

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT

Historic Tax Rates

Fiscal Year	Maintenance and Operations	Debt Service	Total Tax Rate
2012-2013	\$1.019100	\$0.073200	\$1.092300
2013-2014	\$1.040000	\$0.102155	\$1.142155
2014-2015	\$1.040000	\$0.105666	\$1.145666
2015-2016	\$1.152500	-	\$1.152500
2016-2017	\$1.152500	-	\$1.152500
2017-2018	\$1.152500	\$0.112500	\$1.265000
2018-2019	\$1.152500	\$0.112500	\$1.265000
2019-2020			\$1.186706
HB 3	\$1.057000	\$0.129706	
2020-2021	\$1.025400	\$0.150472	\$1.175872
2021-2022 *includes 2.55 disaster pennies	\$1.039300	\$0.135700	\$1.175000
2022-2023 * Includes 4.3 disaster pennies	\$1.0568	\$0.1519	\$1.2087
2023-2024	?	?	?

Factors to consider for upcoming 2023-2024 school year:

- Based upon current projections (remember, we will not get an estimate of local values from HCAD until April 30, 2023, local property values will rise significantly.
- We know that the Comptroller's State Property Tax Division determined to require "State Values" which raised the estimated local tax roll from approximately \$6.8 Billion to approximately \$9 Billion. The adjustment, if not reversed upon appeal will reduce BISD's projected 2022-2023 fund balance by approximately \$11 Million.
- The 2022-2023 adopted budget expended all available revenues for employee compensation. In ongoing years, these lost funds will have to be replaced.
- One of the strategies is to pressure CCAD to re-appraise to ensure local values in future years. Efforts are underway in this regard. BISD needs local values for the upcoming 2023-24 school year.
- Local valuation issues are important because, because of HB# 3 (passed in 2019) increasing local values necessarily compress the districts local tax rates.
- For 2022-2023, BISD's Tier 1 maximum tax rate was \$0.8868.
- For the upcoming 2023-2024 school year, the Texas Legislature appears to be ready to increase State school spending in order to require a reduction in local tax rates.
- When combined with the local value increase, it seems reasonable to project a reduction of from 5 to 8 cents in the Tier 1 tax rate.
- In 2021-2022 and again in 2022-23 BISD was authorized to levy "disaster pennies" to temporarily increase its local tax levy to offset the impact of two consecutive disasters (Hurricane Hanna and Winter Storm Uri). For 2022-2023 the temporary increase was 4.3 cents of the District's total \$1.0568 M&O tax rate.
- For the upcoming 2023-2024 tax year, there is no opportunity to levy disaster pennies. As a result the District's Tier 2 tax rate will have to be reduced by approximately 4.3 cents without a voter Approved Tax Rate Election (VATRE). This is on top of the 5-8 cent Tier reduction.

- For the upcoming 2023-2024 tax year, if BISD's appraisal rolls rise to \$9 Billion, as the Comptroller projects, The District's debt service tax rate can also be reduced by from 1 to 2 cents.

Partial Solution:

- Although it is anticipated that the Legislature will appropriate additional funds for ISD operations (in excess of the tax relief dollars) , it is unlikely that the legislature will appropriate enough additional funds to cover the local demands for additional staff and increased compensation.
- Additionally, ESSER funding augmentation is expiring and will have to be replaced, or additional expenditure cuts will be required.
- In order to mitigate the foregoing factors, we recommend that the Board consider maximizing its Tier 2 tax rate for the upcoming 2023-2024 tax year.
- Because BISD levied disaster pennies in the previous 2 school years, maximizing Tier 2 tax rates would not represent a tax rate increase. It would simply levy the same Tier 2 rate as it levied in the current tax year.
- However, it is important to note that the maintenance of the Tier 2 rate at its 2022-2023 levels would require a VATRE.
- VATRE elections are held on the November uniform election date.
- Even if the Board did call such an election, local tax rates will be lower because of tax reductions of from 5-8 cents in Tier I and 1-2 cents in debt service. So even if the VATRE passed, voters would get a tax rate reduction.
- Please note that all the recommendations in this presentation should be regarded as preliminary. We will need 2023 appraisal results and a look at the any changes to finalize the calculations.
- This presentation is being made, as an adjunct to the current budget process to give BISD staff some direction in the budget development process.

- If the Board is interested in a VATRE, the budget development process should focus upon the extra revenues which would be made available, and recommendations for the deployment of those revenues.