

# AGENDA ITEM REPORT

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**To:** Town Council

**Subject:** Hold a public hearing, discuss, consider and act upon the first reading of ordinance 2024-12, an ordinance of the Town of Sunnyvale, Texas, adopting a tax rate and levying property taxes for tax year 2024; enacting provisions relating to the subject and purpose of this ordinance; incorporation of premises; providing a savings clause; and providing for an effective date.

**Meeting:** Town Council - September 9, 2024

**Department:** Finance

**Staff Contact:** Miykael Reeve

## **SUGGESTED ACTION:**

Staff recommends approval.

## **BACKGROUND INFORMATION:**

A public hearing is required by Section 26.05 of the tax code.

The Council must adopt the budget prior to the adoption of the tax rate at the meeting and hold a public hearing as required by the truth in taxation code. The Town Council must adopt a tax rate to fund the adopted budget.

The tax rate is split into two parts. The first part is the maintenance and operation rate or commonly referred to as the M&O rate. This rate is used to fund the day-to-day operations and is unrestricted revenue. The proposed rate set by the council is 0.3234 which is the Voter-Approval rate. The budget is based on a rate of 0.3069.

The second part is the debt rate or commonly referred to as the I&S rate. This rate is used to fund any bonds that have been issued by the Town. This rate is set by the amount of debt the Town is currently paying and the rate calculated by the tax office. The debt rate that is proposed is 0.1461.

Any rate other than the total rate of 0.4530 will require an amendment to the adopted budget.

The Town cannot impose property taxes in any year until the governing body has adopted a tax rate for that year and it must be set by ordinance. The vote of the tax rate ordinance must be a separate vote from adopting the budget and approved by at least 60% of the Council.

The following language is required for the motion related to levying the property taxes.

"I move that the property tax rate be increased by the adoption of a tax rate of 0.4530, which is effectively a 1.62 percent increase in the tax rate, with a Maintenance and Operation rate of 0.3069, and a debt rate of 0.1461 per \$100 of assessed valuation. This year's rate will exceed the no new revenue tax rate."

If the Voter-Approval tax rate is adopted, then the following language needs to be read:

"I move that the property tax rate be increased by the adoption of a tax rate of 0.4695, which is effectively a 5.35 percent increase in the tax rate, with a Maintenance and Operation rate of 0.3234, and a debt rate of 0.1461 per \$100 of assessed valuation. This year's rate will exceed the no new revenue tax rate."

**FINANCIAL IMPACT:**

**PUBLIC NOTICE:**

As required, the notice was published in the Dallas Morning News on August 17, 2024.

**ATTACHMENTS:**

[ORD 2024-12 Levying the Property Taxes.docx](#)