RESOLUTION NO.

WHEREAS, City Council has adopted a Fiscal Year 2025-2026 Budget that requires revenue above the 3.5 percent voter-approval property tax rate defined by Texas law, sometimes referred to as the 3.5 percent revenue cap; and

WHEREAS, City Council has adopted a policy, via Resolution No. 20250522-058, that describes a process for proposing a tax rate election, including a requirement that, "The City shall clearly identify the level of programming or services funded with the additional revenue generated above the voter approval rate and provide an accounting of the expected level of services should the election fail"; and

WHEREAS, the City Manager published a proposed budget on July 11, 2025, that shows what the City's budget might look like for the next two years without voter approval of a tax rate election; and

WHEREAS, the proposed budget published on July 11, 2025, shows that without a tax rate election, the City Manager would recommend reductions to programs providing housing, health care, fire protection, youth programs, climate jobs, and animal care to balance the budget; and

WHEREAS, the proposed budget published on July 11, 2025, shows that without a tax rate election, the City Manager would also recommend cutting pay raises for civilian employees in fiscal year 2026-2027 and discontinuing programs and services previously supported by state and federal funding that is now unavailable to the City; and

WHEREAS, the proposed budget published on July 11, 2025, anticipates filling the City's projected deficit by drawing down the City's reserves and the

City's Housing Trust Fund to pay for ongoing operational expenses in a manner that cannot be replicated in future years; and

WHEREAS, even with cuts to programs and services and reductions to the City's reserves, the City projects a budget deficit that will grow to $46.3 million by 2030; and

WHEREAS, City Council has adopted a Fiscal Year 2025-2026 Budget that reverses reductions to existing programs and services proposed in the City Manager's July 11, 2025, proposed budget, that approves additional expenditures that are necessary to protect public health, promote public safety, advance the general welfare of the Austin community, and address a growing projected deficit to the City's budget that would require other large cuts to critical City functions; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

This resolution and the adopted Fiscal Year 2025-2026 Budget shall be deemed the City's compliance with Resolution No. 20250522-058 and the requirement to show the level of programming or services that will be funded with revenue generated through a tax rate election. The City Manager's proposed budget, published on July 11, 2025, shows the degree to which programs and services would have to be cut to balance the budget without a tax rate election, and further shows that a tax rate election is necessary in order to avoid far deeper cuts in future years. Furthermore, the budget adopted by City Council illustrates the level of programming and services that residents can expect if an increased tax rate is approved, including improvements to emergency services, wildfire and flood mitigation, affordable housing, social services, homelessness prevention, City parks and pools, and more.

BE IT FURTHER RESOLVED:

To provide further clarity on the level of programming and services that can be expected with and without a tax rate election, as per Resolution No. 20250522-058, the City Manager is directed to publish budget scenarios for fiscal years 2027-2028, 2028-2029, and 2029-2030 that shows how the gaps in funding described in page 79 of the proposed budget produced on July 11, 2025 would be addressed in those future fiscal years. The City Manager is directed to present that information to City Council at a public meeting on or before September 25, 2025.

BE IT FURTHER RESOLVED:

Should the City's proposed tax rate increase fail to receive voter approval at the November 4, 2025, local election, City Council will deliberate and, as it determines necessary, amend the budget in a manner that may include cuts or reductions to both expenditures originally contained within the City Manager's proposed budget published on July 11, 2025 and to expenditures later brought forward as budget amendments by City Council.

BE IT FURTHER RESOLVED:

If necessary, in the event of the failure of the proposed tax rate increase, the City Manager is directed to bring a proposed amended fiscal year 2025-2026 budget to City Council for consideration, along with any proposed necessary City Council actions.

ADOPTED: _______________, 2025 **ATTEST:** ________________________

Erika Brady
City Clerk