



DENTON ISD

Discussion of
Certified Values and Tax Rate

Discussion of Chapter 49

August 22, 2023

Agenda

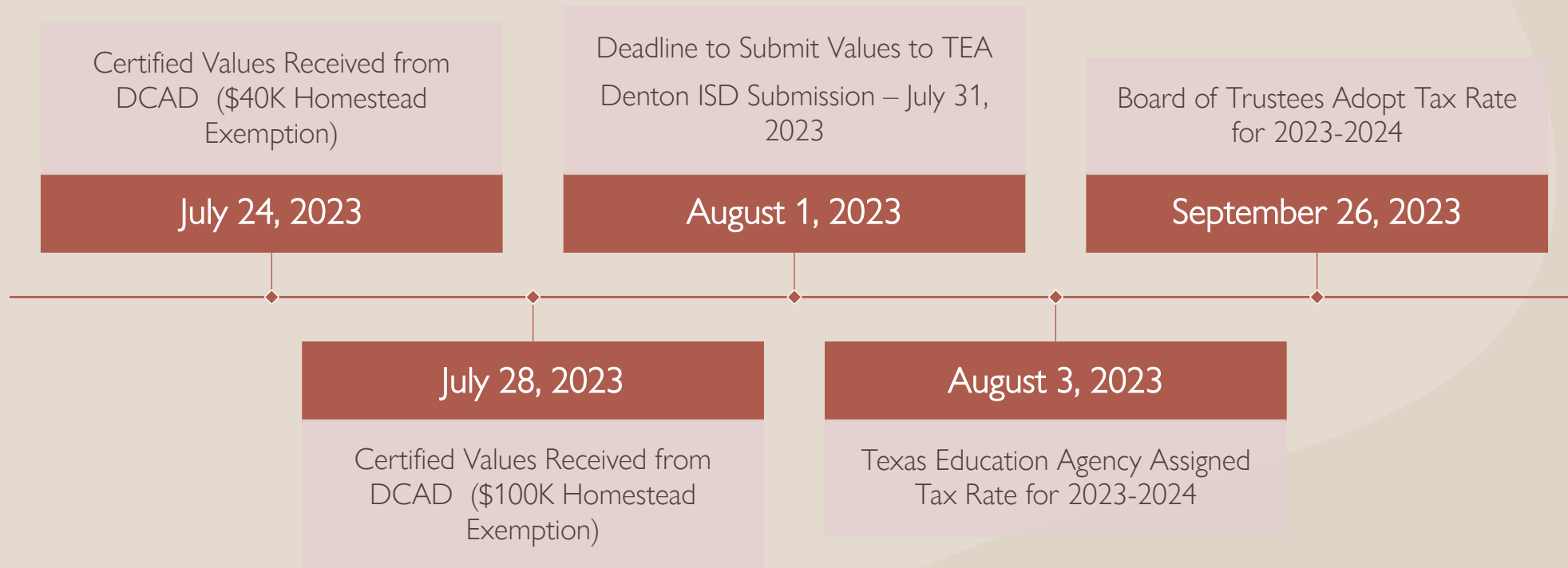
Certified Values

Legislative Update

Tax Rate

Chapter 49

Timeline of Tax Rate Adoption



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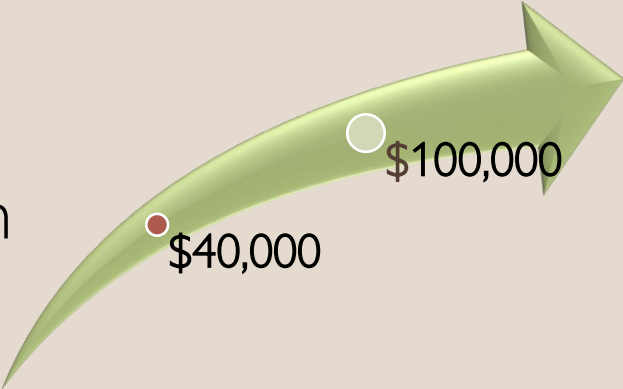
Legislative Update Special Session #2

Senate Bill 2

- \$12B - \$0.107 reduction in Maintenance & Operation Tier 1 tax rates

	Ceiling	Floor
Prior to SB2	\$0.7950	\$0.7155
SB2	\$0.6880	\$0.6192

- Homestead Exemption
(contingent on voter approval)

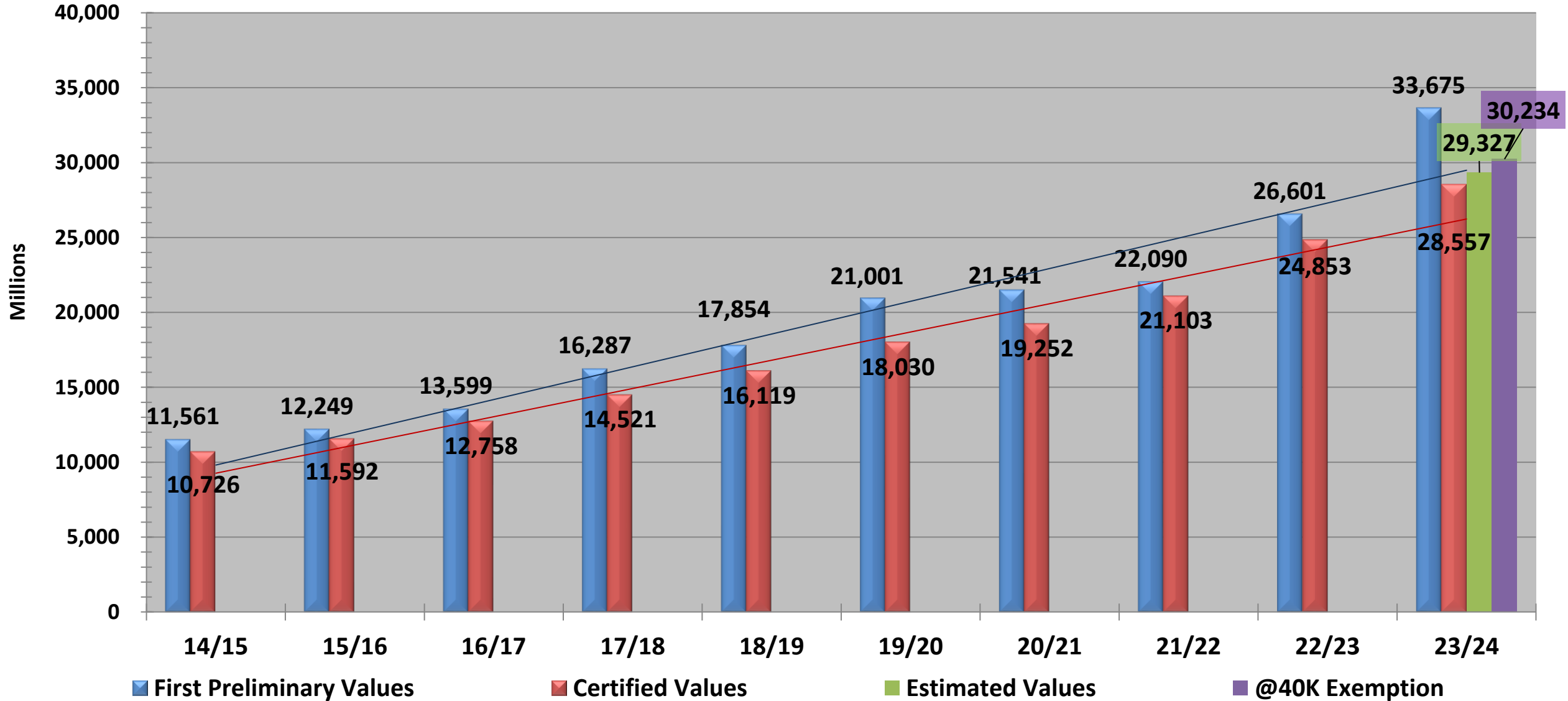


- Hold Harmless Provision – Debt Service
(covers all bonds authorized by voters before 9/1/2023)

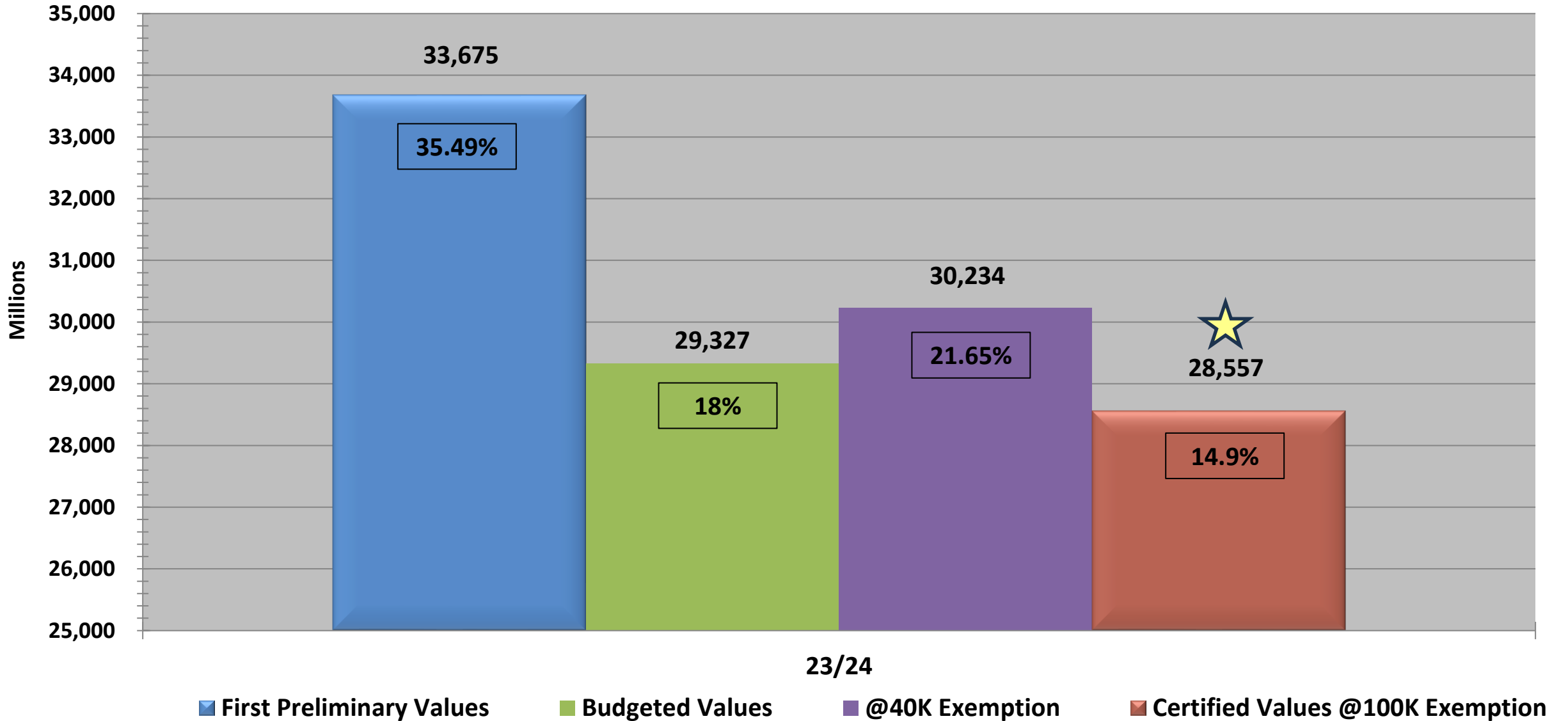
Senate Bill 2 – Future Implications

- Establishes a 20% appraisal cap on non-homestead residential and commercial real property valued at less than \$5 million beginning in 2024. The \$5 million threshold is indexed to inflation and would be adjusted in Tax Years 2025 and 2026 to account for inflation. The appraisal cap expires at the end of 2026.

Denton Independent School District Comparison of First Preliminary vs. Certified



Denton Independent School District Comparison of Tax Year 2023 Values School Year 2023-2024



PROPERTY VALUE COMPARISON

	TY 2022 Certified Values	2023-2024 Budget	TY 2023 Certified Values (\$40K Homestead Exemption)	TY 2023 Certified Values (\$100K Homestead Exemption)
Value	\$24,853,496,991	\$29,327,126,449	\$30,234,466,294	\$28,556,995,922
Amount of Increase		\$4,473,629,458	\$5,380,969,303	\$3,703,498,931
% Increase		18%	21.65%	14.90%

HOMESTEAD EXEMPTION

	TY 2022	TY 2023	TY 2023
Exemption Amount	\$40,000	<u>\$40,000</u>	<u>\$100,000</u>
Count of Properties	41,071	42,063	42,063
Additional Properties		+992	+992
Exemption Value	\$1,612,594,751	\$1,652,193,812	\$4,112,597,287
Additional Exemption Value		+\$39,599,061	\$2,500,002,536

Tax Rate Compression





Tax Rate Discussion

MAINTENANCE & OPERATION

- TEA assigned a Maximum Compressed Tax Rate (MCR) of \$0.6192 to Denton ISD (Tier 1)
- Tier 2 - \$0.06
- Total M&O Tax Rate - \$0.6792

DEBT SERVICE

Debt Service 2023-2024 - \$0.48	Amount
Budgeted - Revenue @ 18% Growth	\$157,338,201
Scheduled Bond Payments	\$93,648,201
New Debt for 2023 Bonds / Additional Prepayment Opportunities	\$63,690,000
Certified Estimates - Revenue @ 14.9% Growth (\$100K Homestead Exemption)*	\$154,686,684
Scheduled Bond Payments	\$147,148,701
Additional Prepayment Opportunities	\$7,537,983

*Senate Bill 2:
Hold Harmless Provision – Debt Service
(covers all bonds authorized by voters before 9/1/2023)

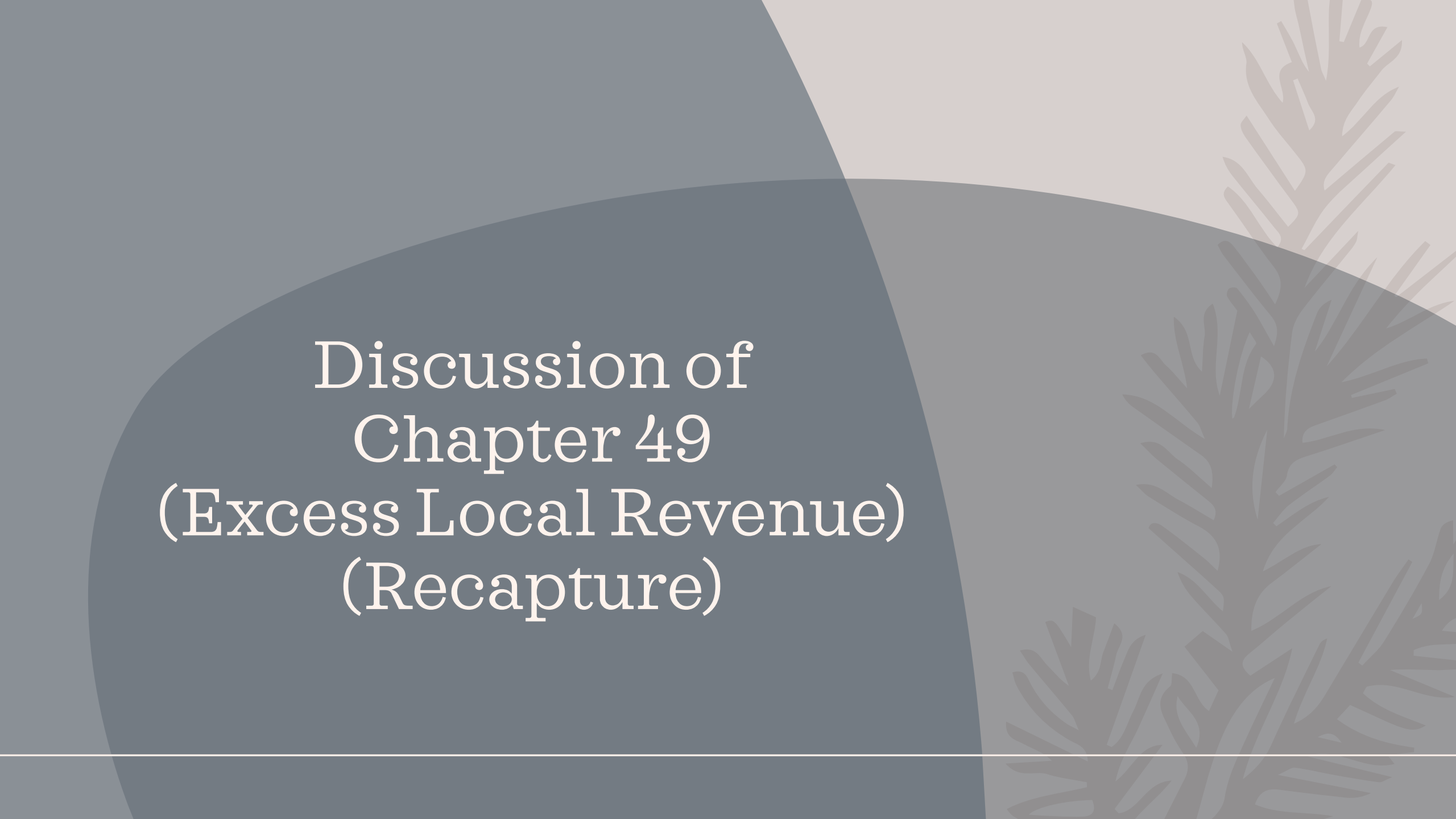
Tax Rate History

Budget Year	Maintenance & Operations (Tier 1)	Maintenance & Operations (Tier 2)	Debt Service	Total Tax Rate	Decrease in Tax Rate from Prior Year	Cumulative Decrease over 5 Years
2018-2019	1.00	.06	.48	1.54		
2019-2020	0.93	.06	.48	1.47	(\$0.07)	
2020-2021	0.8676	.06	.48	1.4076	(\$0.0624)	
2021-2022	0.8220	.06	.48	1.3620	(\$0.0456)	
2022-2023	.8046	.06	.48	1.3446	(\$0.0174)	
2023-2024	.6192	.06	.48	1.1592	(\$0.1854)	(\$0.3808)

Over the last five years, Denton ISD has seen a tax rate decrease of over \$0.38.



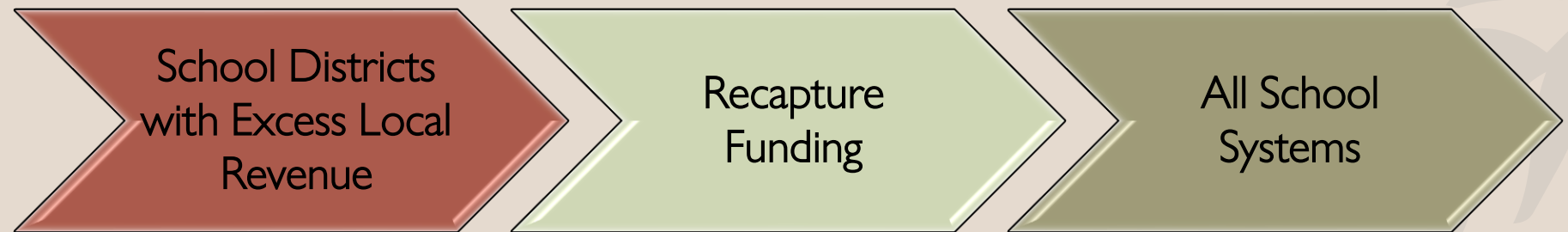
Tax Rate Adoption
September 26th
Board Meeting



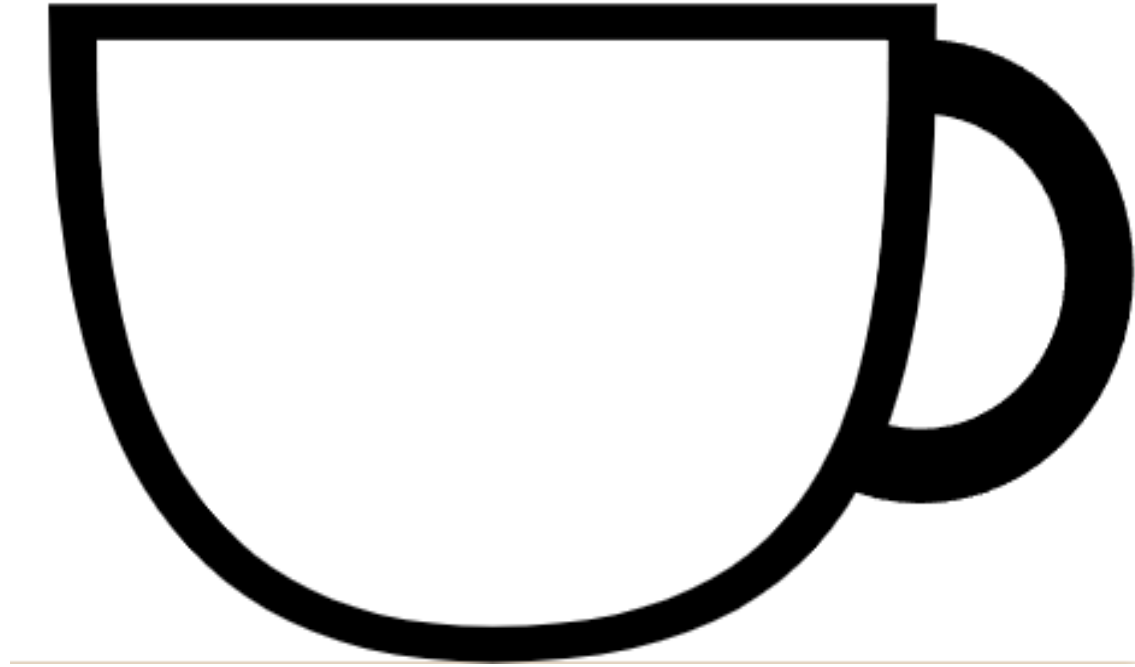
Discussion of
Chapter 49
(Excess Local Revenue)
(Recapture)

What is Excess Local Revenue?

- Also Known As Recapture
- Districts with local revenue that exceed the levels in Texas Education Code Chapter 48 are subject to the provisions in Texas Education Code Chapter 49.
- Districts with excess local revenue pay funds into the Foundation School Program for distribution to other districts.
- The funds that are distributed by districts with local revenue in excess of entitlement are recaptured by the TEA to assist with the financing of public education for all school districts.

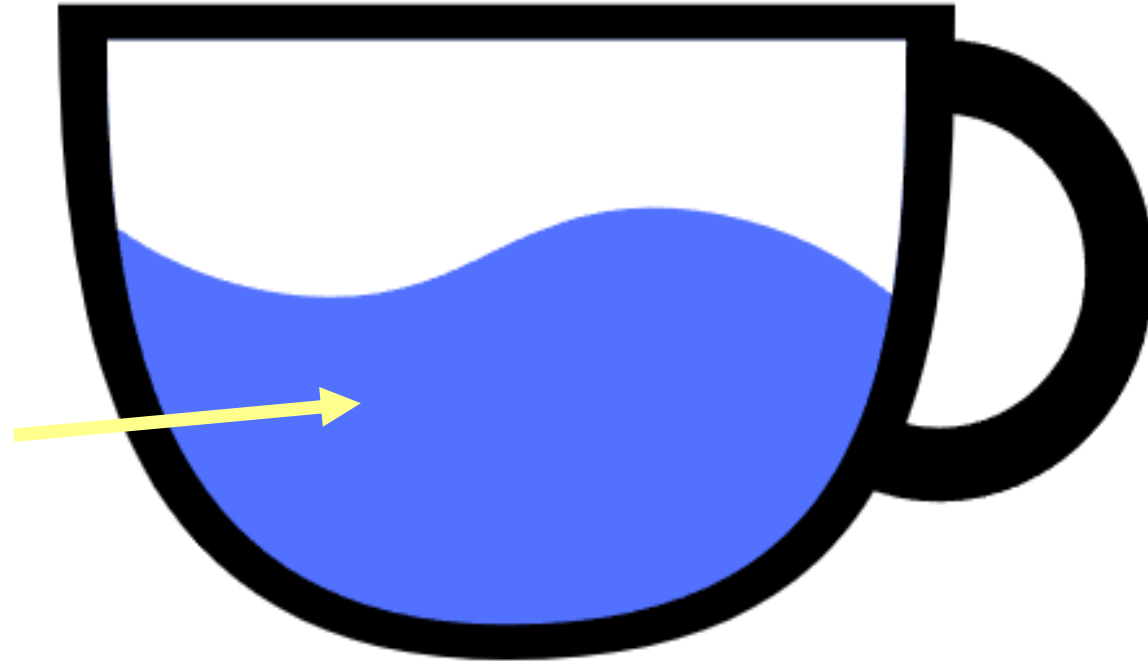


District entitlement cannot be greater than what cup can hold.

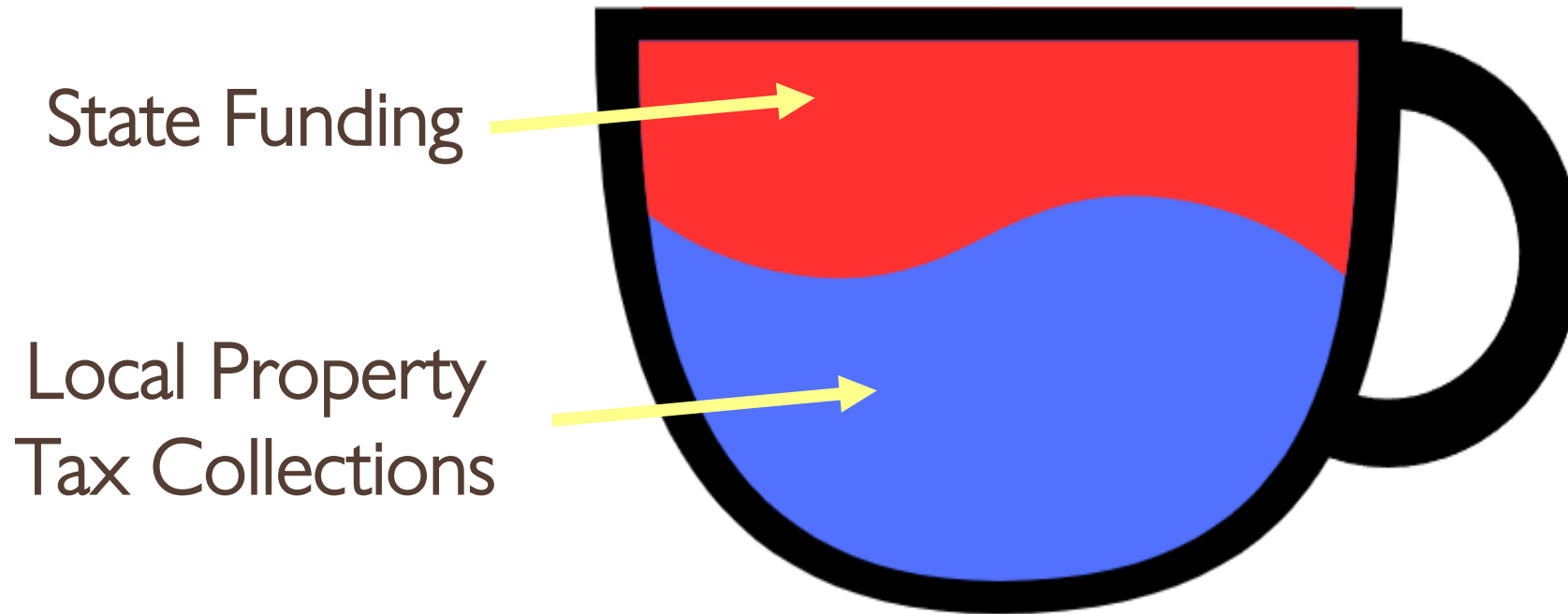


The system first assumes districts collect local property taxes.

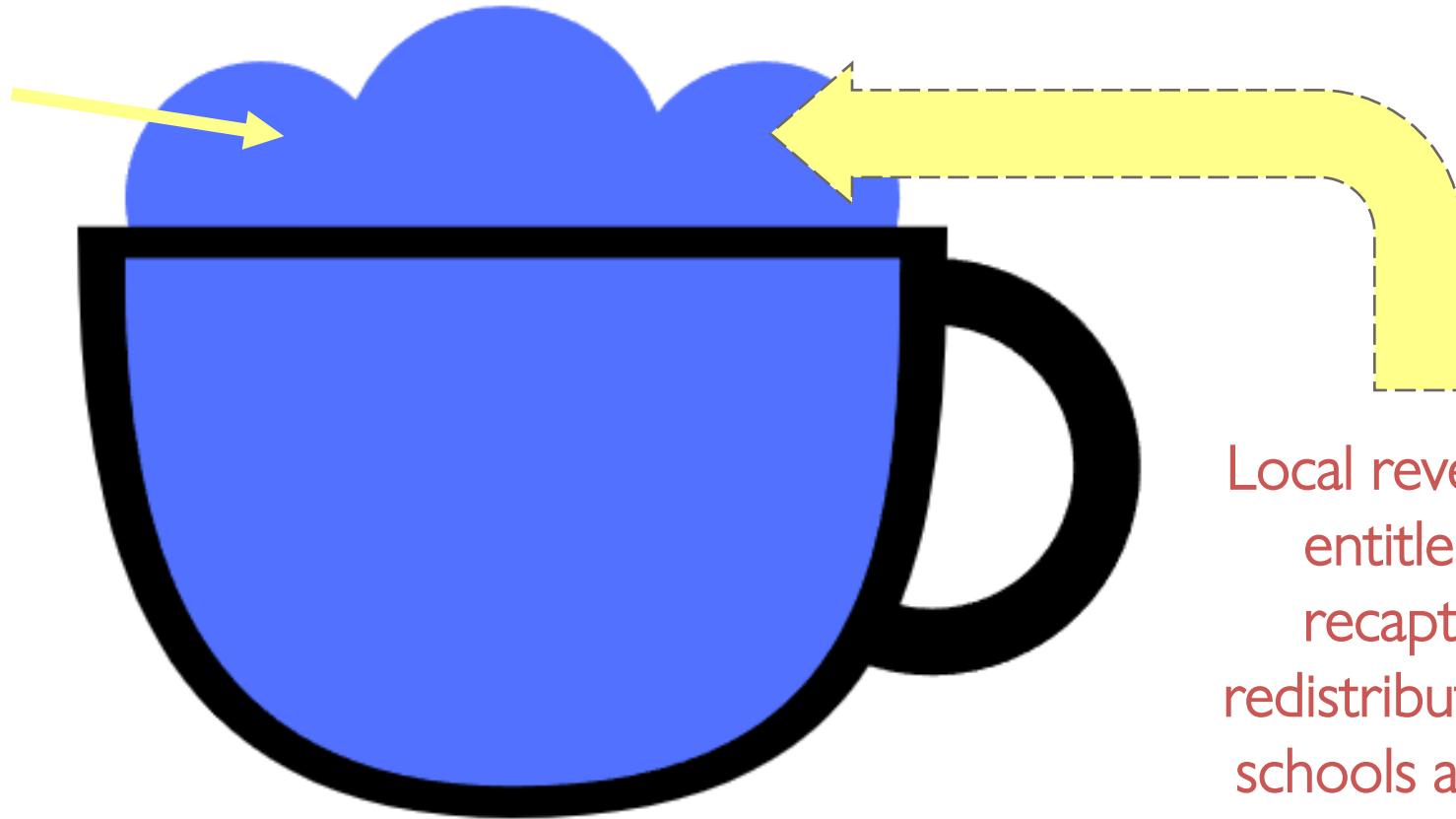
Local Property
Tax Collections



The state then makes up difference to meet entitlement



On occasion, districts will collect additional local revenue above their entitlement level.



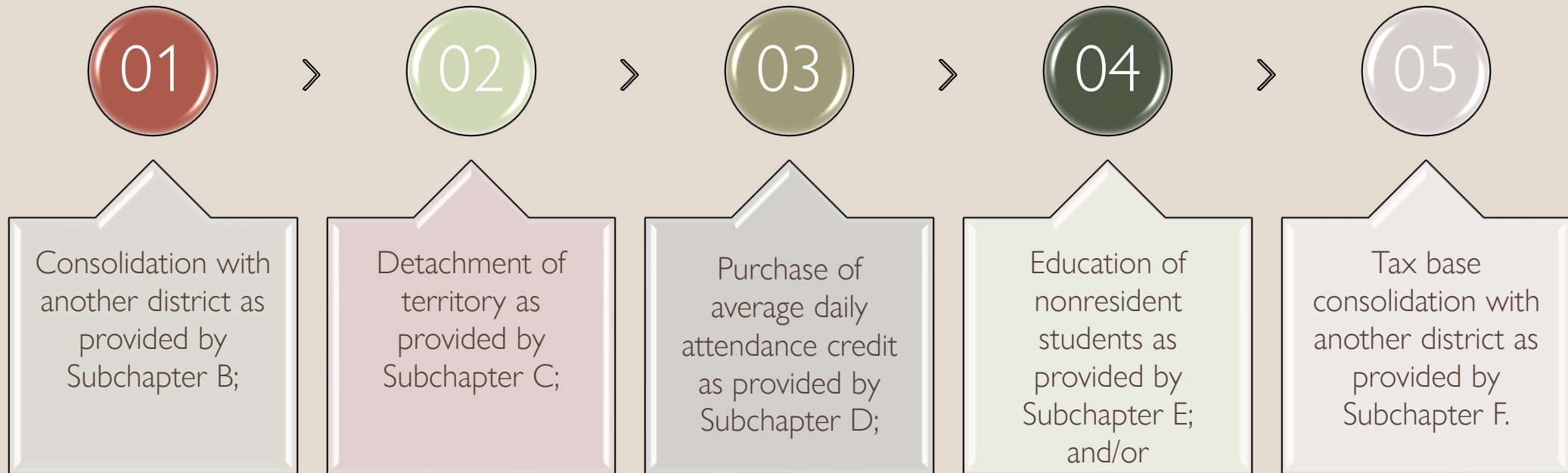
Local revenues above entitlement are recaptured and redistributed to other schools across Texas

Recaptured dollars become part of the state aid to schools

Process of Chapter 49

- Notified annually on July 15th
 - Calculations use an estimated property value increase and an estimated tax rate
 - If there is a possibility that a district could owe recapture at the end of the year, they are notified.
- Denton ISD is projected to owe \$0.

OPTIONS



Cannot set tax rate until district selection and agreement are filed with the Texas Education Agency; must be submitted by September 1st

The background features a light gray base with several organic, flowing shapes. On the left, a large, solid reddish-brown shape curves upwards. On the right, a large, solid olive-green shape curves downwards. A thin, white outline of a leafy branch is visible in the upper left corner. The word "Questions?" is centered in a dark gray, sans-serif font.

Questions?