ACTION ITEM REPORT

Item Title: Consideration and ACTION to propose a tax rate for tax year 2026, take a record vote, if proposed tax rate exceeds the lower of the no-new-revenue or voter-approval, and set dates for public hearings, if necessary.

Recommendation:

The proposed Fiscal Year 2026–2027 budget maintains the ad valorem tax rate at **$0.685 per $100 of taxable valuation**, the same rate adopted for Fiscal Year 2025–2026.

The **no-new-revenue tax rate** for Fiscal Year 2026–2027 is **$0.658582 per $100 of taxable valuation**. The no-new-revenue tax rate is the rate that would generate the same amount of property tax revenue from properties taxed in both years, excluding revenue from new property added to the tax roll.

By maintaining the tax rate at **$0.685 per $100 of taxable valuation**, the City is proposing a rate above the no-new-revenue tax rate. As a result, the City is expected to receive approximately **$268,257.01** in additional property tax revenue from existing properties compared to the previous year.

In accordance with the Texas Truth-in-Taxation requirements, adoption of a tax rate that exceeds the no-new-revenue tax rate requires the City Council to hold a public hearing before the tax rate may be adopted. Therefore, staff recommends setting the first public hearing on the proposed tax rate for **Tuesday, August 18, 2026, at 6:00 p.m.** at City Hall and maintaining the ad valorem tax rate at **$0.685 per $100 of taxable valuation** for Fiscal Year 2026–2027.