

MEMORANDUM

TO: Mayor TJ Gilmore
Mayor Pro Tem Ronni Cade
Deputy Mayor Pro Tem Bob Troyer
Councilmember William J. Meridith
Councilmember Lonnie Tipton
Councilwoman Kristin Green
Councilmember Patrick Kelly

FROM: Claire Powell, City Manager

DATE: September 15, 2025

SUBJECT: Consideration of an Ordinance Adopting the FY 2025-2026 Tax Rate

BACKGROUND

Section 26.05 of the Texas Property Tax Code requires a governing body to adopt a tax rate for the current tax year. The tax rate must be adopted as two separate components: (1) maintenance and operation and (2) principal and interest on debt service.

Maintenance and Operation	\$0.296689
Principal and Interest on Debt Service	<u>\$0.122320</u>
Total Tax Rate	<u>\$0.419009</u>

ANALYSIS

The City's proposed tax rate for FY 2025–2026 is \$0.419009 per \$100 of taxable value. This represents a decrease of \$0.003426 from the current rate of \$0.422435. The proposed rate does not exceed the voter-approval tax rate but does exceed the no-new-revenue rate of \$0.409667 by 2.3 percent. The Maintenance and Operations (M&O) portion exceeds the no-new-revenue M&O rate of \$0.286657 by 3.5 percent. Although the proposed total tax rate remains at or below the voter-approval rate of \$0.419009, state law requires specific language in both the ordinance and the motion when adopting a rate that exceeds either the no-new-revenue rate or the voter-approval rate.

Because the proposed rate exceeds the no-new-revenue rate, adoption of the ordinance requires a record vote of the City Council, approval by at least 60 percent of the governing body. For Lewisville, this equals five voting members. The motion to adopt must be made using specific language provided in the recommendation below.

CITY STAFF'S RECOMMENDATION

That City Council approve the proposed ordinance adopting the FY 2025-2026 tax rate with the following motion: "I move that the property tax rate be increased by the adoption of a tax rate of \$0.419009, which is effectively a 2.3 percent increase in the tax rate."