



**TARRANT COUNTY**  
**BUDGET AND RISK MANAGEMENT**

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Greetings –

For the second consecutive year, Tarrant County’s budget process has produced a budget below the non-new-revenue rate and provides historic tax relief without compromising service continuity.

**Highlights**

- Maximum homestead exemption of 20.0 percent for the first time in Tarrant County history
- Property tax rate reduction of 3.6 percent to a rate below the No-New-Revenue tax rate
- Structure and merit pay raises for all eligible law enforcement and non-law enforcement employees

**Principal Issues**

***Property Taxes***

Similar to FY 2024, one of the major issues faced during the FY 2025 budget process was the burden of property taxes on our residents. Tarrant County, like other urban Texas counties, has experienced a massive increase in property value appraisals issued by Central Appraisal Districts (CADs) in recent years. To combat these rising property values and tax bills, the FY 2025 budget builds upon the historic tax relief passed in the FY 2024 budget.

First, the Commissioners Court approved an additional 10.0 percent homestead exemption for all Tarrant County homesteaded properties. Building upon the initial 10.0 percent homestead exemption passed in FY 2024, Tarrant County now provides a 20.0 percent homestead exemption – the maximum allowed under state law. Second, the Commissioners Court approved a property tax rate below the No-New-Revenue tax rate for the second year in a row, which means Tarrant County will collect a lower amount of taxes on the same properties from the preceding year – notwithstanding revenue generated by new construction.

The FY 2025 budget provides significant tax relief without compromising the quality of services that Tarrant County residents have come to expect. In addition to the buy-in and collaboration with departments to identify cost savings, Tarrant County reduced its employer contribution rate to the retirement system which will be discussed in further detail below.

***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.

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 non-law enforcement positions, dependent upon incumbent eligibility, were provided with a 3.0 percent merit pay increase. All non-law enforcement pay grades were provided with a pay grade structure increase ranging from 0.0 to 5.0 percent.

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

The County contribution to the Group Health Insurance Fund is set at \$950 per month per employee, or \$11,400 annually, for FY 2025 which is the same as the FY 2024 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 2025 budget reduced the County's contribution rate to the Texas County and District Retirement System (TCDRS) from 19.5 percent to the required contribution rate of 11.88 percent, which represents a 7.62 percent decrease. Despite the significant shift in the contribution rate, the adopted rate maintains the County's funded liability at 90.0 percent. This action was undertaken to achieve the second year of historic tax relief and amounted to tens of millions of dollars in savings. The FY 2025 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. Two new departments were created as a result of the FY 2025 budget process: Communications and Emergency Management. These functions were previously housed as divisions of the County Administrator's Office. Additionally, there were several interfund transfers of departments and functions.

First, the Resource Connection, which is a centralized hub for the provision of social services, was moved from its own Enterprise Fund to the General Fund due to the lack of profitability. Second, each of the County Commissioners' General Administration divisions were moved from the Road and Bridge Fund to the General Fund. The Maintenance divisions of the County Commissioners' offices, which are responsible for road and bridge maintenance, remained in the Road and Bridge Fund. This action was completed to functionally align revenues with expenditures. Furthermore, it enabled the County to decrease its operating transfer from the General Fund to the Road and Bridge Fund.

#### **Financial Overview**

With the action taken related to property taxes in the FY 2025 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 2025 budget.

### ***Tax Rate***

The FY 2025 budget, which is supported by revenue generated by the tax rate adopted in Tax Year (TY) 2024, reflects a 3.6 percent reduction in the combined tax rate from TY 2023 and a 29.0 percent reduction over the past decade.

<b>Tarrant County Adopted Property Tax Rate (TY 2015 – 2024)</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>
2015	0.237300	0.026700	0.264000
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

### ***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 investments 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.

<b>Revenue by Source (FY 2024 v FY 2025)</b>			
<b>Revenue Source</b>	<b>FY 2024 Budget</b>	<b>FY 2025 Budget</b>	<b>Variance</b>
Taxes	532,143,753	511,960,940	(20,182,813)
Licenses	1,305,000	1,400,000	95,000
Fees of Office	89,754,070	89,691,950	(62,120)
Cash Fines	2,371,400	2,266,000	(105,400)
Intergovernmental Revenues	33,086,885	35,016,977	1,930,092
Investment Income	25,552,914	18,353,000	(7,199,914)

Other Revenue	11,928,593	14,843,079	2,914,486
Interfund Transfers	20,236,587	7,966,114	(12,270,473)
<b>Total Revenues</b>	<b>716,379,202</b>	<b>681,498,060</b>	<b>(34,881,142)</b>
Cash Carryforward	180,221,046	164,881,852	(15,339,194)
<b>Total Revenues + Cash Carryforward</b>	<b>896,600,248</b>	<b>846,379,912</b>	<b>(50,220,336)</b>

Property tax revenue constitutes 75.1 percent of Tarrant County’s budgeted revenues, excluding cash carryforward from previous fiscal years. With cash carryforward funding included, property tax revenue constitutes 60.4 percent of budgeted revenues. The table below provides a historical overview of property tax revenue budgeted and collected over the past 5 fiscal years.

<b>Historical Property Tax Revenue (FY 2020 – 2025)</b>		
<b>Fiscal Year</b>	<b>Budget</b>	<b>Actual</b>
2021	471,186,897	482,537,523
2022	493,918,433	497,813,215
2023	545,015,916	542,081,535
2024	527,858,753	521,345,207
2025	509,027,727	-

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 104 percent over the past decade from \$132,397,275,566 in 2015 to \$270,340,317,137 in 2024. The table below provides an overview of the growth in net taxable value over the past 10 years.

<b>Tarrant County Property Value (TY 2015 – 2024)</b>	
<b>Tax Year</b>	<b>Net Taxable Value</b>
2015	132,397,275,566
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

***Capital Outlay***

The table below provides an overview of the newly approved capital by category.

<b>Tarrant County FY 2025 Approved Non-Debt Capital by Category</b>	
<b>Category</b>	<b>Amount</b>
Office Equipment	573,444
Furniture	514,555
Computer Equipment/Software	5,916,380
Vehicles	4,978,851
Heavy Equipment	6,686,398
Other Equipment	3,401,413
Construction/Renovations	31,535,537
<b>TOTAL</b>	<b>53,606,578</b>

In addition to a Non-Debt Capital Fund, which finances regular capital needs, Tarrant County maintains a Capital Improvement and Replacement Fund. The FY 2025 budget contains an investment of \$26,832,728 from the General Fund into the Capital Improvement and Replacement Fund to meet the County’s long-term capital needs.

***Positions***

The FY 2025 budget provides for 25 new positions in the General Fund totaling \$2,076,272. These positions are partially offset by a reduction-in-force of 14 positions and temporary/part-time salary savings totaling \$1,831,550. Twenty-four (24) positions are related to workload increases; one (1) is due to a new program. In total there are 3,831 full-time positions authorized in the General Fund. With the addition of seven (7) new full-time positions, there are 242 authorized positions in the Road and Bridge Fund. The new positions are related to workload increases and will cost \$523,346. The total number of authorized positions in the operating funds is 4,073.

### **Budget Excellence**

As the FY 2025 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 second 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.