



Board Action Required ☒

No Action Required ☐

To: Coppell ISD Board of Trustees

From: Diana Sircar

Date: August 19, 2024

cc: Brad Hunt

Re: Adoption of 2024-2025 Tax Rates; Maintenance & Operations (M&O) and Debt Service (I&S)

Tax Rate including VATRE:

2024-2025 Proposed Total Tax Rate \$1.0343 with VATRE

2023-2024 Adopted Total Tax Rate \$1.0535

The proposed tax rate is being reduced by \$0.0192.

The proposed tax rate includes **\$0.7869** for the amount of taxes needed to fund maintenance and operation expenditures for the 2024-2025 fiscal year.

The proposed tax rate includes **\$0.2474** for the amount of taxes needed to service the District's debt for the 2024-2025 fiscal year.

The motion required is: "I move that the property tax rate be increased by the adoption of a tax rate of \$1.0343, which is effectively a 11.8% increase in the tax rate."

The above motion quotes an increase in the total tax rate (M&O and I&S) compared to the No New Revenue Total Tax Rate. It is not a comparison between the actual adopted tax rate for this year compared to last year.

The Dallas County Tax Assessor calculates the district's No New Revenue and Voter Approved Tax Rates.

The M&O No New Revenue (NNR) tax rate is the calculated rate that is intended to produce no additional M&O property tax levy. The NNR tax rate would produce the same amount of M&O revenue if applied to the same properties that are taxed in both years. When appraisal values increase, the NNR tax rate should decrease. ((Last year's adjusted tax levy/This year's adjusted

tax levy) x 100 = NNR tax rate) Coppell ISD values increased approximately 10.39% in 2024, thus reducing the NNR tax rate.

The Voter Approved Tax Rate (VATR) is the highest tax rate that the district may adopt without holding an election to seek voter approval of the rate. (TEA calculated Max Compressed Rate + voter approved enrichment pennies + debt tax rate)

The 2024 proposed tax rate will exceed the M&O No New Revenue tax rate. The proposed tax rate will exceed the Voter Approved Tax Rate by \$0.0317, the amount that the voters will approve if the board chooses to call a Voter-Approval Tax Ratification Election (VATRE).

Language required in the resolution to adopt the tax rate is:

THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE; and

THE TAX RATE WILL EFFECTIVELY BE RAISED BY 8.18 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$ -15.30. (negative \$15.30)

The above language quotes an increase in the M&O tax rate of 8.18% compared to the No New Revenue M & O tax rate. This differs from the total tax rate increase of 11.8% and is contrary to the fact that the actual M&O tax rate is being reduced by 1.53 pennies.

The tax rate resolution presented to the Board (A RESOLUTION OF THE BOARD OF TRUSTEES ADOPTING TAX RATE THROUGH A VOTER APPROVAL TAX RATE ELECTION) includes language that allows the adoption of the tax rate that exceed the voter approved tax rate and calls for a VATRE. It also includes language to set the tax rate at the voter approved tax rate should voters not approve the VATRE on November 5th.

Tax Rate NOT including VATRE:

2024-2025 Proposed Total Tax Rate \$1.0026

2023-2024 Adopted Total Tax Rate \$1.0535

The proposed tax rate is being reduced by \$0.0509.

The motion required is: "I move that the property tax rate be increased by the adoption of a tax rate of \$1.0026, which is effectively an 8.37% increase in the tax rate."

Language required to adopt the tax rate is:

COPPELL ISD ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE

THE TAX RATE WILL EFFECTIVELY BE RAISED BY 3.82 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$ -47.00. (negative \$47.00)

A separate resolution (2024-2025 Tax Rate RESOLUTION) has been provided if the Board chooses not to call a VATRE. In this case the Board should consider adopting a M&O tax rate of \$0.7552 which would reduce the overall tax rate to equal the Voter-Approval Tax Rate.

2024 M&O Tax Rate	\$0.7552
2024 I&S Tax Rate	\$0.2474
TOTAL 2024 Tax Rate	\$1.0026 without VATRE

Recommendation: The Board of Trustees adopt one of the resolutions as presented.