

# **FY2027 Revenue Updates**

## **April Property Value Estimates and Sales Tax**

Budget Work Session

May 19, 2026

# April Long-Term Forecast Recap

\$49.3M General Fund projected budget gap includes:

- **\$651.6M** of current property tax revenue (**2.2% growth** from FY2025 adopted budget)
- **\$268.5M** of sales tax revenue
- These two revenue sources are 81.8% of FY2026 adopted General Fund budget

# July 2025 Values and Growth

	Tarrant	Denton	Parker	Wise	Total
Tax Year 2024 Value	\$113,493,172,050	\$7,689,480,147	\$738,211,307	\$2,172,552	\$121,923,036,056
<b>Tax Year 2025 Value</b>	<b>\$119,898,782,351</b>	<b>\$8,256,460,924</b>	<b>\$908,420,190</b>	<b>\$15,050,506</b>	<b>\$129,078,713,971</b>
New Construction	\$2,646,106,995	\$232,099,626	\$177,163,352	\$0	\$3,055,369,973
Existing Growth	\$3,759,503,306	\$334,881,151	(\$6,954,469)	\$12,877,954	\$4,100,307,942
New Growth %	2.3%	3.0%	24.0%	0.0%	2.5%
Existing Growth %	3.3%	4.4%	-0.9%	592.8%	3.4%
<b>Total Growth %</b>	<b>5.6%</b>	<b>7.4%</b>	<b>23.1%</b>	<b>592.8%</b>	<b>5.9%</b>

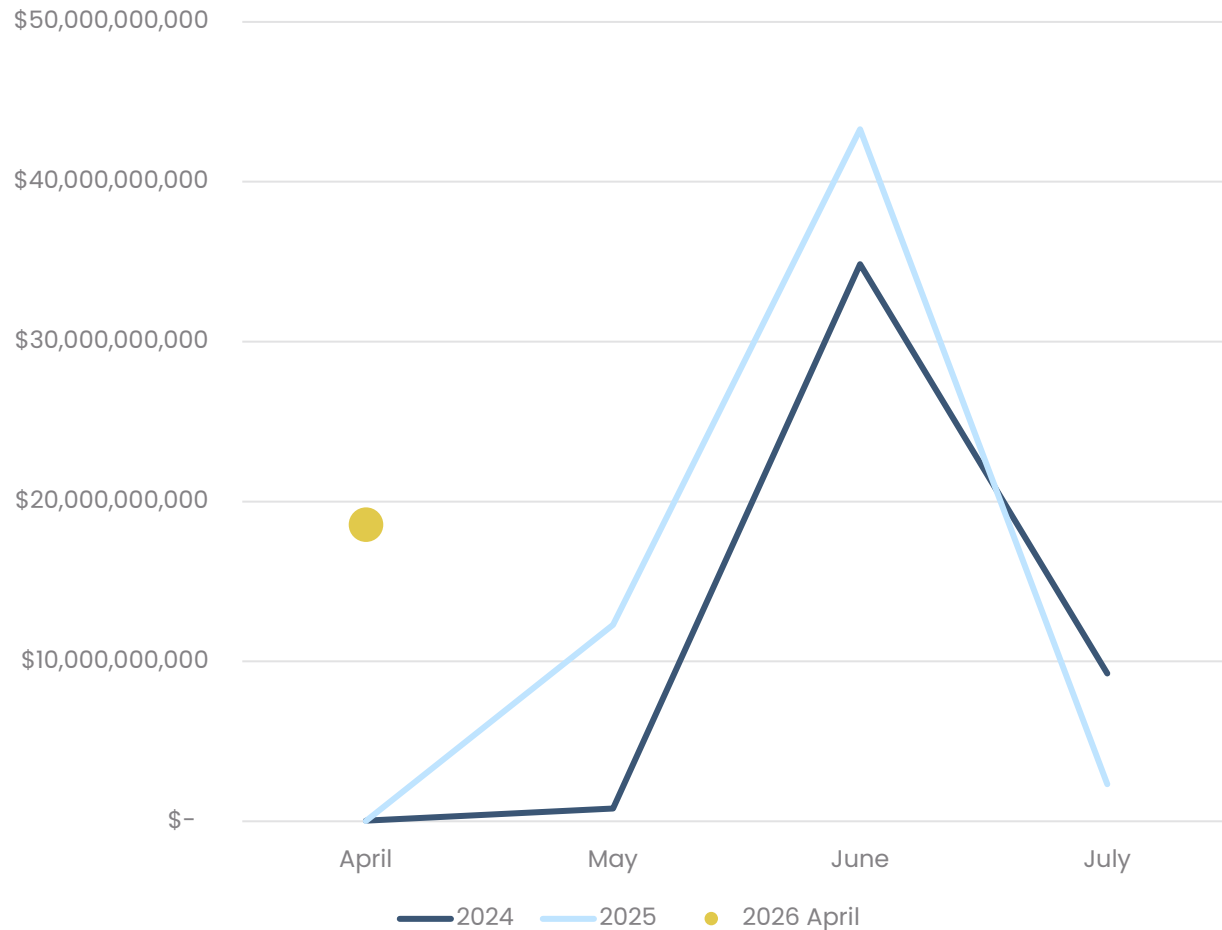
- 5.9% total growth, driven by 5.6% in TAD, exceeded 3.5% expectation, despite lack of residential reappraisals
- Strong commercial new and existing growth offset net decreases to existing residential values

# April Estimates and Growth

	Tarrant	Denton	Parker	Wise	Total
Tax Year 2025 Value	\$119,898,782,351	\$8,256,460,924	\$908,420,190	\$15,050,506	\$129,078,713,971
<b>Tax Year 2026 Value</b>	<b>\$127,606,161,515</b>	<b>\$11,314,974,810</b>	<b>\$1,021,216,751</b>	<b>\$64,024,406</b>	<b>\$140,006,377,482</b>
New Construction	\$2,642,645,609	\$605,487,503	\$118,762,664	\$55,125,803	\$3,422,021,579
Existing Growth	\$5,064,733,555	\$2,453,026,383	(\$5,966,103)	(\$6,151,903)	\$7,505,641,932
New Growth %	2.2%	7.3%	13.1%	366.3%	2.7%
Existing Growth %	4.2%	29.7%	-0.7%	-40.9%	5.8%
<b>Total Growth %</b>	<b>6.4%</b>	<b>37.0%</b>	<b>12.4%</b>	<b>325.4%</b>	<b>8.5%</b>

- Stronger new and existing growth than last April, especially in larger counties
- TAD new construction:
  - \$1.09B SF residential, \$0.60B multifamily, \$0.95B commercial
  - Net increases April – July each of last two years (due to commercial)
- New subdivision in Wise County

# TAD Properties Under Review



- Protest activity peaks in June; 2025 protests higher than 2024's but led to less value loss
- Higher April protests (\$18.6B) than past years (\$20M-\$40M)
- Protest activity reduces estimated taxable value; April 2026 impact is ~\$3B
- Indication of higher April protests unclear

# TAD Property Value Growth by Type

	July 2025	April 2026	Increase
Single-Family Residential	\$59,575,377,465	\$59,577,307,288	0.0%
Multi-Family Residential	\$14,655,099,477	\$17,468,662,231	19.2%
Commercial Real Property	\$29,655,783,041	\$33,516,019,191	13.0%
Commercial Personal Property	\$16,012,522,368	\$17,044,172,806	6.4%
<b>Tax Year 2025 Value</b>	<b>\$119,898,782,351</b>	<b>\$127,606,161,515</b>	<b>6.4%</b>

- Estimated percentage growth based on current values
- Personal property growth lower due to HB9
- Single family values nearly flat despite new construction

# HB9 Impact

- \$125K exemption for income-producing business personal property (up from \$2,500 de minimis exemption)
- DCAD exemption value: \$36.5M
- TAD exemption value: \$933.6M
  - 16,924 accounts received exemption
  - 12,155 accounts had no taxable BPP value after exemption
  - 1,888 would have been eligible for previous (de minimis) exemption
- **Total exemption value: \$970.1M\*** (~\$5.1M GF revenue impact)

\*Previous estimate: \$6M revenue impact in General Fund ~ \$1.15B new value exempted

# Value Erosion History

	2021	2022	2023	2024	2025
<b>April Value</b>	91.1B	101.1B	121.2B	129.7B	132.2B
<b>July Value</b>	87.4B	100.1B	115.7B	121.9B	129.1B
<b>Erosion Percentage</b>	<b>4.0%</b>	<b>1.0%</b>	<b>4.5%</b>	<b>6.0%</b>	<b>2.4%</b>
<b>Five-year Average</b>	3.6%				
<b>Three-year Average</b>	4.3%				

Some value is lost between April and July each year as protests are settled, but degree of loss varies

# Value Erosion Forecasts

	2021	2022	2023	2024	2025
<b>April Value</b>	91.1B	101.1B	121.2B	129.7B	132.2B
<b>July Value</b>	87.4B	100.1B	115.7B	121.9B	129.1B
<b>Erosion Percentage</b>	<b>4.0%</b>	<b>1.0%</b>	<b>4.5%</b>	<b>6.0%</b>	<b>2.4%</b>
<b>Five-year Average</b>	3.6%				
<b>Three-year Average</b>	4.3%				

High erosion – FWLab estimate

Low erosion – TAD estimate

# Revenue Scenarios

	FY2026	April Estimates	Low Erosion	High Erosion
<b>Total Taxable Value</b>	\$129,078,713,971	\$137,256,377,482	\$133,299,245,652	\$129,307,835,659
<b>Growth %</b>			3.27%	0.18%
<b>Total Revenue</b>	<b>\$817,635,636</b>	<b>\$874,128,903</b>	<b>\$847,881,248</b>	<b>\$821,406,225</b>
<b>Growth %</b>			3.70%	0.46%
<b>General Fund 0.5225</b>	\$637,633,761	\$681,690,077	\$661,220,824	\$640,574,258
<b>Vs. Previous Forecast</b>			<b>\$9,638,630</b>	<b>-\$11,007,936</b>
<b>GDSF 0.1475</b>	\$180,001,875	\$192,438,826	\$186,660,424	\$180,831,967

- Scenarios calculated with flat tax rate
- High-low erosion: \$20.6M revenue impact

# Unused Increment

- Unused increment increases maximum allowable rate without voter approval via election
- Beginning in tax year 2024, unused increment equals foregone revenue rather than unused pennies

**Est. 2026 total foregone revenue: \$78,528,868  
(roughly 6 pennies)**

2023:	\$6,726,176
2025:	\$43,387,583
2026 (est.):	\$28,415,109

# Sales Tax Recent History

	2021	2022	2023	2024	2025	2026
	Actuals	Actuals	Actuals	Actuals	Actuals	Budget
<b>Sales Tax Revenue</b>	\$ 188,151,694	\$ 218,292,232	\$ 233,231,141	\$ 238,005,897	\$ 247,802,600	\$ 263,000,000
<b>Growth %</b>	13.2%	16.0%	6.8%	2.0%	4.1%	6.1%

- High growth 2021-2023 after 2020 was nearly flat
- Slowed growth led to under-collections 2024-2025
- Sales tax growth driven by City growth, CPI increases, and strength of economy

# Sales Tax Monthly Growth

	FY2025	FY2026	Growth %
October*	\$ 19,264,525	\$ 21,490,482	11.6%
November	\$ 18,699,399	\$ 20,135,975	7.7%
December*	\$ 26,864,250	\$ 24,322,757	-9.5%
January	\$ 18,986,294	\$ 19,259,001	1.4%
February	\$ 16,849,185	\$ 19,450,325	15.4%
March*	\$ 22,706,988	\$ 25,761,261	13.5%
<b>Six-month Total</b>	<b>\$ 123,370,641</b>	<b>\$ 130,419,801</b>	<b>5.7%</b>

- Growth nearly on track to hit FY2026 budget target
- Growth in some months\* affected by current or previous year non-recurring audit adjustments

# Sales Tax Current Year Forecast

- Sales tax collections follow predictable seasonal trends
  - E.g. December payment (received in February) is the highest
  - Oct-Mar payments are 49.87% of year-end total, on average
- **Based on PY trends, FY2026 collections are \$261.5M**
  - YTD collections: \$130.4M
  - $\$130.4\text{M} / 0.4987 = \$261.5\text{M}$

# FY2027 Revenue Scenarios

Growth Scenario	FY2027 Projection
High Growth - 5.5%	\$275,882,500
Moderate Growth - 4%	\$271,960,000
Low Growth - 2%	\$266,730,000

- **Projected growth over \$261.5M forecast**
- Despite YTD growth, payments received in summer months will provide best data for forecasting FY2027 outlook
- FWLab monitoring economic conditions and competing effects of inflationary movements

# FY2027 Revenue Growth

Property Tax Scenario	Low Erosion	Moderate Erosion	High Erosion
Sales Tax Scenario	High Growth	Moderate Growth	Low Growth
Property Tax Revenue	\$661,220,824	\$650,897,541	\$640,574,258
Sales Tax Revenue	\$275,882,500	\$271,960,000	\$266,730,000
<b>Combined Revenue</b>	<b>\$937,103,324</b>	<b>\$922,857,541</b>	<b>\$907,304,258</b>
Prev. Combined Rev Proj.	\$920,105,194	\$920,105,194	\$920,105,194
<b>Better/Worse than Prev. Proj.</b>	<b>\$16,998,130</b>	<b>\$2,752,347</b>	<b>-\$12,800,936</b>

# Spring-Summer Timeline

- Monthly value estimates through spring and summer
- **July 8:** Receipt of last sales tax payment prior to recommended budget development
- **July 25:** All CADs provide certified values
  - Property tax revenue budget calculation
  - Certification of No-New-Revenue and Voter-Approval tax rates
- **August 11:** Presentation of City Manager's recommended budget and tax rate
- **September 15:** Budget and tax rate adoption