



AGENDA
FEBRUARY 11, 2025
LAVON CITY COUNCIL
CITY HALL, 120 SCHOOL ROAD, LAVON, TEXAS
SPECIAL MEETING
6:30 PM

- 1. PRESIDING OFFICER TO CALL THE MEETING TO ORDER AND ANNOUNCE THAT A QUORUM IS PRESENT**
- 2. PLEDGE OF ALLEGIANCE AND INVOCATION**
- 3. CITIZENS COMMENTS**
Citizens may provide comments (3-minute time limit/person). The response regarding items that are not on the agenda may be to request items be placed on a future agenda or referred to city staff.
- 4. WORK SESSION**
Presentation, questions and answers, and comments regarding proposed sales tax ballot measures for the May 3, 2025 special election.
 - Street Maintenance Sales Tax
 - Municipal Development District (MDD)After a brief presentation, there will be an opportunity for those in attendance to ask questions and provide input regarding the measures. If the public wishes to submit questions in advance, please send them to cityhall@lavontx.gov.
- 5. PRESIDING OFFICER TO ADJOURN THE MEETING**

This is to certify that this Agenda was duly posted on the City’s website at www.cityoflavon.com and at City Hall on or before 6:00 PM on February 6, 2025.

/ Rae Norton /

Rae Norton, City Secretary

1. Notice is hereby given that members of the City Council, Economic Development Corporation Board, Planning and Zoning Commission, and Parks and Recreation Board may attend the meeting.
2. The body reserves the right to meet in Executive Session closed to the public at any time in the course of this meeting to discuss matters listed on the agenda, as authorized by the Texas Open Meetings Act, Texas Government Code, Chapter 551, including §551.071 (private consultation with the attorney for the City); §551.072 (discussing purchase, exchange, lease or value of real property); §551.074 (discussing personnel or to hear complaints against personnel); and §551.087 (discussing economic development negotiations). Any decision held on such matters will be taken or conducted in Open Session following the conclusion of the Executive Session.

Lavon City Hall will provide reasonable accommodations for persons attending meetings. Please contact the City Secretary at 972-843-4220 no later than 48 hours prior to a meeting if you require special assistance | WiFi: Select Guest Portal



CITY OF LAVON

Agenda Brief

MEETING: February 11, 2025

ITEM: 4

Item:

WORK SESSION

Presentation, questions and answers, and comments regarding proposed sales tax ballot measures for the May 3, 2025 special election.

- Street Maintenance Sales Tax
- Municipal Development District (MDD)

After a brief presentation, there will be an opportunity for those in attendance to ask questions and provide input regarding the measures. If the public wishes to submit questions in advance, please send them to cityhall@lavontx.gov.

Background:

On February 4, 2025, the City Council ordered a special election to be conducted on May 3, 2025 for voters to consider two separate measures: the reauthorization of the street maintenance sales tax and the municipal development district (MDD) economic development sales tax. State law provides that any election other than the election of the mayor city council members is a special election.

The election will be conducted by Collin County pursuant to an election services contract. Early voting for the May 3, 2025 election will begin on April 22, 2025.

Street Maintenance Sales Tax

What is it?

The ballot measure for reauthorization of the current one-half cent (0.50%) street maintenance sales tax will be presented to the qualified voters who reside in the city limits of the City of Lavon. The street maintenance sales tax is collected within the city limits of the City and is restricted to be used for repair and maintenance of roads in the City in existence on the date of the election.

When was it authorized and for how long?

In May 2003, the residents of Lavon approved a one-quarter cent (0.25%) sales and use tax to be used for the maintenance and repair of city streets and sidewalks and in 2017 voters increased the tax rate from one quarter to one-half cent (0.50%). Chapter 327 of the Texas Tax Code provides that the sales tax for street maintenance expires if it is not reauthorized by the voters every four years. The May

2025 election is the last uniform election date for consideration of continuance of the restricted sales tax prior to expiration.

How much has been collected and how are sales tax funds tracked?

In fiscal year 2004, the City collected a total of almost \$8,500 in street maintenance sales taxes and in fiscal year 2024, the City collected a total street maintenance sales tax of \$467,470. Since 2004, the City has collected approximately \$2,100,000 for street and sidewalk maintenance. In the last five years, the City has completed almost \$3,000,000 in qualified projects and has an estimated \$6,900,000 in qualified projects scheduled.

The street maintenance sales tax funds are restricted by law and deposited and maintained in a separate designated fund. A monthly financial report for the Street Maintenance Fund is provided to the City Council and posted online.

What will the ballot say and who gets to vote?

The specified ballot language is:

The reauthorization of the local sales and use tax in the City of Lavon at the rate of one half of one percent (0.5%) to continue providing revenue for maintenance and repair of municipal streets. The tax expires on the fourth anniversary of the date of this election unless the imposition of the tax is reauthorized.

Qualified voters who live in the City of Lavon will get to vote for or against this measure.

Municipal Development District (MDD)

What is it and where is it located?

The ordinance calling the election established the boundary of the MDD (or “District”) as the boundary of the extraterritorial jurisdiction (ETJ) of the City of Lavon. The ballot measure for the MDD economic development one-half cent (0.50%) sales tax will be presented to qualified voters who reside in the ETJ of the city. The MDD economic development sales tax is collected only within the MDD and can be used only for specific economic development and quality of life projects that benefit the District.

What is the purpose?

If approved, the Lavon MDD will have a general mission to promote investment and business expansion in the District to build a stronger, more diversified tax base and increase economic vitality in the region.

If approved, the Lavon MDD will focus on business development and assistance; promoting expansion of high speed internet in the ETJ, public works projects to benefit the district, and quality of life improvements like parks and trails.

What is the authority and what can an MDD do?

Municipal Development Districts are authorized in Chapter 377 of the Texas Local Government Code and can collect sales taxes and undertake the same projects as a Type B Economic Development Corporation. In addition to administrative functions, an MDD can accept a grant or loan; sell bonds;

acquire, sell, lease, convey or dispose of property; contract as needed to undertake projects. An MDD only has authority as granted in Chapter 377 of the Texas Local Government Code

An MDD cannot annex private property or request or force the annexation of private property, provide utility services, levy property taxes, or establish or enforce land use regulations.

An MDD is not a utility district, a management district, or a conservation and reclamation district and cannot enter into Strategic Partnership Agreements.

An MDD cannot levy a property tax in the District.

How are the sales tax funds tracked?

Sales tax that is collected in the District will be deposited and maintained in a separate designated development project fund.

Who governs an MDD?

An MDD is governed by a board of at least four directors appointed by the City Council for staggered two-year terms. The law provides that directors may reside in the City or the ETJ.

If approved, by-laws will be prepared that can further specify the number of directors, qualifications, and residency requirements.

Like a City, an MDD is subject to Texas open government and public information laws.

What will the ballot say and who gets to vote?

The specified ballot language is:

"Authorizing the creation of the Lavon Municipal Development District and the imposition of a sales and use tax at the rate of one half of one percent for the purpose of financing development projects beneficial to the district."

Qualified voters who live in the ETJ will get to vote for or against this measure.

When the Election Clerk checks in a voter, the election information system will produce the appropriate ballot for each voter depending on where they reside.

In addition to other entity election measures, City residents will receive only the street maintenance sales tax reauthorization ballot and ETJ residents will receive only the MDD ballot.

Attachments: Draft Presentation



Street Maintenance Sales Tax

**Texas Tax Code
Chapter 327**



STREET MAINTENANCE SALES TAX

2003 – Voters authorized 1/4¢ for street maintenance
2017 – Voters authorized 1/2¢ for street maintenance
and subsequently reauthorized

Since 2003, approximately **\$2.1 million** has been collected.

Examples of qualified expenditures:

Completed projects: \$2.9m

CR asphalt repairs	\$95k
Bently Farms Ph 1	\$536k
Lake Rd Ph 1	\$1.0m
Lake Rd Ph 2	\$1.3m

Pending projects: \$6.9m

CR 484 concrete	\$1.6m
Presidents/LTP	\$1.1m
Rosewood/CR 483	\$1.9m
Bently Farms Ph 2	\$2.27m



Municipal Development District (MDD)

Texas Local Government Code Chapter 377

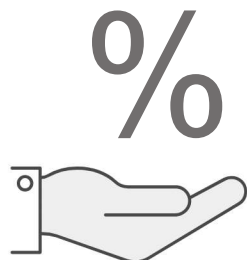


CITY OF LAVON

Special Election for Economic
Development Initiatives

Information provided as an overview of the May 3, 2025, Special Election ballot

State Sales Tax



State Sales Tax

The State of Texas collects a 6.25% sales tax.



Applies to Retail Purchases

The state sales tax applies to certain purchases of goods and services within the State of Texas.



Collected by Businesses

Businesses collect the state sales tax from customers and remit it to the Texas Comptroller's Office.

The State of Texas has a 6.25% Sales and Use Tax that is collected by businesses and remitted to the state on retail transactions.



Local Sales Tax Options



Local Option Sales Tax up to 2%



Funding Local Endeavors



Impact on Consumers

Texas local governments may levy an additional sales tax up to 2% over the state's 6.25% sales tax if the combined state and local sales tax does not exceed 8.25%

The additional local sales tax revenue can be used to fund a variety of local economic and quality of life initiatives, and the governing body determines how the tax is used.

The combined state and local sales tax rate in Texas jurisdictions can range from 6.25% to 8.25%, depending on the local tax rate implemented. Consumers in North Texas currently pay 8.25% throughout most of the metroplex.

Local sales tax generates revenue for local governments to fund a specific projects allowed by law.



City of Lavon Ballot Measures



Reauthorization of the local sales and use tax for road maintenance

The qualified voters of the **City of Lavon** will decide on the reauthorization of the local sales and use tax in the City of Lavon at the rate of one half of one percent (0.50%) to continue providing revenue for maintenance and repair of municipal streets and sidewalks.



Creation of a Municipal Development District (MDD)

The qualified voters in the **extra-territorial jurisdiction (ETJ)** will decide on creation of the Lavon Municipal Development District (MDD) and the imposition of a sales and use tax at the rate of one-half of one percent (0.50%) for funding development projects beneficial to the district.

This special election may have a long-term significant impact for the city and ETJ, creating a steady revenue resource to help offset property taxes and fund local improvements.



Ballot Measure: Reauthorization of the local sales and use tax for street and sidewalk maintenance.



The qualified voters of the City of Lavon will vote for or against to reauthorize the local sales and use tax in the City of Lavon at the rate of one half of one percent (0.50%) to continue providing revenue for maintenance and repair of municipal streets and sidewalks.

If approved by voters, the overall sales tax rate in the City of Lavon does not change.



Ballot Measure: Creation of a Municipal Development District (MDD)



The qualified voters in the extra territorial jurisdiction will vote for or against to create the Lavon Municipal Development District and the imposition of a sales and use tax at the rate of one-half of one percent (0.5%) for the purpose of financing development and quality of life projects beneficial to the district.

If passed this election will create the boundaries of the Lavon Municipal Development District in the city's extraterritorial jurisdiction (ETJ) and impose a 0.5% sales and use tax to fund projects advantageous to the district.

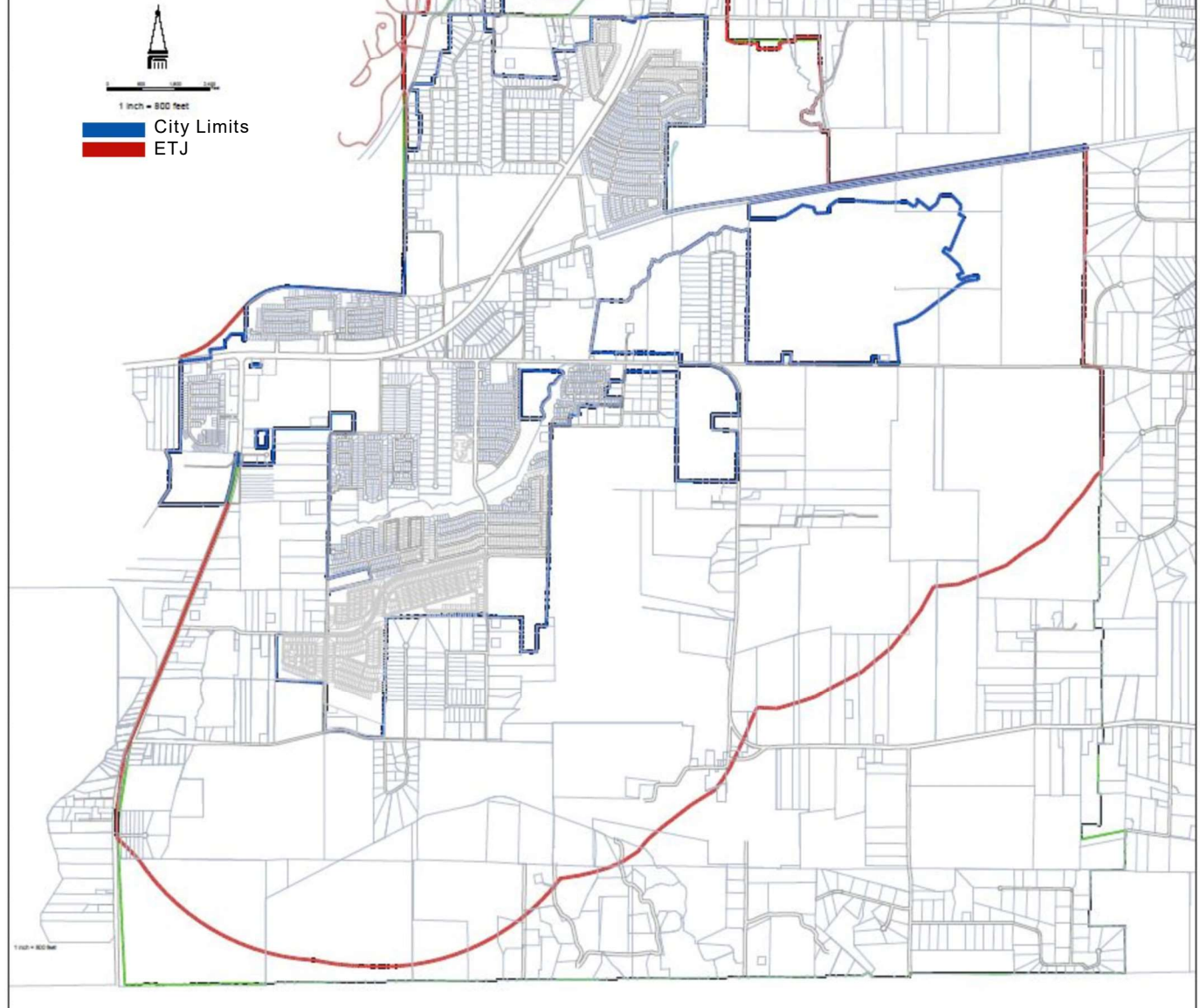


City Limits and the Extra Territorial Jurisdiction (ETJ)

Lavon does not
collect sales tax
in the ETJ

If approved the
MDD will collect
0.5% sales tax
for economic
development in
the ETJ

City of Lavon Boundaries Map May 2022



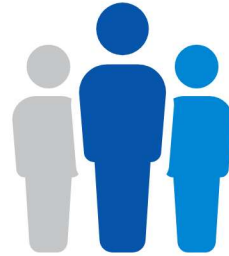


What is a Municipal Development District (MDD)?



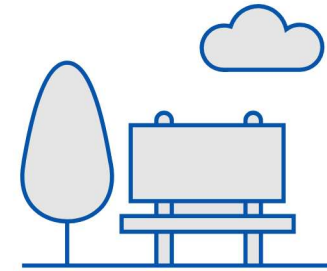
Special Purpose District

An MDD is a specialized local government entity with a general mission to promote investment and business expansion in the ETJ to build a stronger, more diversified tax base and increase economic vitality in the region.



Economic Development

Registered voters residing in the extraterritorial jurisdiction are eligible to serve on the MDD Board and vote in MDD elections to determine economic development policies, priorities, and projects



Projects and Initiatives

An MDD can undertake the same types of projects as any Type B Economic Development Corporation

A Municipal Development District (MDD) is a specialized local government entity designed to generate revenue dedicated to economic development within its designated boundaries through a range of initiatives and projects.



Municipal Development District

Community Engagement

Fosters greater citizen involvement including City and ETJ residents collaborating as part of the MDD decision-making process, promoting a sense of ownership and pride in the community.

Improved Public Amenities

Improve public spaces including parks, building sports fields and facilities, connected trail systems, and other projects to enhance the overall quality of life for residents; extension of hi-speed internet, and other public works.

Economic Development

Attract new and support existing businesses, provide opportunities to dine and shop in the Lavon area, create local job opportunities, and drive investment through targeted incentives and infrastructure improvements. **MDD sales tax funds are reinvested into the Lavon community** directly rather than neighboring cities or entities.



Municipal Development District

Efficient Use of Resources

Coordinate and streamline the allocation of municipal resources, leading to cost savings and sustainable development.

Area Collecting Sales Tax

An MDD is the only Economic Development Sales Tax that may be implemented in the ETJ. The MDD would increase the sales tax rate by 0.5% in the area collecting sales tax.

Long-term Sustainability

Implement strategic plans and policies for use of MDD sales tax revenue to ensure a revenue stream that will grow as the city and ETJ develop.

Maintain & Enhance Neighborhoods

Investments in infrastructure, amenities, and economic development assist in maintaining neighborhoods and commercial areas leading to quality development and benefiting the tax base.



Questions and Answers

Comments