



UNIVERSITY PARK CITY COUNCIL AGENDA MEMO

Meeting Date:
9/16/2025

Item Type:
Action Item

Subject: CONSIDER AND ACT: on approval of an ordinance levying the Tax Year 2025 (FY2026) property tax rate

Prepared By: Thomas W. Tvardzik, Finance Director

Background:

As with the annual budget, the City's property tax rate must be adopted each year by ordinance. An ordinance has been prepared setting the Tax Year 2025 (FY2026) property tax rate at \$0.218565 (21.8565 cents) per \$100 of taxable value. This tax rate is anticipated to generate approximately \$28,082,422 in property tax revenue, based on the 2025 certified tax roll.

Section 26.05(b) of the Texas Property Tax Code requires that when adopting a tax rate:

1. The tax rate must be set by ordinance, resolution, or order;
2. The vote on the tax rate must be separate from the vote adopting the budget;
3. The vote must be a record vote;
4. At least 60% of the governing body must vote in favor; and finally
5. The motion must be made in the following form:

"I move that the property tax rate be increased by the adoption of a tax rate of 0.218565, which is effectively a 5.75 percent increase in the tax rate".

6. The ordinance, resolution or order setting the tax rate must contain the following specific statement in type larger than the rest of the document:

THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.

THE TAX RATE WILL EFFECTIVELY BE RAISED BY 3.5 PERCENT AND WILL **RAISE** TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$-11.39.

NOTE: The required statutory language in the ordinance is confusing and inconsistent with the motion language required for adoption. All three calculations are based on different tax rates, while the use of the word "raised" refers not to the tax amount, but a difference in rates.

The **motion language** refers to the percent by which the FY2026 proposed tax rate exceeds the NO-NEW-REVENUE Tax Rate $(.218565-.206677) /.206677 = 5.75\%$.

The **ordinance language** refers to the percent by which the FY2026 proposed tax rate exceeds the NO-NEW-REVENUE **M&O** Tax Rate $(.218565-.211173) /.211173 = 3.5\%$.

The tax impact in the **ordinance language** is the difference between the FY2026 proposed tax rate and the FY2025 adopted tax rate multiplied by the value of the home $((.218565-.229964)/100 \times \$100,000) = \$-11.39$.

Finally, in this context the word 'raised' does not refer to the change in taxes on the \$100,000 home (which actually decreases), but to the fact that the FY2026 proposed tax rate is higher than the No-New-Revenue M&O Rate.

Fiscal Impact:

- ☐ Not Applicable
- ☐ Budget Amendment Required
- ☒ Proposed Revenue
- ☐ Proposed Expenditure

Funding Source:

Master Plan Goal:

Please check the associated Theme and provide the corresponding action item number.



	Theme	Action Item(s)
<input type="checkbox"/>	Affirming Sense of Place	
<input type="checkbox"/>	Assuring Connectivity	
<input type="checkbox"/>	Innovative Governance	
<input type="checkbox"/>	Technological Integration	
<input type="checkbox"/>	Preparing for the Future	
<input type="checkbox"/>	Not Applicable	

Recommendation:

Approve the attached ordinance levying the Tax Year 2025 (FY2026) property tax rate, using the statutory motion language noted above.

Committee Review (optional):

Attachments:

Ordinance levying the Tax Year 2025 (FY2026) tax rate.
Section 26.05(b) Worksheet