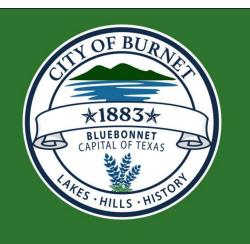


City Council Regular Meeting August 12, 2025

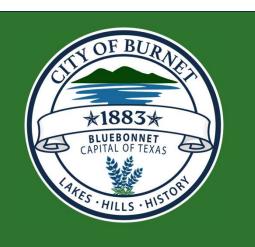
Proposed Tax Rate

 Discuss and Consider Action: Vote on the maximum tax rate that will be considered for the fiscal year 2025-2026 budget and schedule the meeting to vote on the tax rate and hold the public tax hearing (if applicable): P. Langford



BACKGROUND

- Texas Tax Code (TEX. TAX CODE § 26.04(e)) requires that the City submit the "No-New Revenue" and "Voter-Approval Tax" rates to the governing body for consideration by August 7th or as soon thereafter as practicable.
- Staff has reviewed the "2025 Tax Rate Calculation Worksheet" which was prepared and certified by Stan Hemphill, Burnet County Chief Appraiser.



No-New Revenue Tax Rate \$0.6132/\$100

This tax imposes the same amount of taxes as last year when you compare properties taxed in both years.

Voter-Approval Tax Rate \$0.6541/\$100

This is normally the highest tax rate a taxing unit can adopt without holding an election (unless you qualify for the De minimis rate).

De minimis rate \$0.6768/\$100

This tax rate gives smaller cities (population of less than 30,000) the ability to adopt a tax rate that generates \$500,000 more in property tax revenue than in the previous year with out automatically triggering an election, but voters have the right to petition for an election.



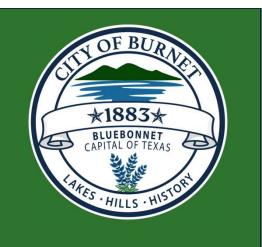
FISCAL IMPACT

- If the Council adopts the tax current tax rate as included in the proposed budget for 2025-2026 and assumes a 95.5% collection rate it will generate:
 - >\$0.6131/\$100 = \$4,530,000 in property tax revenues to the General Fund
 - ➤ Increase of \$195,000 over the current budget mainly due to growth.
- Every one cent change in the tax rate is equal to:
 - >\$0.01 = approximately \$71,000 in property tax revenue to the General Fund.



NEXT STEPS

- □ <u>AUGUST 20TH</u> post either a Notice of Tax Rate Hearing or Meeting to Vote on the Tax Rate.
 - If proposed rate is <NNR, only a "Notice of Meeting to Vote on Tax Rate" is required, if >NNR it is considered a tax increase, and then a public hearing is required. Both notices must include the names of all the council members and how each voted.
- □ <u>AUGUST 26TH</u> hold Budget Hearing during the Regular City Council Meeting
- □<u>SEPTEMBER 9TH</u> hold the Tax Rate Vote and Public Tax Hearing (if applicable) during the Regular City Council Meeting
 - Adopt the Budget
 - Adopt the Tax Rate



Staff Recommends:

- Council set the maximum tax rate at \$0.6131/\$100
 - which is below the NNR tax rate and therefore not considered a tax increase.
- Council schedules the meeting to vote on the tax rate for September 9, 2025, at the regularly scheduled council meeting.



Questions?