Action Item

Date: August 27, 2026 **Division:** Finance

Subject: Consider Approval of 2026-27 Maintenance and Operations Tax Rate and the 2026-27 Interest and Sinking (Debt Service) Tax Rate

Background Information:

- The 2026-27 Tax Rates needed to support the General Fund and Debt Service Fund budgets are presented for Board consideration. Although the tax rate is seen as one rate when sent to the taxpayer, it contains two parts—The Maintenance and Operations portion (M & O rate) used to support the district operations for the current year and the Interest and Sinking portion (I & S rate) dedicated to retiring bonds previously approved by LISD voters.
- The M & O rate is recommended to be decreased by $0.0400 from $0.7869 to $0.7469, due to the expiration of the 4 disaster pennies from last fiscal year.
- The I & S rate is recommended to stay the same as fiscal year 2026 at $0.3309.
- The total tax rate for 2026-27 of $1.0778 per $100 in taxable value represents a decrease of $0.0400 from the 2025-26 total tax rate.

Administrative Consideration:

- The following presents information about three tax rates. Last year's tax rate is the actual rate the school district used to determine property taxes last year. This year's no-new-revenue tax rate would impose the same total taxes as last year if you compare properties taxed in both years. This year's voter-approval tax rate is the highest tax rate the school district can set before it must hold a tax ratification election. In each case, these rates are found by dividing the total amount of taxes by the tax base (the total value of taxable property) with adjustment as required by state law. The rates are given per $100 of property value.
    - 2025-26 M & O Tax Rate - $ 0.7869
    - 2025-26 I & S Tax Rate - $ 0.3309
    - 2025-26 Total Tax Rate - $1.1178

    - 2026-27 No New Revenue (NNR) Tax Rate - $1.1053
    - 2026-27 Voter-Approval Tax Rate - $1.0820

    - 2026-27 M & O Tax Rate - $ 0.7469
    - 2026-27 I & S Tax Rate - $ 0.3309
    - 2026-27 Total Tax Rate - $1.0778

- State law is silent on any requirement to notify the public that locally collected taxes are required to be paid to the State in recapture payments and that State funding is decreased to offset the increased tax revenues collected by LISD.
- The Texas Education Agency has approved the District's plan to reduce the District's revenue level in excess of entitlement for the 2026-27 school year and has notified the District it may proceed with its tax rate adoption process. This is the official language regarding the method the District proposes to use in making recapture payments.

Recommendations:

- That the Board of Trustees adopts the 2026-27 tax rate Ordinance as presented with a total tax rate of $1.0778 per $100 of property value which consists of a M & O tax rate of $0.7469 and an I & S tax rate of $0.3309. I further move that the Ordinance Fixing and Levying School District Ad Valorem Taxes for the school year 2026-27 be approved as presented.

Timeline/Report:

- Tax Code Sec. 26.05 requires that the tax rate must be adopted by the later of September 30th or the 60th day after the date the certified appraisal roll is received. Tax Code Sec. 26.08 requires an automatic election to approve the school district tax rate if the governing body adopts a tax rate that exceeds the district's voter-approval tax rate.
- A district's tier one maintenance and operations tax rate is the number of cents levied by the district for maintenance and operations that does not exceed the maximum compressed rate, as determined under the Education Code 48.2551. The Texas Education Agency (TEA) shall calculate and make available school districts' maximum compressed rates no later than August 31st.

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

AN ORDINANCE FIXING AND LEVYING SCHOOL DISTRICT AD VALOREM TAXES:

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE LEWISVILLE INDEPENDENT SCHOOL DISTRICT THAT:

There is hereby levied and ordered to be assessed and collected for the school year 2026-2027, and for each year thereafter until it be otherwise provided and ordained, an ad valorem tax at the rate of **$1.0778** shall be levied on each One Hundred Dollars ($100.00) valuation. It is further ordered that, as one of the two components of the above tax rate, **$0.7469**/$100 is hereby separately approved and levied for the maintenance and operation of the schools within the Lewisville Independent School District (the "District").

It is further ordered that, as the other of the two components of the above tax rate, **$0.3309**/$100 is hereby separately approved and levied for the purpose of paying principal and interest on debts of the District.

PASSED, ADOPTED AND ORDAINED by the Board of Trustees, at a meeting at which a quorum was present and a majority of the Trustees voting for and at which meeting this Ordinance, in written form, was before the Board at the time of its adoption on the 27th day of August 2026.

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

APPROVED:	ATTEST:
______________________________	______________________________
Allison Lassahn, President Board of Trustees	Katherine Sells, Secretary Board of Trustees