



## TARRANT COUNTY BUDGET AND RISK MANAGEMENT

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Greetings –

For the third consecutive year, Tarrant County's budget process has produced a budget below the no-new-revenue rate and provides historic tax relief without compromising service continuity.

### **Highlights**

- Property tax rate reduction of 0.69 percent to a rate below the No-New-Revenue tax rate
- Structure and step pay raises for all eligible law enforcement employees and merit pay raises for eligible non-law enforcement employees
- Transitioned rental and utility assistance to a nonprofit service delivery provider

### **Principal Issues**

#### ***Property Taxes***

As in prior years, property taxes remained a central issue during the FY 2026 budget process. Tarrant County continues to experience elevated property value appraisals issued by the Tarrant Appraisal District (TAD), a trend seen across urban counties in Texas. These rising valuations have placed a growing financial burden on residents.

In response, the Commissioners Court adopted a property tax rate below the No-New-Revenue tax rate for the third consecutive year. This action ensures that Tarrant County will collect less tax revenue on existing properties compared to the prior year, excluding revenue from new construction. The adopted rate reflects a 0.69 percent reduction from the previous year's rate.

Resulting from the \$3.5M buy-down of the County's debt obligation from a Commissioners Court member's discretionary bond allocation, the County lowered the Interest & Sinking (I&S) rate, which allowed for a corresponding increase in the Maintenance & Operations (M&O) rate. This adjustment generated additional operating revenue while still delivering an overall tax rate decrease which enables the County to balance fiscal responsibility with service delivery needs.

Tarrant County's FY 2026 budget continues to prioritize tax relief without compromising the quality of services residents expect. Through collaboration with departments and a focus on operational efficiency, the County remains committed to responsible stewardship of public funds.

## ***Declining Workforce***

### *Law Enforcement*

To promote the recruitment and retention of law enforcement officers, the Commissioners Court approved a substantial compensation plan. In addition to the 3.0 percent step pay increase that law enforcement employees receive on an annual basis, confinement employees received a 4.0 percent pay grade structure increase and all other law enforcement employees, such as Sheriff Patrol and Constables, received a 7.0 percent pay grade structure increase. A limited number of supervisory confinement positions were eligible for a 7.0 percent pay grade structure increase.

This significant investment in law enforcement salaries will allow Tarrant County to remain competitive in the labor market and will aid ongoing recruitment and retention efforts being employed by the Employee Resources division of the Sheriff's Office.

### *Non-Law Enforcement Compensation*

All eligible non-law enforcement positions were provided with a 3.0 percent merit pay increase. No structure pay increases were provided to non-law enforcement positions.

### ***Benefits for Current and Retired Employees***

The County contribution to the Group Health Insurance Fund is set at \$1,166 per month per employee, or \$13,992 annually, for FY 2026 which is a \$2,592 annual increase per employee from the FY 2025 budget. The annual County contribution for retirees that are under 65 will be \$16,008 annually; for retirees that are 65 and over the County's contribution will be \$3,408 annually. This remains unchanged from FY 2024.

The FY 2026 budget increased the County's contribution rate to the Texas County and District Retirement System (TCDRS) from 11.88 percent to a contribution rate of 12.02 percent, which represents a 0.14 percent increase. The adopted rate increases the County's funded liability at 92.9 percent. The FY 2026 budget, similar to previous budgets, will facilitate a 1.0 percent COLA for retirees.

## ***Department Changes***

There were several changes in relation to the structuring of departments. First, the Human Services department was effectively eliminated and transitioned to a nonprofit service delivery model for the provision of rental and utility assistance. In the Community Outreach account, \$2.0 million is budgeted for the new rental and utility assistance model with an additional \$300,000, at the de minimis rate of 15 percent, available upon awarding to community-based organizations for administrative costs.

Second, due to the redistricting of Commissioner precinct boundaries, several positions were transferred from the Precinct 1 Maintenance division to the Precinct 2 Maintenance division as well as from the Precinct 3 Maintenance division to the Precinct 4 Maintenance division.

## Financial Overview

With the action taken related to property taxes in the FY 2026 budget, there are significant changes in the County's revenue structure and budgeted expenditures. In the section below, you will find several tables providing a high-level overview of financial data from the FY 2026 budget.

### **Tax Rate**

The FY 2026 budget, which is supported by revenue generated by the tax rate adopted in Tax Year (TY) 2025, reflects a 0.69 percent reduction in the combined tax rate from TY 2024 and a 26.2 percent reduction over the past decade.

<b>Tarrant County Adopted Property Tax Rate (TY 2016 – 2025)</b>			
<b>Tax Year</b>	<b>Maintenance &amp; Operations (M&amp;O)</b>	<b>Debt Service (I&amp;S)</b>	<b>Combined Tax Rate</b>
2016	0.229538	0.024462	0.254000
2017	0.221856	0.022144	0.244000
2018	0.214135	0.019865	0.234000
2019	0.217264	0.016736	0.234000
2020	0.217448	0.016552	0.234000
2021	0.213553	0.015447	0.229000
2022	0.206873	0.017127	0.224000
2023	0.178836	0.015664	0.194500
2024	0.171707	0.015793	0.187500
2025	0.173000	0.013200	0.186200

### **Revenue**

The table below compares the revenue budgeted by source in the FY 2024 and FY 2025 adopted budgets. There are significant decreases in taxes, cash fines, and cash carryforward. Conversely, there are significant increases in intergovernmental revenues and other revenue. The \$20M decrease in budgeted tax revenue is the result of the tax relief measures passed within this budget as well as the estimated impact of the 65 and over freeze. The decrease in investment income is due to a combination of decreases in cash-on-hand and interest rates. The decrease in interfund transfers is the result of decreased transfers from the General Fund to the Road and Bridge Fund and Capital Funds. Overall total budgeted revenues and cash carryforward for FY 2025 decreased by over \$50M compared to the preceding year.

Revenue by Source (FY 2025 v FY 2026)			
Revenue Source	FY 2025 Budget	FY 2026 Budget	Variance
Taxes	511,960,940	525,035,419	13,074,479
Licenses	1,400,000	1,300,000	(100,000)
Fees of Office	89,691,950	94,158,450	4,466,500
Cash Fines	2,266,000	2,223,000	(43,000)
Intergovernmental Revenues	35,016,977	36,657,309	1,640,332
Investment Income	18,353,000	10,969,575	(7,383,425)
Other Revenue	14,843,079	14,345,450	(497,629)
Interfund Transfers	7,966,114	10,826,101	2,859,987
<b>Total Revenues</b>	<b>681,498,060</b>	<b>695,515,304</b>	<b>14,017,244</b>
Cash Carryforward	164,881,852	127,973,381	(36,908,471)
<b>Total Revenues + Cash Carryforward</b>	<b>846,379,912</b>	<b>823,488,685</b>	<b>(22,891,227)</b>

Newly generated property tax revenue constitutes 70.9 percent of Tarrant County's budgeted revenues, excluding cash carryforward from previous fiscal years. With cash carryforward funding included, property tax revenue constitutes 59.9 percent of budgeted revenues. The table below provides a historical overview of property tax revenue budgeted and collected over the past 5 fiscal years.

Historical Property Tax Revenue (FY 2022 – 2026)		
Fiscal Year	Budget	Actual
2022	493,918,433	497,813,215
2023	545,015,916	542,081,535
2024	527,858,753	521,345,207
2025	511,960,940	510,889,479
2026	525,035,419	-

Tarrant County has a strong and healthy economy that has experienced explosive growth over the past decade. This growth has included a significant increase in new construction as well as a sharp increase in property values for existing properties. To provide some context to the extent of the growth that Tarrant County has experienced, the net taxable value has increased 105 percent over the past decade from \$143,208,841,539 in 2016 to \$293,584,488,174 in 2025. The table below provides an overview of the growth in net taxable value over the past 10 years.

<b>Tarrant County Property Value (TY 2016 – 2025)</b>	
<b>Tax Year</b>	<b>Net Taxable Value</b>
2016	143,208,841,539
2017	162,541,252,147
2018	180,110,821,859
2019	199,739,794,935
2020	198,672,830,349
2021	217,644,837,270
2022	247,655,062,749
2023	271,974,303,666
2024	270,340,317,137
2025	293,584,488,174

### ***Capital Outlay***

In addition to a Non-Debt Capital Fund, which finances regular capital needs, Tarrant County maintains a Capital Improvement and Replacement Fund. The FY 2026 budget contains investments of \$11,000,000 and \$11,835,104 from the General Fund into the Non-Debt Capital Fund and the Capital Improvement Fund, respectively, to meet the County's long-term capital needs.

### ***Positions***

The FY 2026 budget provides for 23 new positions in the General Fund totaling \$2,472,140. These positions are offset by a reduction-in-force of 25 positions and temporary/part-time salary savings totaling \$2,701,320. Seventeen (17) positions are part of department reorganization; five (5) are related to workload increases; and one (1) is due to a new program. In total there are 3,798 full-time positions authorized in the General Fund. With the addition of 15 new full-time positions, there are 228 authorized positions in the Road and Bridge Fund. The new positions are related to workload increases and will cost \$1,509,568. The total number of authorized positions in the operating funds is 4,026.

### **Budget Excellence**

As the FY 2026 budget process kicked off in the Spring, the Government Finance Officers Association (GFOA) notified Tarrant County that we had received the Distinguished Budget Presentation Award for the third time in organizational history. The GFOA Distinguished Budget Presentation Award represents a significant achievement by governing body and staff to implementing the best practices and principles of governmental budgeting and communication. We believe that this budget document continues to comply with the guidelines and standards of the GFOA Distinguished Budget Award program.