Agenda Item Report

Legislative Board:	City Council
Date:	April 21, 2026
Contact:	Bianca Redmon
Agenda Item ID / Number:	2026-354- / J.3

ITEM TITLE: Ratification and approval by the City Council of the submittal of the Tax Increment Reinvestment Zone (TIRZ) Zone #2 Report (Finance Director Bianca Redmon)

1. EXECUTIVE SUMMARY

The City of Buda Finance Department has submitted the annual report for Tax Increment Reinvestment Zone (TIRZ) Zone #2, as required by Chapter 311 of the Texas Tax Code. This report outlines the financial performance and fund balance within the designated zone. To ensure compliance with state reporting regulations, the City Council is being asked to ratify this submission. There is no financial impact associated with this action, and staff recommends approval.

2. BACKGROUND/HISTORY

The City of Buda is required to submit an annual report for Tax Increment Reinvestment Zone (TIRZ) Zone #2 District (relating to the Colony at Cole Springs Development) in compliance with Chapter 311 of the Texas Tax Code.

The zone was created on November 8, 2023, and expires on the earlier of (i) December 31, 2056, (ii) the dissolution of the District in accordance with applicable law or (iii) January 31 in the year following the calendar year in which all remittance payments (in the aggregate) remitted to the District pursuant to the Remittance Agreement have equaled or exceeded $13,511,521. The base value established for the zone is $6,669,957.

Under the terms of the Development Agreement and TIRZ Ordinance, the City will contribute 40% of ad valorem taxes collected on the TIRZ property to a Tax Increment Collection Fund.

3. ANALYSIS

This action aligns with statutory requirements set forth in Chapter 311 of the Texas Tax Code. The Finance Department has reviewed the report and confirmed compliance with applicable regulations.

For the City's fiscal year ending September 30, 2025, the zone had revenue of $329. This revenue was remitted/expensed to the Buda Municipal Utility District No. 1 to be deposited into the TIRZ Remittance Fund and used "only for the payment or reimbursement of District Improvements Costs and/or such other costs permitted by applicable law to be financed with District bonds, including, without limitation, creation and organization costs and operating advances", as identified in Exhibit A of Resolution No. 2023-R-41. This activity reflects the captured value from Tax Year 2024 of $242,311.00, bringing the total appraised value of the zone to $6,912,268.

The total appraised value of the zone for Tax Year 2025 decreased, reflecting values of $6,187,294 which is $482,663 less than the base value. Due to the decrease, there is no captured value for Tax Year 2025 and therefore no payment is due to the Buda Municipal Utility District No. 1 in FY 2026.

4. FINANCIAL IMPACT

There is no direct financial impact associated with the ratification of this report. The TIRZ Zone #2 fund continues to operate within its budgetary framework, as detailed in the submitted report.

5. STRATEGIC PLAN/GOALS
OTHER

6. STRATEGIC PLAN OBJECTIVES
Compliance with state law.

7. PROS AND CONS
Pros:

- Regulatory Compliance – Ensures that the City of Buda meets state-mandated reporting requirements under Chapter 311 of the Texas Tax Code.
- Transparency & Accountability – Publicly records the financial position and activities of the TIRZ, reinforcing government transparency.

Cons:

- Potential for Delays – If the TIRZ does not begin generating revenue soon, it could take longer than expected to achieve the intended redevelopment goals.

8. ALTERNATIVES
Not applicable.

9. REQUESTED ACTION / SUGGESTED MOTION / RECOMMENDATION
Staff recommends approval of the ratification of the submittal of the TIRZ Zone #2 Report to ensure compliance with state reporting obligations and maintain transparency in the administration of the TIRZ fund.

Attachments:

TIRZ No 2 Report - 09302025
TIRZ 2 Project and Finance Plan Ordinance.docx