

Date: September 8, 2025

To: Mark D. Israelson, City Manager

From: Karen Rhodes-Whitley, Director of Budget & Research

Subject: FY 2025-26 Budget & CIP and Tax Rate Adoption

On the evening of Monday, September 8, 2025, the City Council will have five (5) agenda items regarding the adoption of the Operating Budget, Community Investment Program and FY 2025-26 Property Tax Rate. Listed below is a brief description regarding each agenda item:

1. Ordinance to approve and adopt the Operating Budget and set appropriations for FY 2025-26 – The FY 2025-26 Operating Budget totals \$798.5 million. Updated fund summaries are provided in your packet. Public Hearings were held on August 11, 2025, August 14, 2025 and August 25, 2025. The FY 2025-26 Operating Budget effective date is October 1, 2025 and terminating September 30, 2026.
2. Ordinance to approve and adopt the Community Investment Program and set appropriations for FY 2025-26 – The FY 2025-26 Community Investment Program totals \$319.0 million. An updated combined fund summary is provided in your packet. Public Hearings were held on August 11, 2025, August 14, 2025 and August 25, 2025. The FY 2025-26 Community Investment Program effective date is October 1, 2025 and terminating September 30, 2026.
3. Public Hearing on Property Tax Rate – Chapter 26 of the Property Tax Code requires a municipality to hold an in person public hearing on the proposed property tax rate if the proposed property tax rate exceeds the lower of the voter approval tax rate or no-new-revenue tax rate. This year's proposed tax rate of \$0.4406 cents per \$100 of assessed property value is above the no-new-revenue tax rate of \$0.4194 cents and equal to our voter approval tax rate of \$0.4406 and a public hearing is required. The City Council also conducted a tax rate public hearing on Monday, August 25, 2025.
4. Ordinance to approve and adopt the Property Tax Rate for FY 2025-26 – The proposed tax rate is \$0.4406 cents per \$100 of assessed property valuation, which is an increase of \$0.0230 cents above the current tax rate of \$0.4176 cents for FY 2024-25. The O&M portion of the tax rate will increase to \$0.3256 cents and the debt rate will remain at \$0.1150 cents per \$100 of assessed property valuation. A Public Hearing on the proposed tax rate will be held prior to the adoption of this ordinance.

Chapter 26 of the Property Tax Code requires on the cover page of the agenda item the acknowledgment of the difference between the Maintenance & Operation (M&O) no-new-revenue rate and the M&O proposed tax rate on a \$100,000 house. The agenda item includes this statement in adherence to the tax code. *The tax rate will effectively be raised by 7.46% and will raise taxes for maintenance and operations on a \$100,000 house by approximately \$22.60.* This statement is alerting the taxpayers of the difference between the no-new-revenue M&O rate and the proposed M&O tax rate. Our proposed M&O rate is \$0.3256 while our no-new-revenue M&O tax rate is \$0.3030 which results in a change of \$0.0226 cents or \$22.60 cents for a \$100,000 house on the M&O side.

5. Ordinance to ratify the Property Tax Revenue – Chapter 26 of the Property Tax Code requires that if a municipality raises even \$1 more in revenue than the prior year, an ordinance must be passed recognizing the property tax revenue increase in the budget. This is called the Ratification Ordinance. The FY 2025-26 Budget will raise more total property taxes than last year's budget by \$16,636,714 or 6.84% and of that amount \$2,867,308 is tax revenue to be raised from new property added to the tax roll this year.