

Mayor and Council Communication

DATE: 08/12/25

M&C FILE NUMBER: M&C 25-0669

LOG NAME: 13TARRANTCOTAXCOLL25-27

SUBJECT

(ALL) Authorize the Execution of Agreements with Tarrant County and the Tarrant County Tax Assessor/Collector for Tax Years 2025-2027 (Fiscal Years 2026-2028) for Assessment and Collection of Ad Valorem Taxes and Special Assessments Levied by the City of Fort Worth with the Current Year's Cost Being One-Dollar and Seven Cents (\$1.07) Per Tax Account Located within Tarrant County, Two-Dollars (\$2.00) Per Tax Account Located Outside Tarrant County, and Two-Dollars (\$2.00) Per Assessment Account for Special Assessments

RECOMMENDATION:

It is recommended that the City Council authorize the execution of agreements with Tarrant County and the Tarrant County Tax Assessor/Collector for Tax Years 2025-2027 (Fiscal Years 2026-2028) for the assessment and collection of ad valorem taxes and special assessments levied by the City of Fort Worth at a rate of \$1.07 per tax account for located within Tarrant County, two-dollars (\$2.00) per tax account located outside Tarrant County, and two-dollars (\$2.00) per assessment account for special assessments.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to authorize engaging Tarrant County and the Tarrant County Tax Assessor/Collector (County) to provide assessment and collection services for ad valorem (property) taxes and special assessments levied by the City of Fort Worth.

The City Council has designated the County to act as the agent of the Financial Management Services Department by providing these services for many decades. The agreement for the current fiscal year, which correlates to tax year 2024, was approved on August 9, 2022 (M&C 22-0562).

The County uses a standard agreement with all of the taxing entities for which it collects taxes and assessments. Prior to 2013, the County used a cost structure involving a single standard per account cost. As the City has grown, the County increased the scope of its services to include assessment and collection for tax accounts for property located outside of Tarrant County but still within the City. Processing different data formats and verifying data with multiple appraisal jurisdictions has resulted in additional expenses to the County. State law requires that the Tax Assessor/Collector charge taxing entities the actual costs for tax collection.

Therefore, for Tax Year 2025 (Fiscal Year 2026), the County is proposing an increase to the current per account charge from ninety-eight cents (\$0.98) to one dollar and seven cents per tax account located within Tarrant County. The charge for tax accounts located outside Tarrant County will remain the same at two-dollars (\$2.00) each as will the per-account charge for Special Assessments (PIDs, MUDs, MMDs, BIDs). The number of accounts billed will be based on the ending number of accounts on the certified roll as of September 30th for the previous year as provided by the Appraisal District. The per-account charge for accounts within the County continues to be the lowest collection fee rate of any urban county in Texas. This is the first rate increase in eight years.

Also within the new agreement, the assessor/collector reserves the right to increase these rates by no more than 3% per year at its sole discretion for the duration of this contract. If the assessor/collector institutes such an increase, the first increase would be effective as of October 1, 2026 or 2025, for the duration of that collection year. Further increases will be reviewed and instituted on an annual basis.

The number of property tax accounts (in-county and out-of-county) has experienced an average increase of approximately 2.8% annually while the number of special assessment accounts (in-county and out-of-county) has remained relatively flat over the last three years.

There will be two separate agreement documents: one for the assessment and collection of ad valorem (property) taxes and another for the assessment and collection of special assessments by the various Public Improvement Districts (PIDs) located throughout the City. The Financial Management Services Department will be responsible for contract compliance matters relating to the agreement for the assessment and collection of ad valorem taxes. The Fort Worth Lab will be responsible for contract compliance matters relating to the agreement for the assessment and collection of PID assessments.

Funding will be budgeted in the Other Contractual Services account within the General fund for the Financial Management Services & Economic Development Departments for Fiscal Year 2026.

A Form 1295 is not required because: This contract will be with a governmental entity, state agency or public institution of higher education: Tarrant County

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendation and the adoption of the Fiscal Year 2026 Budget by the City Council, funds will be available in the Fiscal Year 2026 operating budget, as appropriated, in the General Fund. Prior to an expenditure being

made, the Financial Management Services Department has the responsibility to validate the availability of funds related to the assessment and collection of ad valorem taxes and the Economic Development Department has the responsibility to validate the availability of funds related to the assessment and collection of special assessments.

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