Property Tax Rates Information For Fiscal Year 2026-27

(Updated & Reposted on 8-12-2026)

City Council Meeting: August 13, 2026

Presented By: Perwez A. Moheet, CPA, Interim City Manager & Director of Finance

Presentation Outline

1. Background – Property Tax Information
2. Taxable Assessed Valuation & Property Tax Rates
3. Looking Ahead to Fiscal Year 2027-28
4. Next Steps
5. Questions & City Council Direction

1. Background - Property Tax Information

Ad Valorem Tax Rates Or Property Tax Rates

- Senate Bill 2, in the 86th legislative session (2019) made significant property tax reform including changes to the Truth-in-Taxation (TNT) process.

❑ Effective Tax Rate	=	No-New-Revenue Tax Rate
❑ Rollback Tax Rate	=	Voter-Approval Tax Rate
❑ Maintenance & Operation Rate	=	No-New-Revenue Maintenance & Operations (M&O) Tax Rate
❑ New Tax Rate	=	De Minimis Tax Rate
❑ New Tax Rate	=	Unused Increment Tax Rate

Ad Valorem Tax Rates Or Property Tax Rates (Continued)

- No-New-Revenue Tax Rate:

  A total tax rate that would provide a local taxing unit such as a City or County with approximately the same amount of property tax revenue as the previous year, using the same properties taxed in the prior tax year.

- Voter-Approval Tax Rate:

  A total tax rate calculated and derived using a specific formula, that if exceeded by a local government when adopting its property tax rate, an automatic election is triggered for voters to approve or reject the increase.

Ad Valorem Tax Rates Or Property Tax Rates (Continued)

What adopted tax rates trigger an election?

- If the adopted tax rate is:
  - BELOW Voter-Approval Tax Rate = No Election Required
  - ABOVE Voter-Approval Tax Rate = Election Required
  - BELOW No-New-Revenue Rate & BELOW Voter-Approval Rate = No Election Required

Ad Valorem Tax Rates Or Property Tax Rates

- Property tax rates are typically expressed in up to six places after the decimal. For example, $0.123456 per $100 of taxable assessed valuation (TAV).

- Refresher using $0.123456 per $100/TAV:

Decimal Place	Fraction Value	Example $0.123456
1st Place	Tenths (1/10)	$0.100000
2nd Place	Hundredths (1/100)	$0.120000
3rd Place	Thousandths (1/1000)	$0.123000
4th Place	Ten-Thousandths (1/10,000)	$0.123400
5th Place	Hundred-thousandths (1/100,000)	$0.123450
6th Place	Millionths (1/1,000,000)	$0.123456

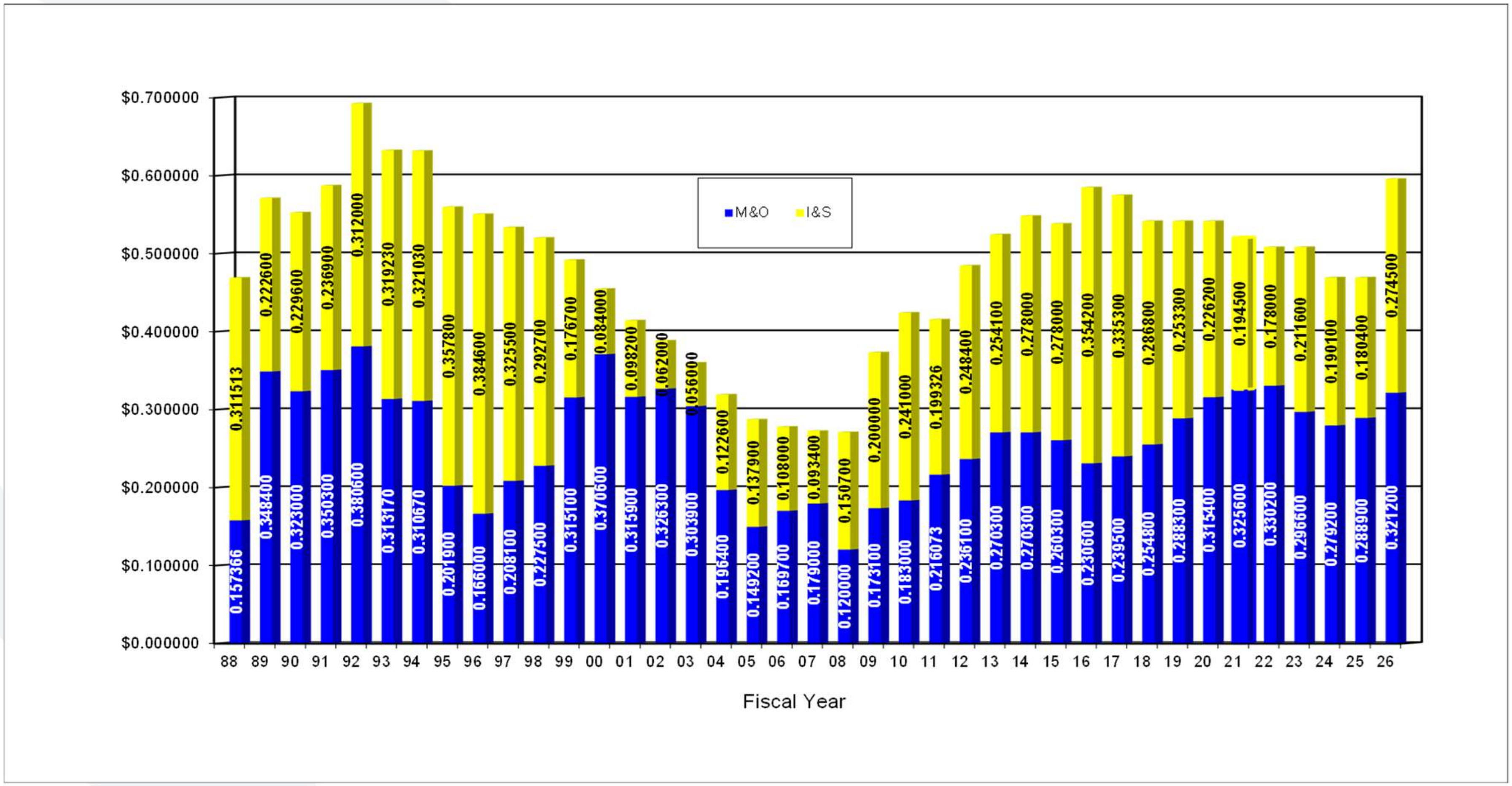
- $0.123456 = "One hundred twenty-three thousand four hundred fifty-six millionths of a dollar" because the last digit is in the millionths place.

City's Approved Property Tax Rates For Tax Year 2025 (FY 2025-26)

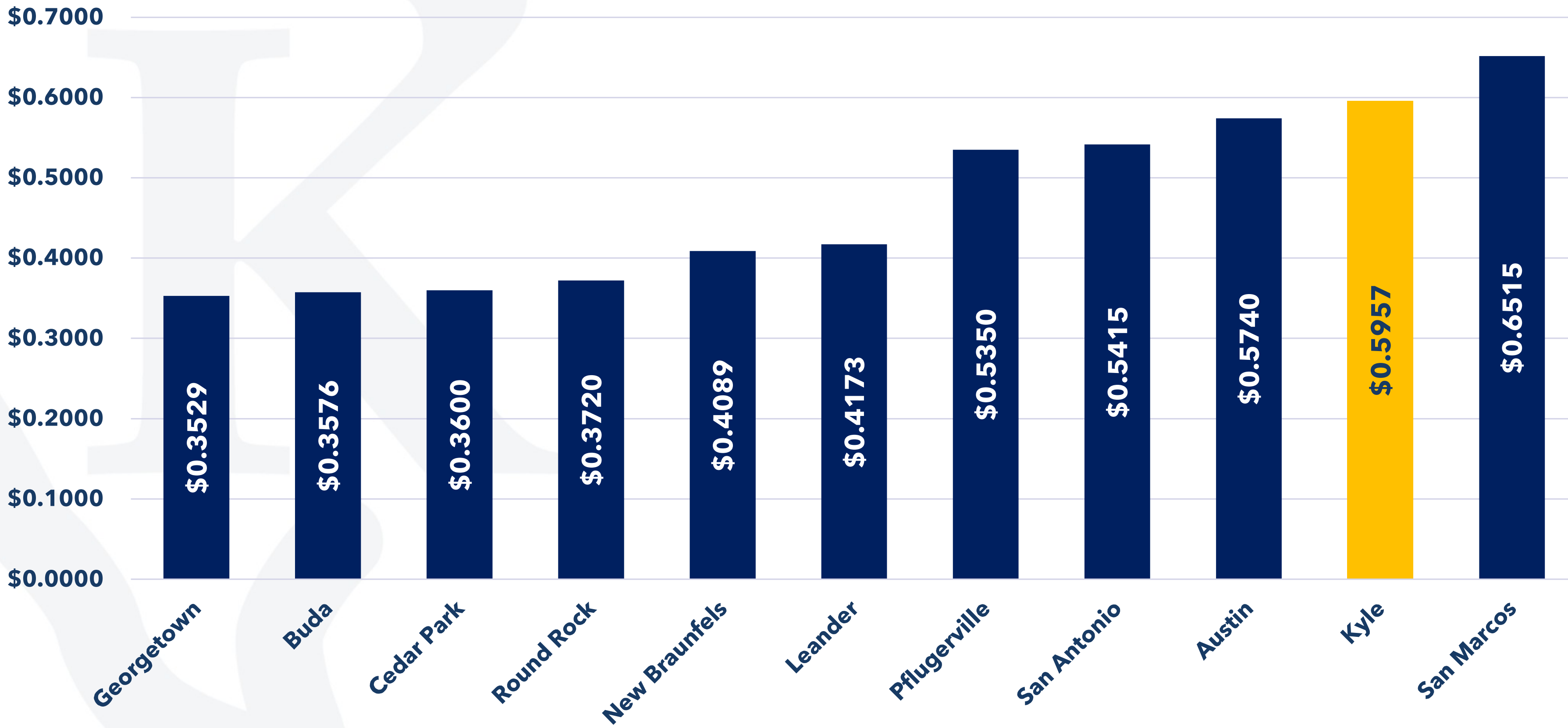
- Total property tax rate is comprised of two separate component rates.
- Using the City of Kyle's total approved tax rate of $0.5957 per $100 of taxable assessed valuation (TAV) for Tax Year 2025 or Fiscal Year 2025-26, below are the two rate components:

2025 PROPERTY TAX RATES FOR CITY OF KYLE		
	FY 2025-26 Tax Rate	Prior Year Tax Rate
Maintenance & Operations (M&O) Rate	$0.3212	$0.2889
Interest & Sinking (I&S) Rate	$0.2745	$0.1804
Total Property Tax Rate Per $100/TAV	**$0.5957**	**$0.4693**

Property Tax Rate History



Comparison of Current Property Tax Rates – Fiscal Year 2026



2. Taxable Assessed Valuation & Property Tax Rates

About 2026 Property Tax Rates Information Presented Today

- In 2024, the City expanded the boundaries for TIRZ #4 to include significantly more tracts of land and also increased its tax revenue increment participation rate from 40% to 50%. (Refer to Exhibit 3 of Agenda Item)

- Our sincere appreciation and thanks to Hays Central Appraisal District staff who assisted in reconciling and providing the final determination of base valuation for City's Tax Increment Reinvestment Zone No. 4 (TIRZ #4) on August 12, 2026.

- Final determination of base valuation for TIRZ#4 impacted all property tax rate calculations including:
  - No-New-Revenue Tax Rates
  - Voter-Approval Tax Rates
  - Proposed Tax Rates

An Unusual Property Tax Rate Situation For City of Kyle

- No-New-Revenue (NNR) property tax rate is usually lower than the Voter-Approval Rate (VAR) for a municipal government.
- Voter-Approval Rate (VAR) is typically higher because the VAR allows the City to collect additional maintenance and operations revenue generally 3.5% more, plus certain other adjustments.
- There are situations where the No-New-Revenue (NNR) rate can actually be higher than the Voter-Approval Rate (VAR).
- 2026 No-New-Revenue (NNR) property tax rate for the City of Kyle is expected to be higher than the Voter-Approval Rate (VAR).
- Most common reason for this uncommon situation is the significant reduction in the amount required for principal and interest payments due on tax supported debt from the current tax year to the new tax year. (Council approved bond debt defeasance in 2026)

2026 Certified Taxable Assessed Valuation - NET

2026 CHANGE IN TAXABLE ASSESSED VALUATION* (NET OF ALL 6 TIRZ)	
2026 Total Certified Taxable Assessed Valuation* (Net)	$6,346,275,039
2025 Total Certified Taxable Assessed Valuation* (Net)	$6,479,620,260
$ Decrease in 2026 Certified Taxable Assessed Valuation* (Net)	($133,345,221)
% Decrease in 2026 Certified Taxable Assessed Valuation* (Net)	(2.06%)

*Based on 2026 TNT Information Provided by HCTAC.

2026 Property Tax Rates

2026 PROPERTY TAX RATES FOR CITY OF KYLE					
	Current Tax Rate	No-New-Revenue Tax Rate	Voter-Approval Tax Rate	Proposed Tax Rate Option #1	Proposed Tax Rate Option #2
Maintenance & Operations (M&O) Rate	$0.3212	$0.4409	$0.3737	$0.3687	$0.3427
Interest & Sinking (I&S) Rate	$0.2745	$0.1913	$0.1913	$0.1913	$0.1913
Total Property Tax Rate Per $100/TAV	$0.5957	$0.6322	$0.5650	$0.5600	$0.5340
$ Change From Adopted Tax Rate:	N/A	+$0.0365	-$0.0307	-$0.0357	-$0.0617
% Change From Adopted Tax Rate:	N/A	+6.13%	-5.15%	-5.99%	-10.36%

2026 No-New-Revenue Tax Rate

NO-NEW-REVENUE TAX RATES

	Comparison of No-New-Revenue & Current Adopted Tax Rates				Tax Revenues Included in Budget & NNR Tax Rate Based Revenues			
	FY 2026-27 NNR Tax Rate	Current Adopted Tax Rate	$ Increase / (Decrease) From Current Tax Rate	% Increase / (Decrease) From Current Tax Rate	Included In ICM's Proposed Budget	Estimated Revenues @ NNR Tax Rate	$ Variance From Proposed Budget	% Variance From Proposed Budget
Maintenance & Operations	$ 0.440900	$0.321200	$ 0.119700	37.27%	$ 21,450,300	$ 27,779,175	$ 6,328,875	29.50%
Interest & Sinking	$ 0.191300	$0.274500	$ (0.083200)	-30.31%	$ 12,141,797	$ 12,052,974	$ (88,823)	-0.73%
Total:	$ 0.632200	$0.595700	$ 0.036500	6.13%	$ 33,592,097	$ 39,832,150	$ 6,240,053	18.58%

2026 Voter-Approval Tax Rate

VOTER-APPROVAL TAX RATES

	Comparison of Voter-Approval & Current Adopted Tax Rates				Tax Revenues Included in Budget & V-A Rate Based Revenues			
	FY 2026-27 Voter-Approval Tax Rate	Current Adopted Tax Rate	$ Increase / (Decrease) From Current Tax Rate	% Increase / (Decrease) From Current Tax Rate	Included In ICM's Proposed Budget	Estimated Revenues @ V-A Tax Rate	$ Variance From Proposed Budget	% Variance From Proposed Budget
Maintenance & Operations	$ 0.373700	$0.321200	$ 0.052500	16.34%	$ 21,450,300	$ 23,545,198	$ 2,094,898	9.77%
Interest & Sinking	$ 0.191300	$0.274500	$ (0.083200)	-30.31%	$ 12,141,797	$ 12,052,974	$ (88,823)	-0.73%
Total:	$ 0.565000	$0.595700	$ (0.030700)	-5.15%	$ 33,592,097	$ 35,598,172	$ 2,006,075	5.97%

2026 Proposed Property Tax Rate – Option #1

PROPOSED PROPERTY TAX RATES - OPTION #1

	Comparison of Proposed OPT #1 & Current Adopted Tax Rates				Tax Revenues Included in Budget & OPT #1 Rate Based Revenues			
	FY 2026-27 Proposed #1 Tax Rate	Current Adopted Tax Rate	$ Increase / (Decrease) From Current Tax Rate	% Increase / (Decrease) From Current Tax Rate	Included In ICM's Proposed Budget	Estimated Revenues @ Proposed Rate	$ Variance From Proposed Budget	% Variance From Proposed Budget
Maintenance & Operations	$ 0.368700	$0.321200	$ 0.047500	14.79%	$ 21,450,300	$ 23,230,170	$ 1,779,870	8.30%
Interest & Sinking	$ 0.191300	$0.274500	$ (0.083200)	-30.31%	$ 12,141,797	$ 12,052,974	$ (88,823)	-0.73%
Total:	$ 0.560000	$0.595700	$ (0.035700)	-5.99%	$ 33,592,097	$ 35,283,144	$ 1,691,047	5.03%

2026 Proposed Property Tax Rate – Option #2

PROPOSED PROPERTY TAX RATES - OPTION #2

	Comparison of Proposed OPT #2 & Current Adopted Tax Rates				Tax Revenues Included in Budget & OPT #2 Rate Based Revenues			
	FY 2026-27 Proposed #2 Tax Rate	Current Adopted Tax Rate	$ Increase / (Decrease) From Current Tax Rate	% Increase / (Decrease) From Current Tax Rate	Included In ICM's Proposed Budget	Estimated Revenues @ Proposed Rate	$ Variance From Proposed Budget	% Variance From Proposed Budget
Maintenance & Operations	$ 0.342700	$0.321200	$ 0.021500	6.69%	$ 21,450,300	$ 21,592,024	$ 141,724	0.66%
Interest & Sinking	$ 0.191300	$0.274500	$ (0.083200)	-30.31%	$ 12,141,797	$ 12,052,974	$ (88,823)	-0.73%
Total:	$ 0.534000	$0.595700	$ (0.061700)	-10.36%	$ 33,592,097	$ 33,644,998	$ 52,901	0.16%

2026 Change in Average Tax Bill For Home – Option #1

2026 CHANGE IN AVERAGE HOME TAXABLE VALUATION & TAX BILL					
Tax Year	Average Home Value	Tax Rate	Tax Levy	Homestead Reduction	Average Net Tax Bill
2026	$301,530	$0.5600	$1,688.57	($224.00)	$1,464.57
2025	$317,616	$0.5957	$1,892.04	($238.28)	$1,653.76
$ Proposed Change	($16,086)	($0.0357)	($203.47)	($14.28)	($189.19)
% Proposed Change	(5.06%)	(5.99%)	(10.75%)	(5.99%)	(11.44%)

2026 Change in Average Tax Bill For Home – Option #2

2026 CHANGE IN AVERAGE HOME TAXABLE VALUATION & TAX BILL					
Tax Year	Average Home Value	Tax Rate	Tax Levy	Homestead Reduction	Average Net Tax Bill
2026	$301,530	$0.5340	$1,610.17	($213.60)	$1,396.57
2025	$317,616	$0.5957	$1,892.04	($238.28)	$1,653.76
$ Proposed Change	($16,086)	($0.0617)	($281.87)	($24.68)	($257.19)
% Proposed Change	(5.06%)	(10.36%)	(14.90%)	(10.36%)	(15.55%)

3. Looking Ahead to Fiscal Year 2027-28

Looking Ahead To Fiscal Year 2027-28

- Property tax rate is expected to increase in Fiscal Year 2027–28 due to future debt service requirements.
  - General obligation & certificates of obligation bonds will need to be issued for capital projects such as road bond projects including Vybe trails, street improvements, pedestrian crossing improvements, sidewalks, intersection improvements, animal shelter, parks improvements, etc.

Looking Ahead To Fiscal Year 2027-28 (Continued)

- For Year 1 (Fiscal Year 2026-27):

  Our focus has been to structurally balance and restore reserves in the City's four primary operating funds – General Fund, Water Utility Fund, Wastewater Utility Fund, and Storm Drainage Utility Fund.

- For Year 2 (Fiscal Year 2027-28):

  Our focus will be on the City's capital improvement program funds and associated debt service funds to address the impact of defeasance of bonds in 2025 & 2026 and the timing and sizing of new bond debt issuances in 2027 & 2028.

4. Next Steps

Next Steps

- ❑ **Thursday, August 13, 2026 (6:00 p.m.)**
  - Update on 2026 Cost of Service Study Results & Rate Recommendations for Water & Wastewater Service - (Raftelis Financial, City's Rate Consultant)
  - Review Certified Property Tax Rate Calculations Received From Hays County Tax Assessor-Collector (HCTAC)
  - Approval of Resolution to Consider Adopting Tax Rate At A Future City Council Meeting

Next Steps - Continued

- **Saturday, September 5, 2026 (5:30 p.m.)**
  - Public Hearings - Budget, Fees, Utility Rates, & Property Tax Rates
  - 1st Reading: Budget Adoption Ordinance
  - 1st Reading: Property Tax Rate Adoption Ordinance
  - 1st Reading: Property Tax Increase Ratification Ordinance
- **Tuesday, September 15, 2026 (7:00 p.m.)**
  - Public Hearings - Budget, Fees, Utility Rates, & Property Tax Rates
  - 2nd Reading: Budget Adoption Ordinance
  - 2nd Reading: Property Tax Rate Adoption Ordinance
  - 2nd Reading: Property Tax Increase Ratification Ordinance

5. Questions & City Council Direction