



MEMORANDUM

To: Mayor and City Council

From: Kim Tiehen, Director of Strategic Financial Engagement

Date: August 26, 2025

Reference: Consider approval of an Ordinance to levy an ad valorem tax for the tax year 2025 at \$0.444976

2040: Sustainable Government

Introduction:

The purpose of this agenda item is two-fold. First, this item will allow the Council to hold the required public hearing on the proposed tax rate. The companion action required after the conclusion and closure of the public hearing is the approval of an Ordinance to levy an ad valorem tax for the tax year 2025 at \$0.444976, pursuant to the Property Tax Code's Truth-in-Taxation legal requirements for setting a property tax rate.

The Property Tax Code's Truth-in-Taxation legal requirements have been satisfied, and the approval of this Ordinance is required to fund the City of Coppell's FY 2025-26 Annual Budget.

Background:

The Texas Property Code specifies the actions a municipality must take to adopt the tax rate. Texas Property Tax Code Section 26.05(d) states, "The governing body of a taxing unit other than a school district may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate calculated as provided by this chapter until the governing body has held a public hearing on the proposed tax rate and has otherwise complied with Section 26.06 and Section 26.065."

As required by Texas Property Tax Code Section 26.06, attached is the notice that was published in both the Rambler and the Gazette newspapers on August 16 and 15, 2025, respectively. The full-page ads were identical and due to the file size, only The Rambler ad is included in the agenda packet as it is the City's paper of record. The public hearing and vote on the tax rate will be at the regular Council meeting on August 26, 2025.

This item is being presented for approval to adopt the FY 2025-26 ad valorem tax rate of \$0.444976

per \$100 of assessed valuation. The property tax rate is divided into two parts, with \$0.376998 or 84.72% being used for operations, and the remaining \$0.067978 or 15.28% of the tax rate for the annual debt service requirements. This tax rate is \$0.013656 cents lower than last year's property tax rate which is a 2.98% decrease in the property tax rate.

Benefit to the Community:

The proposed budget includes funding that continues to provide the service level the community expects and includes Council initiatives that support the 2040 Strategic Plan. Both accomplished through a tax rate that effectively increases the tax on the average homestead by 4.84%. Although the average taxable home value increased 8.05%, the 4.84% or \$119.17 annual increase in the average property tax bill was achieved by lowering the property tax rate 2.98%.

Legal Review:

This agenda item was reviewed during the Council packet review process.

Fiscal Impact:

Approval of this ordinance supports the adopted budget.

Recommendation:

The Strategic Financial Engagement Department recommends approval of this Ordinance.