



## UNIVERSITY PARK CITY COUNCIL AGENDA MEMO

**Meeting Date:**  
9/16/2025

**Item Type:**  
Public Hearing

**Subject:** PUBLIC HEARING: on proposed Tax Year 2025 (FY2026) Tax Rate

**Prepared By:** Thomas W. Tvardzik, Finance Director

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### **Background:**

The Texas Tax Code (Chapter 26, also known as “Truth-in-Taxation”) requires the calculation and publication of a number of tax rates. The purpose of Chapter 26 is to promote **transparency**, encourage **public involvement**, and establish **uniform procedures** for adopting property tax rates. It prescribes both the formulas and the notice/hearing requirements for setting tax rates each year. If a taxing unit proposes a rate above a certain threshold, it must notify property owners and hold public hearings explaining the need for the higher rate.

Local governments must disclose two key rates:

- **No-New-Revenue (NNR) tax rate:** The rate that would generate the same property tax revenue as the prior year from properties taxed in both years (excluding new property).
- **Voter-Approval (VA) tax rate:** The rate that allows for a limited increase in tax revenues, above which voter approval is required.

The taxing unit must also publish the **proposed tax rate**, which is the maximum rate Council anticipates adopting to support the budget. Council may not adopt a rate higher than the proposed rate, without reissuing notice and holding new hearings. If the proposed rate exceeds the VA rate (including any available unused increment), a tax rate election is automatically triggered.

The NNR rate provides taxpayers with a benchmark for comparing the proposed rate to the rate that would raise the same revenue as the prior year, excluding new property. Although sometimes described as the “NNR rate plus 3.5%”, the VA rate is more precisely calculated from the No-New-Revenue Maintenance and Operations (NNRM&O) Rate. The NNRM&O rate excludes revenue changes caused by new property and changes to certain exemptions, such as the City’s Over-65 and Disabled exemption.

Notably, although the NNRM&O rate is required to calculate the VA rate, it is not required to be published.

The VA rate is then set at 3.5% above the NNRM&O rate, plus any unused increment from the three prior years. Unused increment represents foregone revenue carried forward for up to three years, adjusted for taxable value growth, and applied on a first-in, first-out basis. For 2025, The City of University Park carried forward \$191 of unused increment.

All required rates are calculated by the Dallas County Tax Office (DCTO), which serves as the City's "Designated Officer or Employee" under the Tax Code, and are verified by City staff before certification to the State Comptroller.

At its August 5, 2025 meeting, City Council adopted a maximum proposed tax rate of 21.8565 cents per \$100 of taxable value. This rate was based on revenue requirements and the certified appraisal roll provided to the City on July 25, 2025, by the Dallas Central Appraisal District. Because the proposed tax rate exceeded the NNR rate, state law required publication of notice and the scheduling of a public hearing.

The following rates, calculated and certified by the Dallas County Tax Office, were published in the August 20, 2025 edition of the *Daily Commercial Record*, a newspaper of general circulation within Dallas County:

- 2025 Proposed Rate = 21.8565 cents per \$100 of taxable value
- 2025 NNR Rate = 20.6677 cents per \$100 of taxable value
- 2025 VA Rate = 21.8565 cents per \$100 of taxable value

The notice also clarified the proposed rate was a "not-to-exceed" rate, meaning Council may adopt a lower rate but not a higher one, without restarting the notice and hearing process.

**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:**

Conduct the public hearing on the proposed tax rate and invite public comments. At its conclusion, proceed to the budget adoption process.

**Committee Review (*optional*):****Attachments:**

- Notice of Public Hearing on Tax Increase