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## CITY COUNCIL CONSIDERATION ITEM

### CITY OF FAIR OAKS RANCH, TEXAS

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AGENDA TOPIC: Consideration and possible action approving a resolution setting the maximum proposed ad valorem tax rate for Fiscal Year 2025-26, setting the Fiscal Year 2025-26 Budget and Tax Rate public hearing, and other matters in connection therewith

DATE: August 7, 2025

DEPARTMENT: Finance

PRESENTED BY: Summer Fleming, CGFO, Director of Finance

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#### **INTRODUCTION/BACKGROUND:**

**Budget:** City Charter Section 5.01 mandates the City Manager shall prepare and administer the municipal budget in accordance with state law. Local Government Code Chapter 102 states the budget officer shall prepare, each year, a municipal budget to cover the proposed expenditures of the City for the succeeding year and to file the proposed budget with the City Secretary before the 30th day before the date the City Council adopts the tax levy for the succeeding year.

City Council shall set a public hearing on the proposed budget for a date occurring after the 15th day after the date the proposed budget is filed with the City Secretary (LGC 102.006).

**Tax Rate:** In accordance with truth-in-taxation requirements, taxing units must inform taxpayers of proposed property tax rates. As of the time this agenda was posted, the City has not yet received the final 2025 Tax Rate Calculation Worksheet from the Bexar County Tax Assessor-Collector. However, the completed worksheet is expected prior to the Council Meeting.

The calculated tax rates for 2025 are as follows:

2025 No-New-Revenue Tax Rate: \$0.xxxx per \$100 of property value

2025 Voter-Approval Tax Rate: \$0.xxxx per \$100 of property value

Once received, the 2025 Tax Rate Calculation Worksheet will be posted on the City's [Truth in Taxation](#) webpage:

Staff recommends setting the maximum tax rate for FY 2025-26 at the current rate of \$0.2853 per \$100 of assessed value. This rate supports the proposed budget as developed under City Council's planning guidance, while preserving flexibility to adjust the budget during upcoming budget workshops.

Due to increased taxable values, this proposed maximum tax rate will likely exceed the no-new-revenue tax rate and must follow the adoption process outlined below.

**Adoption Process:** The following steps are required in adopting a property tax rate that exceeds the lower of the No-New-Revenue Rate, or the Voter-Approval Rate:

1. City Council must propose, by record vote, a maximum ad valorem tax rate to be used to support the upcoming fiscal year general fund and debt service fund budgets.
2. City Council must schedule one public hearing on the budget.
3. City Council must schedule one public hearing on the tax rate.
4. City Council must adopt a property tax rate before September 30 or by the 60<sup>th</sup> day after the City received the certified appraisal roll, whichever is later.

The City Manager will file the proposed budget with the City Secretary on August 18. At that time, the proposed budget will also be made available on the City's website and at City Hall.

**POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

Complies with state law when proposing a property tax rate that exceeds the lower of the No-New-Revenue Rate or the Voter-Approval Rate.

**LONGTERM FINANCIAL & BUDGETARY IMPACT:**

N/A

**LEGAL ANALYSIS:**

Approved as to form.

**RECOMMENDATION/PROPOSED MOTION:**

**RECORD VOTE IS REQUIRED – EACH COUNCIL MEMBER SHALL STATE AYE OR NAY**

I move to approve a resolution setting the maximum proposed ad valorem tax rate for Fiscal Year 2025-26, setting the Fiscal Year 2025-26 Budget and Tax Rate public hearing, and other matters in connection therewith.