

AGENDA ITEM REPORT

F.4



To: Town Council

Subject: Discuss, consider and act upon the second reading of Ordinance 2025-12, an ordinance of the Town of Sunnyvale, Texas, adopting a tax rate and levying property taxes for tax year 2025; 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 15, 2025

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. Based on the Texas Property Tax Code, Council must adopt a rate for the budget if it intends to fund that budget with tax revenue. The tax rate is split into two parts, maintenance and operation commonly referred to as the M&O rate and the debt rate commonly referred to as the rate.

The M&O rate is used to fund the day-to-day operations and is unrestricted revenue in the general fund. The debt rate is used to fund any bond payments from bonds that have been issued by the Town. Council will approve the final rate after it adopts the budget for FY 2026.

The rate is calculated by Dallas County Tax Office and verified by Town Staff. The Town has several rates they can propose for the budget.

VOTER APPROVAL \$0.504715 per \$100 (M&O rate \$0.355535 and I&S = \$0.149180)

PROPOSED/DE MINIMIS \$0.506441 per \$100 (M&O rate \$0.357261 and I&S = \$0.149180)

CURRENT RATE FY 2025	\$0.453000 per \$100 (M&O rate \$0.3069 and I&S = \$0.146100)
BUDGET TAX RATE	\$0.453000 per \$100 (M&O \$0.303820 and I&S \$0.149180)
NO-NEW REVENUE	\$0.449529 per \$100 (M&O \$0.300349 and I&S rate of \$0.149180)

The voter approval tax rate is the highest tax rate that Town of Sunnyvale may adopt without being subject to a petition to roll back the rate.

The de minimis rate is the rate equal to the sum of the no new-revenue maintenance and operations rate for Town of Sunnyvale, calculated to be the rate that will raise \$500,000, and the current debt rate for a taxing unit. This rate is subject to a petition to roll the rate back to Rollback.

The no-new revenue rate is the tax rate for 2026 Fiscal year that will raise the same amount of property tax revenue for Town of Sunnyvale from the same properties in both the 2024 tax year and the 2025 tax year.

The FY 2026 budget is based on a proposed tax rate of \$0.4530 and a rate of 0.30382 to fund the adopted budget for Maintenance & Operation and a debt rate of 0.149180.

*The property tax revenue to be raised from new property added at a value of \$95,690,196 to the roll this year is \$433,476.

M&O RATE: The proposed M&O rate is a not to exceed rate. The Budget is built around a M&O rate of \$0.303820. The final M&O rate that is adopted must be equal to or lower than what is proposed. The Council can adopt a rate less than or equal to the de minimis. No matter what rate is proposed, a public hearing on the tax rate must be held to receive public comment on the tax rate.

DEBT RATE:

The I&S rate is \$0.14918 to cover debt payments. Property tax revenue is calculated at an I&S rate of \$0.149180, a certified value of \$2,207,121,819. This results in I&S revenues of \$3,292,500 while keeping the total tax rate level at \$0.453000 per \$100. Revenues include ad valorem taxes and interest earned to support debt payments. New Debt Proposed is \$36,000,000.

I&S DEBT

ANIMAL CONTROL FACILITY	\$ 5,000,000
<u>TOWN HALL / POLICE STATION</u>	<u>\$ 3,145,000</u>
TOTAL FACILITY DEBT	\$ 8,145,000

JOBSON PARK	\$ 8,300,000
<u>VINEYARD</u>	<u>\$ 1,905,000</u>
TOTAL PARK	\$10,205,000

UTILITY DEBT

E TRIPP WATER LINE	\$ 5,200,000
US 80 LINE RELOCATION	\$ 6,450,000
<u>RIVERSTONE PUMP STATION</u>	<u>\$ 6,000,000</u>
TOTAL UTILITY	\$17,650,000

TOTAL NEW DEBT \$36,000,000

Debt Payments are

<u>Capital Project</u>	<u>Bond Series</u>	<u>Debt Payment</u>
• Collins Road Phase I	Series 2017 - CO	\$ 295,875
• Police Department	Series 2019 Tax Note	\$ 559,995
• Drainage Projects	Series 2019 CO	\$ 217,350
• Fire Station	Series 2020 - CO	\$ 497,075
• DMAIC - 2 C	Series 2023 Tax Note	\$ 507,875
• Bridge/Service	Series 2021 GO Refi	\$ 259,500
• Clay Road	Series 2024 Tax Note	\$ 672,250
• New Debt park	Series 2025 CO	\$ 432,875
• <u>New Debt Facilities</u>	<u>Series 2025 CO</u>	<u>\$ 345,385</u>
Total Debt Service		\$ 3,788,180
• <u>TIRZ/4B supported Series 2025 CO</u>		<u>\$ 669,055</u>

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<u>Total FY 2025 Debt to be paid</u>	<u>\$ 3,119,125</u>
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Motions

If the No-New Revenue rate is adopted:

"I move that the property tax rate be increased by the adoption of a tax rate 0.449529, which is effectively a 0% increase in the tax rate, with a Maintenance and Operation rate of 0.300349 and a debt rate of .14918 for a total property tax rate of \$0.449529 per \$100 of assessed valuation".

If any other rate higher than Effective rate is proposed:

"I move that the property tax rate be increased by the adoption of a tax rate ____, which is effectively a xx% increase in the tax rate, with a Maintenance and Operation rate of ____ and a debt rate of .14918 for a total property tax rate of \$____ per \$100 of assessed valuation".

If the Rate for existing Budget is adopted:

"I move that the property tax rate be increased by the adoption of a tax rate 0.4530, which is effectively a 1.55% increase in the tax rate, with a Maintenance and Operation rate of \$0.30382 and a debt rate of \$0.14918 per \$100 of assessed valuation". This year's rate will exceed the new revenue rate.

If the Voter Approval rate is adopted:

"I move that the property tax rate be increased by the adoption of a tax rate \$0.504715 which is effectively a 12.2% increase in the tax rate Propose a Maintenance and Operation rate of .355535 and a debt rate of \$0.14918 per \$100 of assessed valuation. This year's rate will exceed the new revenue rate.

If the DE Minimis rate is adopted:

"I move that the property tax rate be increased by the adoption of a tax rate \$0.504715 which is effectively a 12.7% increase in the tax rate a Maintenance and Operation rate of .355535 and a debt rate of \$0.14918 per \$100 of assessed valuation. This year's rate will exceed the new revenue rate.

Roll Call Vote must be taken.

PUBLIC NOTICE:

As required, the notice was published in the Dallas Morning News on September 2, 2025.

ATTACHMENTS:

[ORD 2025-12 Levying the Property Taxes.docx](#)