



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Consideration and possible action approving the first reading of an ordinance levying a property tax rate of 28.53 cents per \$100 taxable valuation on property in the City of Fair Oaks Ranch for tax year 2025; determining due and delinquent dates; and providing an effective date

DATE: September 15, 2025

DEPARTMENT: Finance

PRESENTED BY: Summer Fleming, CGFO, Director of Finance

INTRODUCTION/BACKGROUND:

State law requires the City Council to adopt a tax rate to fund the adopted General Fund and Debt Service Fund budgets. On August 7, the City Council authorized 28.53 cents per \$100 taxable valuation as the maximum tax rate for 2025. The proposed tax rate shall be apportioned and distributed as follows:

1. For the maintenance and operations of the City (General Fund), a tax rate of 25.674 cents on each \$100 taxable valuation of property.
2. For the debt service principal and interest of the Debt Service Fund of the municipal government for FY 2025-26, a tax rate of 2.856 cents on each \$100 taxable valuation of property.

All required notices have been published in the newspaper and on the City's website. A Public Hearing is scheduled for September 15, 2025, to allow all citizens the opportunity to comment on the proposed tax rate. Following the hearing, the City Council will consider the first reading of an ordinance levying the tax rate.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

1. Complies with state laws in setting the 2025 property tax rate.
2. Establishes the level of taxation necessary to finance City programs and pay for City debt approved in the fiscal year budget.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

The proposed tax rate of 28.53 cents per \$100 taxable valuation remains unchanged from the prior year. While this rate is above the no-new-revenue tax rate, it is below the voter-approval tax rate and will result in an annual increase of \$87 on the average taxable value homestead.

LEGAL ANALYSIS:

Ordinance reviewed and approved as to form.

RECOMMENDATION/PROPOSED MOTION:

*****Tex. Tax Code 26.05 (b) A vote to adopt the tax rate must be a record vote*****

I move that the property tax rate be increased by the adoption of a tax rate of 28.53 cents per \$100 taxable valuation, which is effectively a 3.65% increase in the tax rate.