

# Approval of Tax Rate Ordinance

September 11, 2018

## SUMMARY:

This item requests approval of the Tax Rate Ordinance for 2018.

## PREVIOUS BOARD ACTION:

This item is routinely acted upon each year.

## BACKGROUND INFORMATION:

The Board reviewed preliminary values for the 2018-2019 school year as part of its budget presentations. These preliminary values are subject to change after the appraisal district conducts its appraisal review board hearings. The certified values were due to entities by July 25, 2018. The appraisal roll, as presented by the Denton Central Appraisal District, must then be approved by the Board of Trustees.

The certified collection rate is used in the tax rate calculations. The District routinely recommends a 100% collection rate since overall collections generally range around this figure. A district may not certify a collection rate greater than 100%.

The District must authorize someone to calculate and certify the District's rollback tax rate. For the past several years, this has been the Denton County Tax Assessor/Collector. Provision for this function was included in the tax collection contract with the county that was approved by the Board and signed on July 24, 2018. The District must adopt the tax rate by September 29, 2018 or 60 days after receiving the certified appraisal roll, whichever date is later.

## SIGNIFICANT ISSUES:

The proposed tax rate is as follows:

M & O	\$ 1.060
Debt Service	\$ .480
Total	\$ 1.540

## FISCAL IMPLICATIONS:

House Bill 1, 79<sup>th</sup> Legislature, 3<sup>rd</sup> Called Session: Beginning in the 2006 tax year, a school district at the \$1.50 per \$100 of property value M & O tax rate cap must compress its M & O rate by 88.67 percent, reducing the rate to \$1.33. In 2007, the compression rate was 66.67 percent, reducing the rate to \$1.00. A school district also may adopt a rate up to \$.50 for "new" debt plus a rate for "old" debt. New debt is debt authorized after April 1, 1991 and issued after September 1, 1992; old debt is debt authorized prior to those dates.

The M & O portion of the rollback tax rate allows school districts to add four cents to the lesser of the current year's compressed operating tax rate or the effective M & O rate to generate operating funds. School districts may also add any additional cents approved by voters during a 2006 or later rollback election. District voters approved an additional two cents with a Tax Ratification Election on September 9, 2017. The debt service rate portion is the tax rate necessary to pay the school's debt payments in the coming year. The 2018 rollback rate is \$1.54.

## BENEFIT OF ACTION:

Passage will allow the district to notify the Denton County Tax Office of the adopted tax rate so that they may begin preparation of the tax bills. The tax bills must be mailed to each property owner by October 10<sup>th</sup> or as soon thereafter as practicable.

## PUBLIC COMMENT RECEIVED:

A Public Hearing was held on May 22, 2018 to discuss the budget and proposed tax rate.

## PROCEDURAL AND REPORTING IMPLICATIONS:

The district was notified by TEA of Chapter 41 status in July 2018. An Agreement for the Purchase of Attendance Credits (Netting Chapter 42 Funding) was approved by the Board on August 28, 2018. TEA has authorized the district to proceed with its tax rate adoption process.

## SUPERINTENDENT'S RECOMMENDATION:

This year's rollback tax rate was calculated at \$1.54 and the effective rate was \$1.461643. Recommend approval of the Ordinance Setting the Tax Rate for 2018.

"I move that the property tax rate be increased by the adoption of a tax rate of \$1.54, which is effectively an 7.98% percent increase in the tax rate."

**STAFF PERSONS RESPONSIBLE:**

Debbie Monschke, Assistant Superintendent of Administrative Services  
Jennifer Stewart, Director of Budget

**ATTACHMENT:**

Ordinance Setting the Tax Rate  
Letter – TEA: Chapter 41 Intent

**APPROVAL:**

Signature of Staff Member Proposing Recommendation: \_\_\_\_\_  
Comments: \_\_\_\_\_

Signature of Divisional Leader: \_\_\_\_\_  
Comments: \_\_\_\_\_

Signature of Superintendent: \_\_\_\_\_  
Comments: \_\_\_\_\_