NORTH EAST INDEPENDENT SCHOOL DISTRICT

Date: September 14, 2026

Presenter: Susan Lackorn

Subject: Approval to set I&S tax rate above minimum

Related Page(s): Attachment

ACTION ITEM

BACKGROUND INFORMATION

Pursuant to Texas Tax Code 26.05(a-1), the Board of Trustees must first approve the proposed interest and sinking(I&S) tax rate to pay debt service that exceeds the minimum debt service tax rate prior to adopting the tax rate.

ADMINISTRATIVE CONSIDERATION

The calculated minimum debt service rate is $0.2193. Maintaining the I&S tax rate at $0.3000 mitigates the volatility of future I&S tax rates and provides future interest savings for our taxpayers. Additional tax collections will be used to pay debt off early.

BUDGETARY CONSIDERATION

No budgetary consideration required.

ADMINISTRATIVE RECOMMENDATION

It is recommended that the proposal of an interest and sinking(I&S) rate to pay debt service that exceeds the minimum debt service tax rate as defined by the Texas Tax Code and the Texas Education Code. The Board finds that the District's minimum debt service tax rate is $0.2193 per $100 valuation, and that the proposed interest and sinking tax rate of $0.3000 used to pay debt service exceeds the minimum debt service tax rate by $0.0807 per $100 valuation. Additional revenue generated by the proposed rate will be used for lawful debt service purposes including: early defeasance or retirement of bond indebtedness, reduction of future interest costs to District taxpayers, and mitigation of future tax rate volatility.

BOARD ACTION REQUIRED

Approval/Disapproval