



City of San Marcos

Property Tax Rate Public Hearing

Fiscal Year 2026

September 2, 2025

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How the Tax Rate Gets Decided

In accordance with State Law:

- City Council set the maximum proposed tax rate the City can adopt at 67.69¢
 - August 19, 2025
- Public Hearings where residents can share their thoughts
 - September 2, 2025
 - September 16, 2025
- City Council sets the final FY 2026 tax rate
 - September 16, 2025
 - May be equal to or lower, but not higher, than the maximum proposed tax rate set on August 19th of 67.69¢

Property Tax Rate Definitions



- Current Rate = 60.30¢ per \$100 of property value: the tax rate used for the current fiscal year and three previous fiscal years
- No-New-Revenue Rate (NNR) = 62.78¢: this tax rate provides enough ongoing revenues to be structurally balanced and will produce the same amount of money as last year on the same properties, even with property value changes; does not provide funding for current and future needs
 - Exceeding this rate requires approval from 5 Council members
 - This was rate used to prepare the FY 2026 Proposed Budget
- Tax Rate Option #1 = 64.96¢: this rate provides enough ongoing revenues to be structurally balanced and goes a step further by providing some funding for current and future needs; rate shared with City Council as the estimated NNR at the time of the June Budget Workshop
 - **Requires approval from 5 Council members**

Property Tax Rate Definitions



- Tax Rate Option #2 = 67.69¢: **Staff recommends this tax rate** to provide more funding for current and future needs; this rate was set by City Council as the maximum proposed tax rate on August 16th
 - **Requires approval from 5 Council members**
 - **This is the maximum tax rate Council can adopt for FY 2026**
- If City Council does not adopt a tax rate, the tax rate for FY 2026 will be the lower of the NNR (62.78¢) or current rate (60.30¢)
 - **Tax rate would be 60.30¢, requiring a \$2.2M cut from the proposed budget and \$0 funding for current and future needs**
- Voter-Approval Rate = 69.41¢: Tax rate any higher than this rate requires an automatic election. Council cannot adopt this rate since the maximum tax rate was set at 67.69¢
- Note: The House approved an amended version of Senate Bill 10, reducing Voter-Approval Tax Rate multiplier from 3.5% to 1%

Tax Rate Comparison



	Property Tax Revenue	Tax Rate	Funding for Current & Future Needs
No-New-Revenue Rate	\$ 54,615,009	62.78¢	\$ -
Option #1	\$ 56,513,284	64.96¢	\$ 1,898,275
Option #2	\$ 58,896,823	67.69¢	\$ 3,573,132

With option #2 a total of \$3,573,132 is available to fund current and future needs:

- \$2,252,465 is available for on-going needs
- \$1,320,667 is available for one-time needs



On-Going Current and Future Needs	Amount	Federal Funding Expiring
Emergency Medical Services (EMS) Funding (pending study)	\$ 2,000,000	
Staffing for Engine #7 (Year 1 of 3)	743,623	
2 Cybersecurity Analysts	208,460	✓
1 Downtown Grounds Specialist	69,947	✓
Transit Federal funding expiring	350,000	✓
Citywide software allocation (Year 1 of 4)	250,000	
Intrusion Prevention System for IT	30,188	✓
Internet connection improvements at Police building	10,091	✓
Public Service Center Emergency Operations Data Services	7,711	✓
Chatbot tool for Communications	6,469	✓
Access to Candid Directory for Library	3,450	✓
Eviction Prevention Services	60,375	✓
Mental Health Clinician	60,375	✓
Diversion Beds (Evoke Wellness)	43,125	✓
Prevent a Litter Central Texas Partnership	38,813	✓
Total	\$ 3,882,627	

With a tax rate of 67.69¢ a total of \$3,573,132 is available to fund current and future needs:

- \$2,252,465 is available for on-going needs
- \$1,320,667 is available for one-time needs

Priority Community Need

Pending award of SAFER grant

On-going staffing previously approved

On-going operations previously approved

Shift to HSAB funding process?



One-Time Funding for Current and Future Needs	Amount
EMS start up expenses	Unknown
Other needs not listed	Unknown
Radio replacement	Up to \$4M
Home repair (Mission Able and Operation Triage)	\$ 400,000
Participatory Budget Process	250,000
Commemorative Air Force Hangar doors rehabilitation	200,000
Replastering Rio Vista Pool	207,000
Parks Equipment	192,218
Erosion control and foundation stabilization at Price Center	180,000
Generator match for Dunbar & Activty Center	150,000
Grant Harris Entryway ADA repair	125,000
Traffic signal battery backup	120,000
Modernization/Upgrade of building 3 elevator (ADA/Life Safety)	110,000
Tree removal assistance program	100,000
Laserfiche upgrade implementation	98,000
Stripping and repainting natatorium ceiling	60,000

For tax rate option #2 (67.69¢), Council can fund \$1,320,667 toward one-time funding for current and future needs

Tax Rate Comparison for Average Homestead



	FY 2025	FY 2026	Difference
Average Assessed Value	\$ 365,297	\$ 347,398	\$ (17,900)
Homestead Exemption	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ -</u>
Taxable Value	\$ 350,297	\$ 332,398	\$ (17,900)
Tax Rate	60.30¢	67.69¢	7.39¢
Annual Tax Bill*	\$ 2,112.29	\$ 2,250.00	\$ 137.71
Monthly Cost	\$ 176.02	\$ 187.50	\$ 11.48

Annual Savings:

Homestead Exemption	\$ 90	\$ 102	\$ -
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*Taxable Value / 100 x Tax Rate = City Taxes Paid

Source: FY 25 (Hays Central Appraisal District - Certified Roll);

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FY 26 = FY 25 values reduced by 4.9% (Zillow Single-Family Home Value Index – values between 35-65% range)

Property Tax Rate Components



Property Tax - Maximum Proposed Tax Rate

	FY 2025 Amount - 60.30¢	FY 2026 Amount - 67.69¢	Increase/ (Decrease)
Operations	\$ 0.4500	\$ 0.5122	\$ 0.0622
Debt	0.1530	0.1647	0.0117
Total	\$ 0.6030	\$ 0.6769	\$ 0.0739

Senate Bill 4 – If Voters Approve



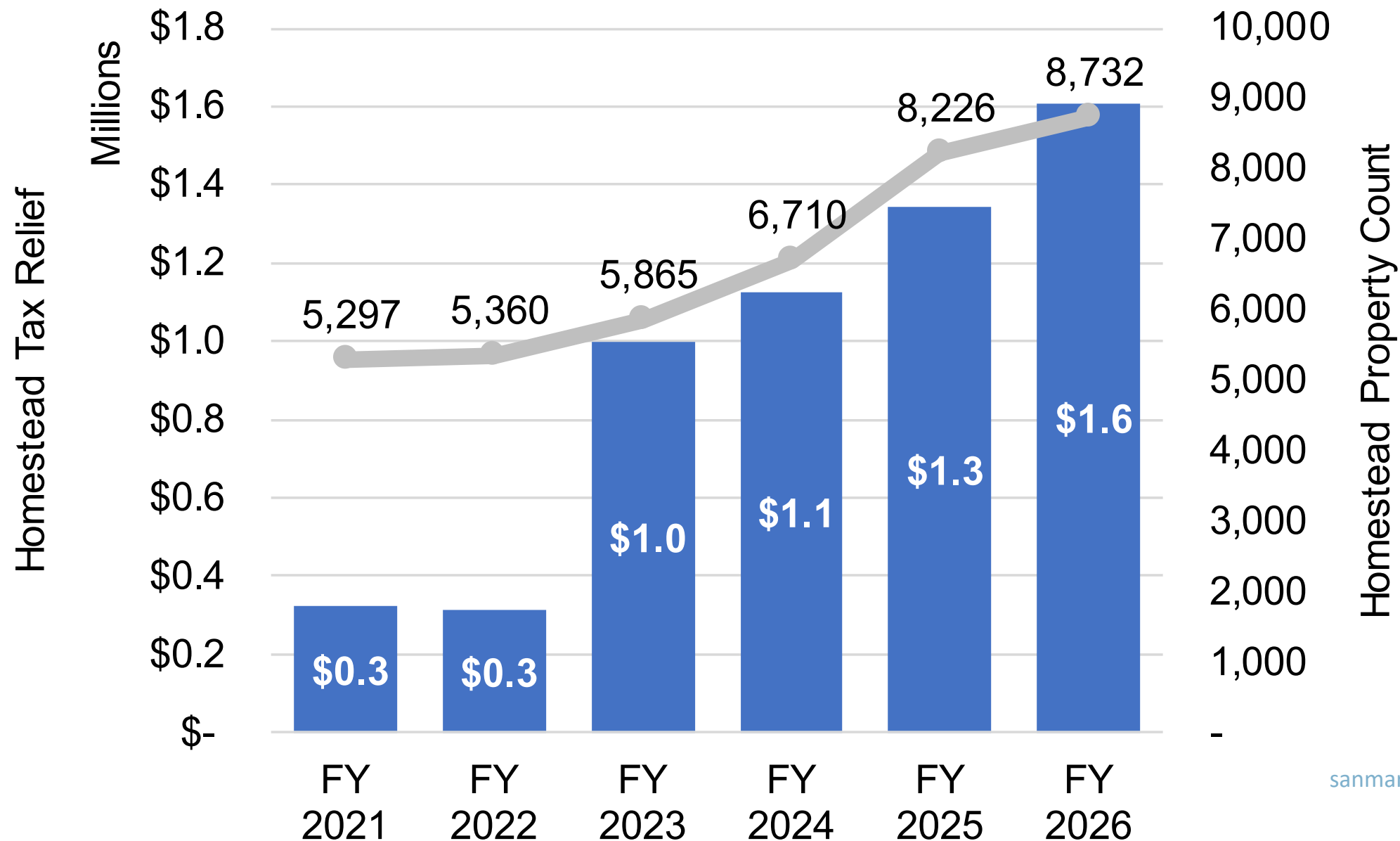
- Increases school district homestead exemption from \$100K to \$140K – updated to reflect Maximum Proposed Tax Rate of 67.69¢

	FY 2025		FY 2026	
	Tax Rates	Tax Bill*	Tax Rates	Tax Bill**
San Marcos CISD	\$ 1.0152	\$ 2,693	\$ 1.0152	\$ 2,106
City of San Marcos	0.6030	2,112	0.6769	2,250
Hays County	0.3085	1,112	0.3499	1,198
Special Road District	0.0415	148	0.0426	145
Total Annual Tax Bill	\$ 1.9682	\$ 6,065	\$ 2.0846	\$ 5,698

*FY 2025 Average Homestead Assessed Value = \$365,297

**FY 2026 Average Homestead Assessed Value = \$347,398

City Council Approved Tax Exemptions



Tax Rate Summary



Description	No-New- Revenue Rate 62.78¢	Option #1 64.96¢	Option #2 67.69¢
Structurally balanced budget	✓	✓	✓
HSAB increased by \$200K	✓	✓	✓
Office of Community Support & Resource Navigation	✓	✓	✓
FY 2026 funding for EMS	\$0	\$0	Up to \$2M
Department Supplemental Requests	\$100K	\$100K	\$100K
FY 2026 shortfall	\$0	\$0	\$0
Available to address current & future needs	\$0	\$1.9M	\$2.3M
Available for one-time expenses in FY 2026	\$0	\$0	\$1.3M
FY 2026 annual city tax for average taxable value	\$2,087	\$2,159	\$2,250
Change in annual city tax to taxpayer from 60.30¢	(\$25)	\$47	\$138

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Source: FY 25 (Hays Central Appraisal District - Certified Roll) - \$365,297;

FY 26 = FY 25 values reduced by 4.9% (Zillow Single-Family Home Value Index – values between 35-65% range) - \$347,398

Neighborhood Commission Input



- Feedback shared at the August 20th neighborhood commission meeting:
 - 2 commissioners spoke in favor of the 67.69 tax rate
 - 1 commissioner was not in favor of a tax rate increase
- Follow the link to view the meeting: [Neighborhood Commission on 2025-08-20 6 PM - 11040 Texas HWY 123, Conference](#)



Next Steps

- At the conclusion of the public hearing, City Council must announce the vote on the tax rate will occur on September 16, 2025, at 6:00 PM and will be held at San Marcos City Hall

September 16

- Hold second public hearing on budget and tax rate
- Hold a public hearing on the Fiscal Year 2026 Fee Schedule
- Vote to adopt the Fiscal Year 2026 Budget
- Ratify the property tax revenue increase
- Set the tax rate



Stephanie Reyes

City Manager

Joe Pantalion

Assistant City Manager

Lonzo Anderson

Assistant City Manager

Rodney Gonzales

Assistant City Manager

Jon Locke

Finance Director/CFO

Trisha Patek

Budget Manager

Thank You