

RESOLUTION NO.

WHEREAS, City Council recognizes the need for the City to remain prudent in budgeting and cost containment yet flexible to address sustained financial needs should an emergency or a loss in federal or state funding or support, or financial constraints caused by state law, require the City to consider a Tax Rate Election (TRE); and

WHEREAS, City Council recognizes the need for transparency and accountability regarding bring a TRE; and

WHEREAS, on May 6, 2025, the Audit and Finance Committee recommended City Council create a TRE policy setting the framework for property tax rate elections consistent with the presentation made at the Audit and Finance Committee meeting by City staff and with the TRE decision tree adapted from those policies considered by the committee during the meeting; **NOW, THEREFORE**,

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

City Council adopts the following policies setting the framework for property tax rate elections:

Policy #1:

The City Manager shall present a proposed operating budget each year to the City Council that is balanced at a property tax rate that is equal to or less than the projected voter-approval rate. However, the City Manager may periodically conduct a comprehensive analysis of General Fund programs and services to identify areas for investment of additional funding that could be provided by revenue from a TRE.

25 Policy #2:

26 Tax Rate Elections should occur no more frequently than once every four
27 years, with the exception of a TRE held to generate revenue necessary for
28 responding to a financial emergency that is the result of sustained economic
29 conditions, a natural disaster or calamity, or a significant and unexpected reduction
30 in funding resulting from Federal or State legislative action that would result in the
31 cessation of critical grant-funded programming, and which cannot be responsibly
32 and sustainably addressed through the use of funding from the General Fund
33 Emergency or Budget Stabilization Reserve Funds.

34 Policy #3:

35 The City shall clearly identify the level of programming or services funded
36 with the additional revenue generated above the voter approval rate and provide an
37 accounting of the expected level of services should the election fail.

38 a. TRE should not be used to address base cost drivers but can be proposed
39 to address identified gaps in service and new or expanded services.

40 Policy #4:

41 The City Manager shall structure a proposed TRE to achieve municipal
42 purposes and include a balance of one-time and ongoing expenditures that will
43 allow investments to be sustained over the medium term and allow for funding
44 one-time start-up expenses related to expanded operational requirements.
45

BE IT FURTHER RESOLVED:

City Council adopts the TRE Decision Tree attached as Exhibit A to be used by the City to guide decision making in determining when to bring a TRE.

ADOPTED: _____, 2025 **ATTEST:** _____

Erika Brady
City Clerk

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