

AGENDA ITEM SUMMARY SHEET

City Council City of Rollingwood

Meeting Date: August 7, 2025

Submitted By:

Staff

Agenda Item:

Discussion and possible action to set a proposed Ad Valorem Tax Rate

Background

The purpose of this agenda item is to set the proposed Ad Valorem Tax Rate for Fiscal Year 2025-2026, beginning on October 1, 2025. The rate that is adopted at this meeting is not the final tax rate for the year, but rather is a ceiling, meaning that Council can adopt a rate at or below that rate but cannot exceed it.

The tax rate options, calculated based on the city's property values, include the No New Revenue Rate and the Voter Approval Rate.

The **No New Revenue Rate** is the rate that would produce the same amount of revenues received in the previous year, if applied to the same properties taxed in both years.

The **Voter Approval Rate** is the rate that would produce about 3.5% more revenue than the year before. It is called the Voter Approval Rate because, if exceeded, the voters can petition for an election on the tax rate increase.

There are other rate options and implications, including the **De Minimis Rate** and the **8% De Minimis Rate**, but these would have included a sped-up budget timeline.

The current rate for Fiscal Year 2024-2025 is \$0.2058 per \$100 valuation.

For the upcoming fiscal year (2025-2026), the new tax rate calculations based on property values are as follows:

- No New Revenue Rate: \$0.198060 per \$100 valuation. The No New Revenue rate would produce \$1,700,549 in M&O Revenue (not including debt service).
- Voter Approval Rate: \$0.202039 per \$100 valuation. The Voter Approval Rate would produce \$1,766,211 in M&O revenue (not including debt service).

The M&O Revenue difference between the No New Revenue Rate and the Voter Approval Rate is \$65,662.

Description:

Voting options include:

Voter Approval: Move to set the proposed Ad Valorem tax rate for Fiscal Year 2025-2026 at \$0.202039 per \$100 valuation, which is the Voter Approval Rate

No New Revenue: Move to set the proposed Ad Valorem tax rate for Fiscal Year 2025-2026 at \$0.198060 per \$100 valuation, which is the No New Revenue Rate

Action Requested:

Staff's recommendation is to act to set the proposed Ad Valorem Tax rate at the **Voter Approval** rate. This rate increases Council's options during future tax rate and budget discussions, as Council can ultimately choose to set a rate at this rate or lower, but cannot go above the amount proposed today.

Fiscal Impacts:

See above. No fiscal impacts presented at this time.