

Approval of Tax Rate Ordinance

September 10, 2019

SUMMARY:

This item requests approval of the Tax Rate Ordinance for 2019.

PREVIOUS BOARD ACTION:

This item is routinely acted upon each year.

BACKGROUND INFORMATION:

The Board reviewed preliminary values for the 2019-2020 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 by July 25, 2019. 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 27, 2019. The District must adopt the tax rate by September 30, 2019 or 60 days after receiving the certified appraisal roll, whichever date is later.

SIGNIFICANT ISSUES:

The proposed tax rate is as follows:

| | |
|--------------|---------|
| M & O | \$ 0.99 |
| Debt Service | \$.48 |
| Total | \$ 1.47 |

FISCAL IMPLICATIONS:

House Bill 3, 86th Legislature: Beginning in the 2019 tax year, a school district's Tier I M & O tax rate is the lesser of \$1.00 or the total number of cents levied by the district for M & O in 2018 multiplied by the state compression percentage of 93 percent. In 2018, the Tier I M & O rate was \$1.00, reducing the rate to \$0.93. The voter approval tax rate is set to the sum of \$0.93 plus: the greater of 4 cents or the district's enrichment tax rate after tax compression. In 2018, the enrichment tax rate was \$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 2019 voter approval rate is \$1.50.

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, 2019 to discuss the budget and proposed tax rate.

SUPERINTENDENT'S RECOMMENDATION:

This year's voter approval tax rate was calculated at \$1.50 and the effective rate was \$1.454405. Recommend approval of the Ordinance Setting the Tax Rate for 2019.

"I move that the property tax rate be increased by the adoption of a tax rate of \$1.47, which is effectively a 1.6% percent increase in the tax rate."

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Assistant Superintendent of Administrative Services
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: _____