

**RESOLUTION OF THE EANES INDEPENDENT SCHOOL DISTRICT
REGARDING THE 2020-21 TAX RATE AND GOLDEN PENNIES ELECTION**

WHEREAS, the Board of Trustees of the Eanes Independent School District (District) seeks to ensure a high-quality education program for all of its students;

WHEREAS, the District's 2019-20 tax rate was \$1.13, which included \$0.99 for the Maintenance and Operations rate (M&O) and \$0.14 for the Interest and Sinking rate (I&S);

WHEREAS, the M&O rate funds operation of schools, including teacher/staff compensation, staffing to maintain reasonable class sizes and instructional and program support, while the I&S rate funds repayment of bond debt;

WHEREAS, the Texas school finance system is based on recapture (or "Robin Hood"), whereby property-wealthy districts send locally-collected property tax revenue to the State to distribute to lower-wealth districts and charter schools. Eanes ISD is subject to recapture, and each year, District residents pay more operations tax dollars to the State via recapture than they keep to fund the District's operating budget. In total, the District has sent more than \$1 billion of local tax receipts to the state;

WHEREAS, in the 86th Legislative Session, the Texas Legislature passed House Bill 3, sweeping school finance legislation that reduced and reformed property taxes and recapture, including lowering and compressing school district tax rates;

WHEREAS, the State of Texas allows school districts to raise the M&O rate through the use of "Golden Pennies," which are the pennies of tax effort for which a district is able to generate the highest level of supplemental funding, because revenues generated from Golden Pennies are not recapturable through "Robin Hood" and local tax revenues generated from the Golden Pennies stay with the District;

WHEREAS, in 2017, District voters overwhelmingly passed a Tax Ratification Election ("Penny Swap and Drop") by 89 percent, which, through the use of the then-available two Golden Pennies, lowered the overall District tax rate and added an estimated \$3 million of non-recapturable funds to the District's operating budget;

WHEREAS, through House Bill 3, the District's tax rate has been automatically compressed and lowered, resulting in a loss of funding to the District; and

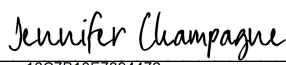
WHEREAS, House Bill 3 continues to provide the option for the District to ask voters to access two additional Golden Pennies for the M&O tax rate, which would result in an annual additional increase of approximately \$3.3 million of general fund revenues.

NOW, THEREFORE BE IT RESOLVED THAT:

1. At the November 3, 2020, Voter-Approval Tax Rate Election, voters will be asked to keep two additional Golden Pennies local by ratifying a Maintenance and Operations rate of \$0.9964.
2. If voters approve that proposition, the 2020-21 total tax rate will be \$1.1164, comprised of the approved Maintenance and Operations rate at \$0.9964 and the Interest and Sinking rate at \$0.12.
3. If approved by the voters, the 2020-21 tax rate of \$1.1164 would generate an additional approximately \$3.3 million to the District in the 2020-21 school year and a larger amount annually thereafter, none of which would be recaptured by the State through the "Robin Hood" school finance system.

4. Should voters not approve the tax rate at the November 3, 2020 Election, the 2020-21 tax rate and components will revert to a Maintenance and Operations rate of \$0.9764 and an Interest and Sinking rate of \$0.14 for a total tax rate of \$1.1164.

Adopted this the 17th day of August, 2020, by the Eanes ISD Board of Trustees.

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Jennifer Champagne
Eanes ISD Board President

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Jason Paul
Eanes ISD Board Secretary