

# FY2025 Revenue Scenarios

## Property Values and Major Commitments

*May 7, 2024*

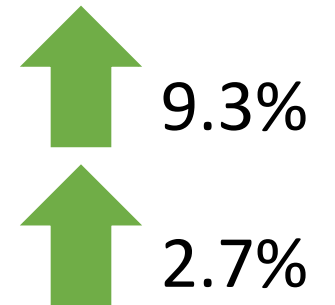


# Property Appraisal Process

- April 30: Appraisal districts provide estimated value
- April – July: Values subject to change, largely as a result of protests by property owners
- July 25: Certified appraised values used in Truth-in-Taxation (TNT) property tax rate calculations and revenue budgeting

# Change in Net Taxable Values – April Estimates

<b>FY2024</b>	<b>\$115,730,642,125</b>
+ Change in taxable value	\$10,758,065,977
+ New construction value	\$3,169,917,838
<b>FY2025 Est.</b>	<b>\$129,658,625,939</b>



# April Property Estimates by County

	Tarrant	Denton	Parker	Wise	Total
2023 Value	\$108,684,631,234	\$6,471,723,303	\$569,681,916	\$4,605,672	<b>\$115,730,642,125</b>
Existing Value	\$117,205,690,399	\$8,631,465,924	\$649,822,068	\$1,729,710	<b>\$126,488,708,101</b>
New Construction	\$2,116,670,206	\$957,768,426	\$95,479,206	\$0	<b>\$3,169,917,838</b>
Total Apr 2024	\$119,322,360,605	\$9,589,234,350	\$745,301,274	\$1,729,710	<b>\$129,658,625,939</b>
Growth %	9.8%	48.2%	30.8%	-62.4%	<b>12.0%</b>

# Valuation Growth

	Property Tax Rate (\$/\$100)	New Growth (%)	Existing Growth (%)	Total Growth (%)	Net Taxable Value (\$m)
2019	.7850	3.75%	7.15%	10.89%	67,585
2020	.7475	3.22%	11.08%	13.92%	76,994
2021	.7475	3.25%	0.49%	3.75%	79,878
2022	.7325	4.11%	5.27%	9.38%	87,374
2023	.7125	3.15%	11.38%	14.53%	100,073
2024	.6725	3.24%	12.41%	15.65%	115,731
2025 Apr Estimates		2.73%	9.30%	12.03%	129,659

# Tax Year 2023 Erosion

2022 Taxable Value: \$100,073,539,804

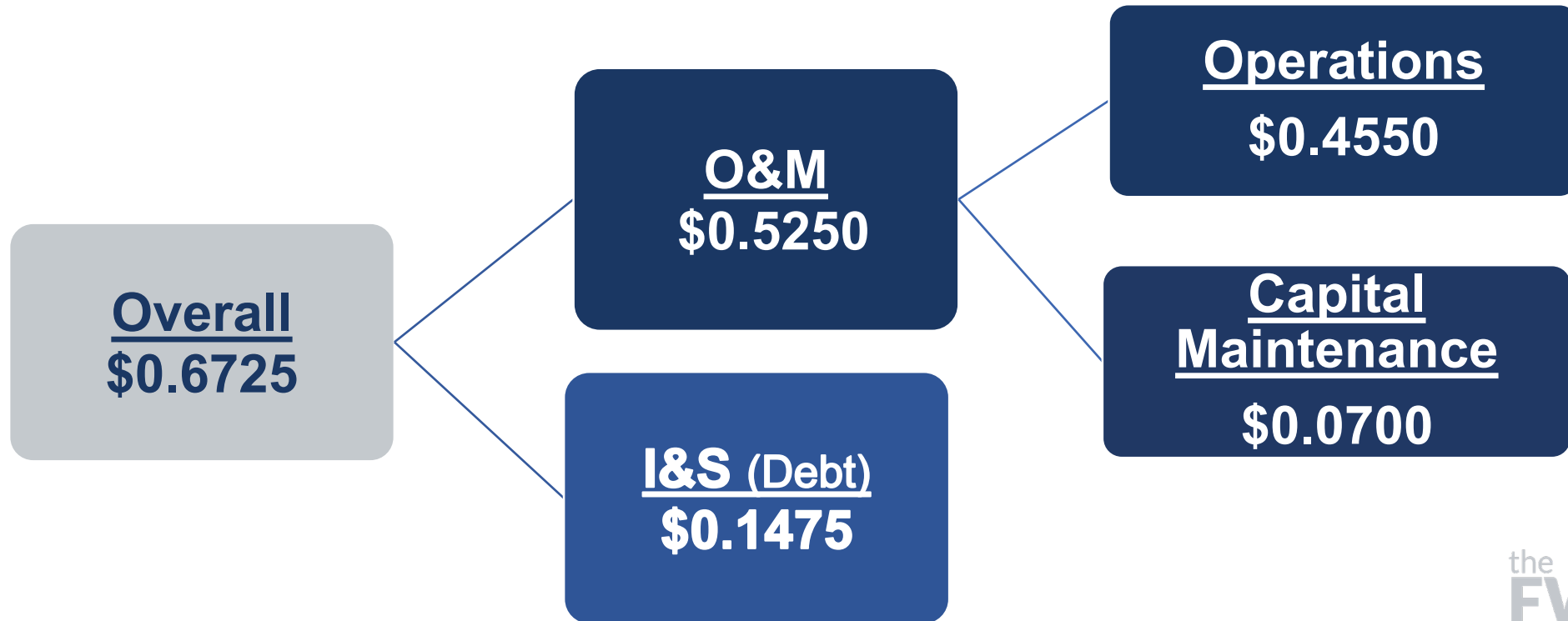
	Apr Estimates	Jul Certified	Change
2023 Value	\$121,218,956,123	\$115,730,642,125	<b>(\$5,488,313,998)</b>
New Construction	\$3,905,032,189	\$3,235,560,201	<b>(\$669,471,988)</b>
New Construction %	3.9%	3.2%	<b>(0.7%)</b>
Existing Growth %	17.2%	12.4%	<b>(4.8%)</b>
Total Growth %	21.1%	15.6%	<b>(5.5%)</b>

# April Property Estimates and Historical Erosion

2023 Taxable Value: \$115,730,642,124

	Apr Estimates	7-Year Average Erosion
2024 Apr Estimate	<b>\$129,658,625,939</b>	\$125,766,269,163
New Construction	<b>\$3,169,917,838</b>	\$3,074,756,787
New Construction %	<b>2.7%</b>	2.7%
Existing Growth %	<b>9.3%</b>	6.0%
Total Growth %	<b>12.0%</b>	8.7%

# FY2024 Property Tax Rate





## **No New Revenue Tax Rate**

“Enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of taxes if applied to the same properties that are taxed in both years.”

# No New Revenue Tax Rate

## No Relationship To:

- Service levels and types of services
- Infrastructure costs
- Composition of tax base or change in composition of the tax base
- Inflation or interest rates
- Economic development incentive agreements
- Meet and Confer | Collective Bargaining
- Population growth and new development

# No New Revenue Tax Rate

FY2024

**This Year**

\$116 billion

67.25 ¢

**\$778 million**

6% ↑

FY2025

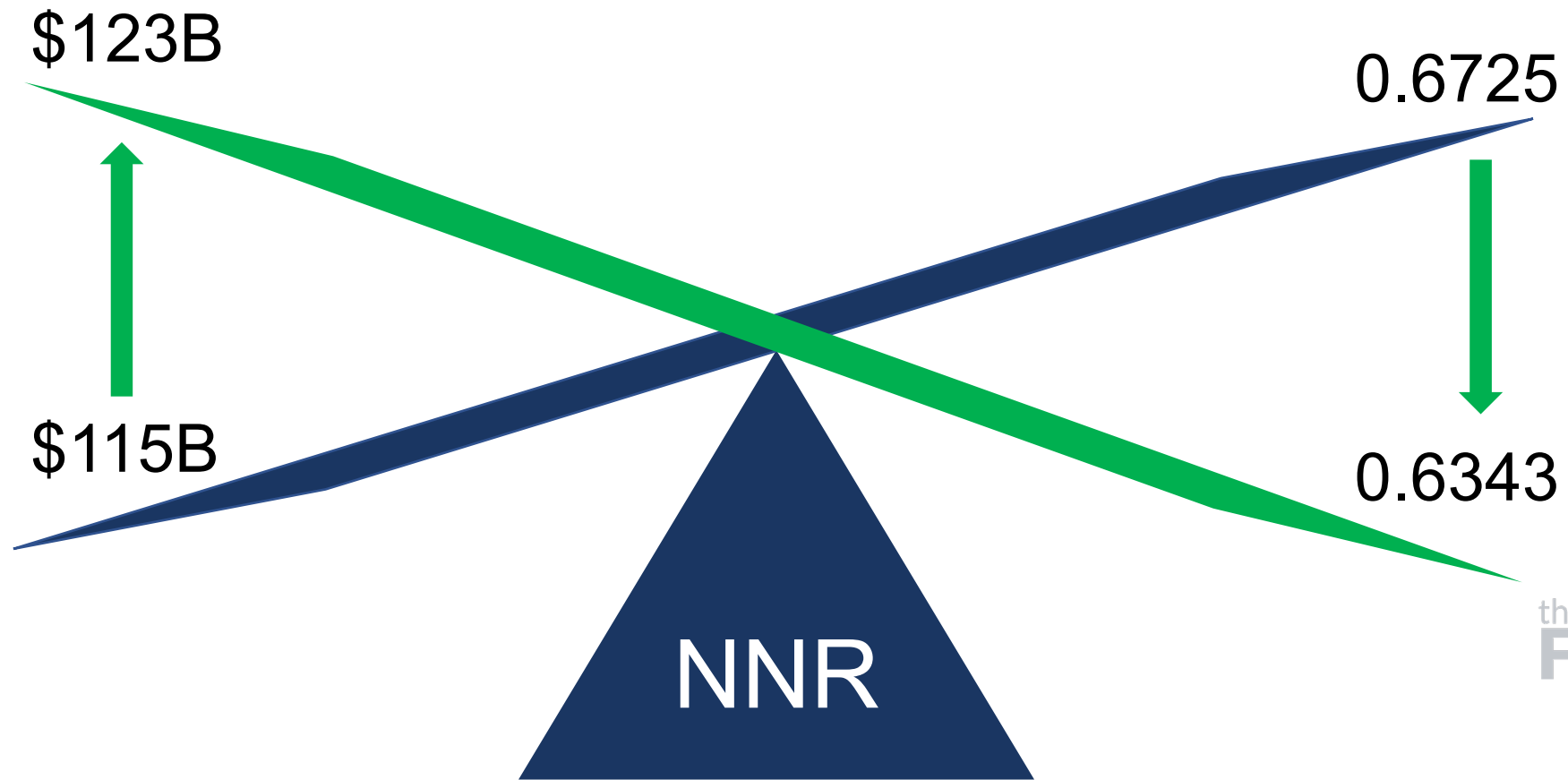
**Next Year**

\$123 billion

63.43 ¢

**\$778 million**

# Existing Growth Drives Down NNR



# Unused Increment Under New Truth in Taxation Rules

Unused Increment - Current Tax Year							Unused Increment for 2023
Tax Year	Year 3 2020	Year 2 2021	Year 1 2022	Unused Available Increment	Current 2023		
<b>Voter-Approval Tax Rate</b>	\$ 0.807134	\$ 0.762800	\$ 0.709912		\$ 0.679069		
<b>Adopted Tax Rate</b>	\$ 0.747500	\$ 0.732500	\$ 0.712500		\$ 0.672500		
<b>Unused Increment</b>	\$ <b>0.059634</b>	\$ <b>0.030300</b>	\$ <b>(0.002588)</b>	\$ <b>0.087346</b>	\$ <b>0.006569</b>	\$ <b>0.034281</b>	
<b>Net Taxable Value</b>		\$ 87,373,928,947	\$ 100,073,539,805		\$ 115,730,642,125		
<b>Revenue Avail for Increment</b>		\$ 26,474,300	\$ (2,589,903)		\$ 7,602,346	\$ <b>31,486,743</b>	

# FY2025 Cost Considerations

- Existing commitments: PYC, allocation increases, Meet and Confer, etc. (\$40.6M)
- Street Maintenance Funding (\$66M)
- EMS (\$10.9M)
- Property tax exemptions:
  - Childcare facilities
  - Over 65 and Disabled Person increase

# Tax Rate and Revenue Scenarios

Scenario	NNR	VAR without Increment	Incr. Used	Flat Rate	Incr. Used	VAR with Increment
<b>Tax Rate</b>	<b>0.6343</b>	<b>0.6600</b>	<b>0.0125</b>	<b>0.6725</b>	<b>0.0126</b>	<b>0.6851</b>
Levy from Growth	\$ -	\$ 31,532,789		\$ 46,811,852		\$ 62,249,739
Levy from New Construction	\$ 19,504,593	\$ 20,294,833		\$ 20,677,739		\$ 21,064,626
Levy lost to collection rate, TIF, frozen	\$ (2,191,905)	\$ (5,772,703.23)		\$ (7,283,095.00)		\$ (9,196,789.00)
<b>Total New Revenue</b>	<b>\$ 17,312,688</b>	<b>\$ 46,054,919</b>		<b>\$ 60,206,497</b>		<b>\$ 74,117,576</b>
Minus New Debt Revenue (I&S held @ 0.1475)	\$ (13,729,063)	\$ (13,342,921)		\$ (13,342,921)		\$ (12,994,627)
<b>GF Revenue Increase</b>	<b>\$ 3,583,625</b>	<b>\$ 32,711,998</b>		<b>\$ 46,863,576</b>		<b>\$ 61,122,949</b>

# Tax Rate and Revenue Scenarios

	<b>NNR</b>	<b>VAR without Increment</b>	<b>Flat Rate</b>	<b>VAR with Increment</b>
M&O Rate	0.4168	0.4425	0.4550	0.4676
PAYGo Rate	0.0700	0.0700	0.0700	0.0700
I&S Rate	0.1475	0.1475	0.1475	0.1475
<b>Total Tax Rate</b>	<b>0.6343</b>	<b>0.6600</b>	<b>0.6725</b>	<b>0.6851</b>
<b>GF Revenue Increase</b>	<b>\$ 3,583,625</b>	<b>\$32,711,998</b>	<b>\$46,863,576</b>	<b>\$61,122,949</b>

Preliminary value of a penny: \$11-12M



# Tax Rate and Revenue Scenarios: Funding Existing Commitments

	<b>NNR</b>	<b>VAR without Increment</b>	<b>Flat Rate</b>	<b>VAR with Increment</b>
M&O Rate	0.4168	0.4425	0.4550	0.4676
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MINUS Existing Commitments	(\$40,600,000)	(\$40,600,000)	(\$40,600,000)	(\$40,600,000)
MINUS EMS Solution	(\$10,887,138)	(\$10,887,138)	(\$10,887,138)	(\$10,887,138)
<b>Remaining General Fund Rev</b>	<b>(\$47,903,512.71)</b>	<b>(\$18,775,140.44)</b>	<b>(\$4,623,562.30)</b>	<b>\$9,635,811.05</b>

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MINUS Street Maintenance	(\$66,000,000)	(\$66,000,000)	(\$66,000,000)	(\$66,000,000)
<b>Remaining General Fund Rev</b>	<b>(\$113,903,512.71)</b>	<b>(\$84,775,140.44)</b>	<b>(\$70,623,562.30)</b>	<b>(\$56,364,188.95)</b>

# Next Steps/Future Policy Questions

- Overall Property Tax Rate
- Work with appraisal districts on protests and adjustment outlook/projections
- Property Tax Rate Components dedicated to debt and PAYG.
- Future Budget work session on capital budget/capital maintenance scenarios

Questions?

# Budget Engagement Tools: Demo

# Upcoming Schedule

- Budget submissions are due May 10
- Next work sessions scheduled for June 4 and June 18
- Upcoming topics:
  - Departmental budget previews – will confirm order later this month and provide details in advance
  - Capital maintenance/budget scenarios
  - Additional FY25 revenue forecasting