

Approval of Tax Rate Ordinance

September 9, 2008

SUMMARY:

This item requests approval of the Tax Rate Ordinance for 2008.

PREVIOUS BOARD ACTION:

This item is routinely acted upon each year.

BACKGROUND INFORMATION:

The board reviewed preliminary values for the 2008-2009 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 on or about July 25, 2008. 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 few 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 June 10, 2008. The M & O portion of the rollback tax rate allows school districts to add four cents to the 2006 or 2007 compressed operating tax rate to generate operating funds. The debt service rate portion is the tax rate necessary to pay the school's debt payments in the coming year.

SIGNIFICANT ISSUES:

The proposed tax rate is as follows:

M & O	\$ 1.040
Debt Service	\$.450
Total	\$ 1.490

FISCAL IMPLICATIONS:

House Bill 1, 79th Legislature, 3rd 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 is 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.

BENEFIT OF ACTION:

Passage will allow the district to determine final budget expenditures for 2008-2009.

PUBLIC COMMENT RECEIVED:

A Public Hearing was held on June 10, 2008 to discuss the budget and proposed tax rate.

SUPERINTENDENT'S RECOMMENDATION:

This year's proposed tax rate does not exceed the rollback tax rate. Recommend approval of the Ordinance Setting the 2008 Tax Rate for M & O at \$1.040, Debt Service at \$.450 for a total tax rate of \$1.49.

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Executive Director of Administrative Services

ATTACHMENT:

Ordinance Setting the Tax Rate

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Comments: _____

Signature of Divisional Leader: _____

Comments: _____

Signature of Superintendent: _____

Comments: _____