285**	**$0.7218**	**$47,224,799**	**$ -**	**$ -**
No New Revenue Rate	$ -	$ -	$0.7298	$47,687,304	$462,505	$ 462,505
Voter Approval Rate	$0.5183	$0.2285	$0.7468	$48,670,127	$982,823	$1,445,328

*The No New Revenue Rate is calculated in the TNT calculation as a total rate.

Property Tax Rate Options

	Rate	2026 Tax Year Total Tax Levy	2025 Tax Year Total Tax Levy at $0.7218	Average Annual Increase
Current Rate	$0.7218	$2,170	$2,185	($15)
Proposed Rate	**$0.7218**	**$2,170**	**$2,185**	**($15)**
No New Revenue Rate	$0.7298	$2,194	$2,185	$9
Voter Approval Rate	$0.7468	$2,246	$2,185	$61

This chart is based on an average home value of $300,697 after the 5% homestead exemption. The average home value for the 2025 tax year was $302,745.

Next Steps

- August 5, 2026 – Finance Committee meeting – City Manager FY 2026-2027 budget presentation
- August 10, 2026 – Special Session meeting
  - City Manager FY 2026-2027 budget presentation
  - City Council will establish the maximum tax rate
- August 17, 2026 – Regular Council Meeting – Parameters ordinance for 2026 debt issuances
- September 8, 2026 – Regular Council Meeting
  - Public Hearing on budget and tax rate
  - First reading of Budget, Tax Rate, and Other Related Ordinances
- September 14, 2026 – Special Session meeting – Final reading of Budget, Tax Rate, and Other Related ordinances

Committee Direction

- Provide Council recommendation regarding the M&O Tax Rate.
- Provide Council recommendation regarding the I&S Tax Rate.

QUESTIONS/COMMENTS