



Agenda Item Report

Legislative Board: City Council
Date: April 21, 2026
Contact: Bianca Redmon
Agenda Item ID / Number: 2026-357- / I.1

ITEM TITLE: Ratification and approval by the TIRZ #3 Board of the submittal of the Tax Increment Reinvestment Zone (TIRZ) Zone #3 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 #3, 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 TIRZ #3 Board is being asked to ratify this submission. There is no financial impact associated with this action, and staff recommends approval.

2. BACKGROUND/HISTORY

TIRZ No. 3 was created by the City Council on September 17, 2024, through Ordinance No. 2024-43 to promote development within an approximately 774-acre area located within the City's corporate limits and extraterritorial jurisdiction.

The zone consists of two subzones:

- Subzone A (Hays County) with a base value of \$424,080
- Subzone B (Travis County) with a base value of \$1,555,923

The total base year taxable value for the zone, as of January 1, 2024, is \$1,980,003.

Pursuant to the TIRZ Ordinance and associated Development Agreement, the City contributes a portion of ad valorem taxes generated from the captured appraised value into the Tax Increment Fund. Specifically:

- 50% of City ad valorem taxes in Subzone A
- 75% of City ad valorem taxes in Subzone B

Hays County also participates in the zone through an interlocal agreement, contributing 50% of its ad valorem tax increment within Subzone A.

The TIRZ was established to facilitate the construction of public infrastructure, including roadway, water, wastewater, drainage, and park improvements, necessary to support development that would not occur through private investment alone.

The zone will remain in effect until December 31, 2069, or until all project costs and obligations have been satisfied, whichever occurs first.

As required by Chapter 311 of the Texas Tax Code, the City must submit an annual report to the Texas Comptroller detailing the status, financial activity, and performance of the TIRZ.

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.

As this is the first reporting cycle following the creation of the zone in September 2024, financial activity remains limited. The report primarily reflects the established base value, organizational structure, and initial administrative setup of the zone. No tax increment revenues or project expenditures have been realized at this stage, as development activity and associated value growth are still in early phases.

Future reports will become increasingly important as development progresses, revenues are generated, and project costs are incurred.

Overall, the TIRZ remains aligned with its intended purpose of supporting strategic growth, infrastructure investment, and long-term economic development for the City of Buda.

4. FINANCIAL IMPACT

There is no direct fiscal impact associated with the submission of the annual report.

The report provides a summary of:

- Base and captured appraised values
- Tax increment revenues collected
- Expenditures and project costs
- Outstanding obligations, if any

The TIRZ remains in its early stages, and financial activity is limited to initial administrative setup and reporting.

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 #3 Report to ensure compliance with state reporting obligations and maintain transparency in the administration of the TIRZ fund.

Attachments:

TIRZ No 3 Report - 09302025 FINAL.pdf
TIRZ 3 Project and Financing Plan Ordinance.docx