

# Approval of Tax Rate Ordinance

September 22, 2020

## SUMMARY:

This item requests approval of the Tax Rate Ordinance for 2020.

## PREVIOUS BOARD ACTION:

This item is routinely acted upon each year.

## BACKGROUND INFORMATION:

The Board reviewed preliminary values for the 2020-2021 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 25<sup>th</sup>. The appraisal roll, as presented by the Denton Central Appraisal District, must then be approved by the Board of Trustees. Because of the hardships placed on the Appraisal District due to the COVID-19 pandemic, certified values were not distributed until September 18, 2020.

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 27, 2019.

The District must adopt the tax rate by September 30, 2020 or 60 days after receiving the certified appraisal roll, whichever date is later.

## SIGNIFICANT ISSUES:

The proposed tax rate is as follows:

M & O	\$ .9276
Debt Service	\$ .48
Total	\$ 1.4076

## FISCAL IMPLICATIONS:

House Bill 3, 86<sup>th</sup> Legislature: HB 3 requires additional tax rate compression as property values continue to grow. The compression applies to the Tier 1 portion of our M&O tax rate. Districts which grow faster than the statewide average growth rate will see their tax rates compressed further so that the district's local collections only increase by 2.5% year over year. 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 \$.8676. 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. House Bill 3 makes no changes to the calculation of a district's debt service tax rate. The 2020 voter approval rate is \$1.4076.

## 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 June 9, 2020 to discuss the budget and proposed tax rate. A second Public Hearing was held on September 22, 2020 to further discuss the proposed tax rate.

## SUPERINTENDENT'S RECOMMENDATION:

This year's voter approval tax rate was calculated at \$1.4076 and the no-new-revenue tax rate was \$1.505293. Recommend approval of the Ordinance Setting the Tax Rate for 2020.

"I move that the property tax rate be decreased by the adoption of a tax rate of \$1.4076, which is effectively a 9.53% percent decrease in the tax rate."

## STAFF PERSONS RESPONSIBLE:

Dr. J. Scott Niven, Chief Financial Officer  
Jennifer Stewart, 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: \_\_\_\_\_