

Approval of Tax Rate Ordinance

September 24, 2024

SUMMARY:

This item requests approval of the Tax Rate Ordinance for 2024.

PREVIOUS BOARD ACTION:

This item is routinely acted upon each year.

BACKGROUND INFORMATION:

The Board reviewed preliminary values for the 2024-2025 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 are typically received by entities by July 25th. 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 voter approval 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 August 10, 2021.

The District must adopt the tax rate by September 30, 2024 or 60 days after receiving the certified appraisal roll, whichever date is later.

SIGNIFICANT ISSUES:

The proposed tax rate is as follows:

M & O	\$.6769
Debt Service	\$.48
Total	\$ 1.1569

FISCAL IMPLICATIONS:

Beginning with the 2020 tax year, a school district's Tier 1 M&O tax rate is calculated and set by the Texas Education Agency. Denton ISD received a calculated Tier 1 rate of \$.6169 for tax year 2024. The Tier 2 portion remains at \$0.06. The debt service rate portion is the tax rate necessary to pay the school's debt payments in the coming year. Senate Bill 2 made no changes to the calculation of a district's debt service tax rate. The 2024 voter approval rate is \$1.1569.

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 10th or as soon thereafter as practicable.

PUBLIC COMMENT RECEIVED:

A Public Hearing was held on June 11, 2024 to discuss the budget and proposed tax rate.

SUPERINTENDENT'S RECOMMENDATION:

This year's voter approval tax rate was calculated at \$1.1569 and the no-new-revenue tax rate was \$1.0873. Recommend approval of the Ordinance Setting the Tax Rate for 2024.

"I move that the property tax rate be increased by the adoption of a tax rate of \$1.1569, which is effectively an 11.46% percent increase in the tax rate."

Additional comments from Dr. Thompson: All additional tax revenue generated above the no-new-revenue tax rate (or the entire 11.46% increase) only benefits the state budget and does not benefit the District budget or local taxpayers.

The District tax rate is set by TEA and is actually set at the lowest possible rate for this budget year. The proposed tax rate is not increasing by 11.46% over the prior year adopted tax rate. This motion (required by law to be stated) represents the increase as compared to the No-New-Revenue Tax Rate. The No-New-Revenue Tax Rate is the rate that would produce the same amount of taxes if applied to the same properties taxed in both years. It is essentially the tax rate that would produce the same revenue as the prior year.

STAFF PERSONS RESPONSIBLE:

Dr. Jeremy Thompson, Deputy Superintendent
Jennifer Stewart, Executive Director of Budget

ATTACHMENT:

Ordinance Setting the Tax Rate

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Comments: _____

Signature of Divisional Leader: _____

Comments: _____

Signature of Superintendent: _____

Comments: _____