

**PALESTINE INDEPENDENT SCHOOL DISTRICT
1007 E. PARK AVENUE
PALESTINE, TEXAS 75801**

OFFICIAL COMMUNICATION

Date: **July 16, 2019**
To: **Board of Trustees**
From: **David Atkeisson, Director of Business Services / CFO**
Subject: **Proposed Tax Rate for 2019 (Fiscal Year 2020)**

As we have discussed previously, HB3 of the 86th Legislature provided for a major overhaul of school funding, including a tax rate compression requirement. There are several factors to be considered in complying with the tax rate compression requirement in the new statutes. However, the short answer for PISD (as well as all other districts with a previously adopted rate of \$1.17) is that our compressed rate is now set at \$1.0684 per \$100 valuation for Maintenance and Operations (M&O) tax.

We are still required to levy sufficient taxes for Interest and Sinking (I&S) to pay our annual debt service payments. The I&S rate remains unaffected by HB3. Our current I&S tax rate is \$0.36 per \$100 valuation.

As of this communication (July 16), we do not have official values from the Anderson CAD. Those values are not due to us until July 25. However, working with the preliminary values provided by ACAD earlier this spring, it is anticipated that we should not have to change our I&S tax rate.

With these considerations, it is recommended that we formally propose an M&O rate of \$1.0684 and an I&S rate of \$0.36 for a total rate of \$1.4284 per \$100 valuation. This is a reduction of \$0.1016 per \$100 valuation from our current rate. These rate will be used in our publications for the Budget and Tax Rate Hearing to be held in August. If further information becomes available in the interim and we determine that we can meet our debt service obligations with a lower I&S rate, we are able to officially adopt the lower rate.

Respectfully submitted,

David Atkeisson
Director of Business Services/CFO