

2023 - 2024 Tax Rate Adoption

Board of Trustees Meeting
August 22, 2023



DIVISION OF
BUSINESS AND FINANCE

On Track...to 2023-2024 Tax Rate Adoption

Certified Property Value Roll received from Tarrant Appraisal District

July 25

FWISD publishes proposed tax rate*

Aug 14

Aug 1

Aug 22

Texas Education Agency submission deadline for "Compressed Tax Rate" for all Texas Public Schools

Date for the Board to consider and adopt tax rate for the 2023-2024 fiscal year



**Published revised note on 8/14/23*

Proposed 2023-24 Tax Rates – A 20-cent reduction over prior year

| Tier | Adopted Rate 2022-23 | Proposed Rate 2023-24 | Net Change |
|-------------------------------------|-------------------------|--------------------------|-------------------|
| Maintenance & Operations (M&O) Rate | \$0.9896 | \$0.7904 | (\$0.1992) |
| Interest & Sinking (I&S) Rate | \$0.2920 | \$0.2920 | \$ - |
| Total Tax Rate | \$1.2816 | \$1.0824 | (\$0.1992) |
| <i>No New Revenue Tax Rate</i> | | \$1.0662 | |

Tax Rate Highlights

- ***Last year's tax rate*** is the actual rate the school district used to determine property taxes last year.
- This year's ***no-new-revenue tax rate*** (formerly referred to as the effective tax rate) would impose the same total taxes as last year if you compare properties taxed in both years, less improvements made to those properties. It does not account for impacts in state aid or recapture that would occur if the rate was adopted.
- This year's ***voter-approval tax rate*** (formerly referred to as the rollback tax rate) is the highest tax rate the school district can set before it must hold a tax ratification election.

Composition of M&O Tax Rate

| Tier | Pennies | Action Required to Access |
|-------------------------|---------|--|
| Tier Two Copper Pennies | 9-17 | Voter Approval Required (or previously authorized and set in TY 2022) |
| Tier Two Golden Pennies | 6-8 | Voter Approval Required (or previously authorized and set in TY 2022) |
| Tier Two Golden Pennies | 1-5 | No Voter Approval |
| Tier One | 0 – MCR | No Voter Approval |

Composition of District M&O Tax Rate

| Tier* | Pennies | Amount | Recapture Applies? |
|-------------------------|---------|---------|--------------------|
| Tier Two Copper Pennies | 9-17 | \$.0900 | Yes |
| Tier Two Golden Pennies | 6-8 | \$.0300 | No |
| Tier Two Golden Pennies | 1-5 | \$.0500 | No |
| Tier One | O-MCR | \$.6204 | Yes |
| Total District Tax Rate | | \$.7904 | |

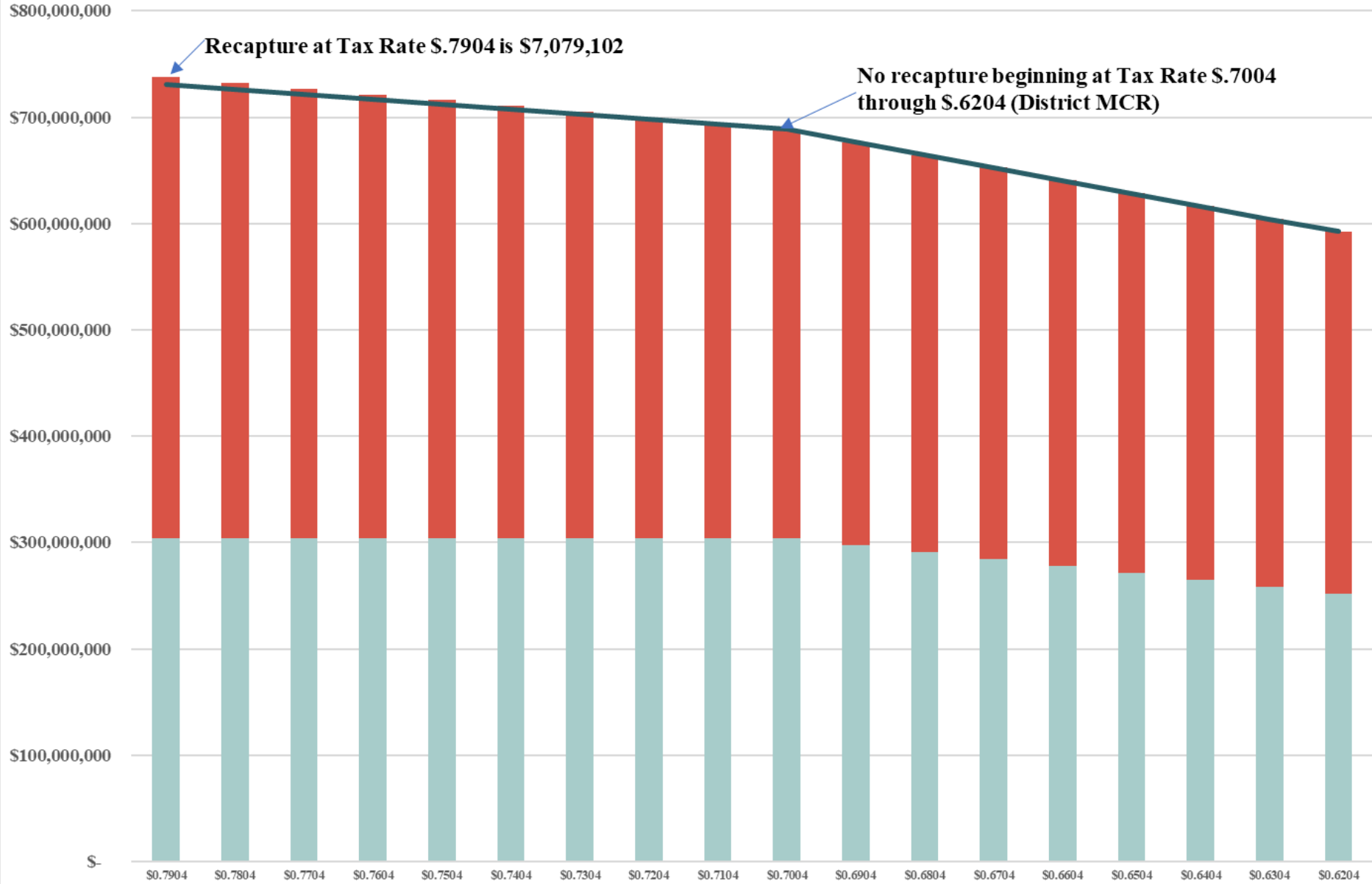
**Reductions to tax rate start at Tier Two Copper Penny Level and move down the Tiers.*



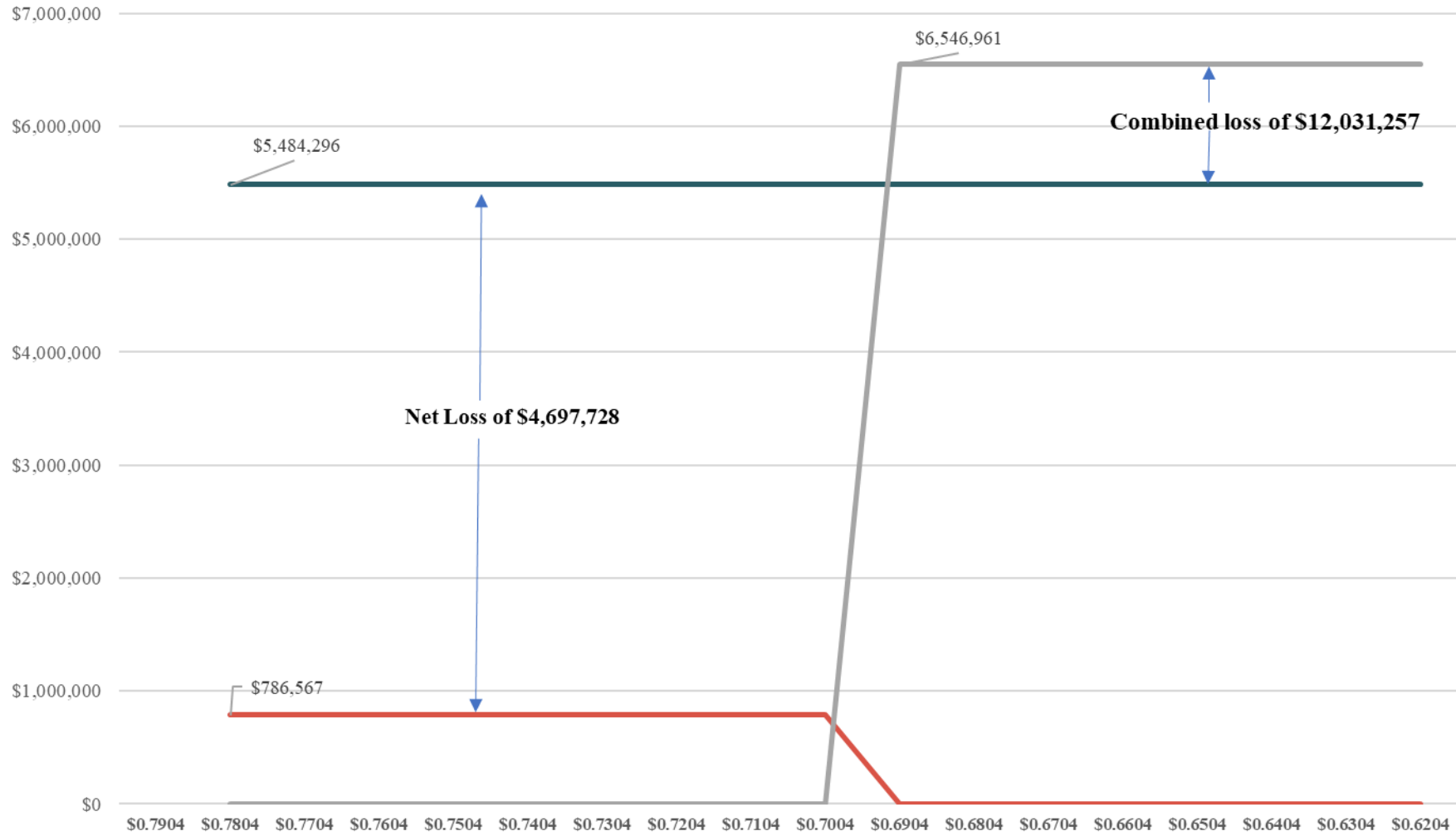
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District Entitlement vs Funding Sources Generated

State Aid Available Local Property Taxes Based on Tax Rate Total Funding Entitlement



Reduction in Property Taxes and State Aid vs Recapture Amount as Tax Rate Decreases



— Annual Loss of Property Tax Revenue as Tax Rate Decreases
— Annual Decrease in State Aid as Rate Decreases

— Annual Decrease in Recapture as Rate Decreases

Calculation of Change in Homestead Exemption*

Voters with qualifying homestead exemption

| Home Value | Homestead Exemption* | FWISD Taxes @current rate of \$1.2816 |
|------------|----------------------|---------------------------------------|
| \$100,000 | \$40,000 | \$768.96 |
| \$100,000 | \$100,000 | \$0 |
| \$200,000 | \$40,000 | \$2,050.56 |
| \$200,000 | \$100,000 | \$1,281.60 |
| \$300,000 | \$40,000 | \$3,332.16 |
| \$300,000 | \$100,000 | \$2,563.20 |

*If passed by voters in November 2023

Calculation of Change Due to Rate*

| Home Value | Homestead Exemption* | @current rate of \$1.2816 | @proposed rate of \$1.0824 | Net Change |
|------------|----------------------|---------------------------|----------------------------|------------|
| \$100,000 | \$100,000 | None | None | N/A |
| \$200,000 | \$100,000 | \$1,281.60 | \$1,082.40 | (\$199.20) |
| \$300,000 | \$100,000 | \$2,563.20 | \$2,164.80 | (\$398.40) |

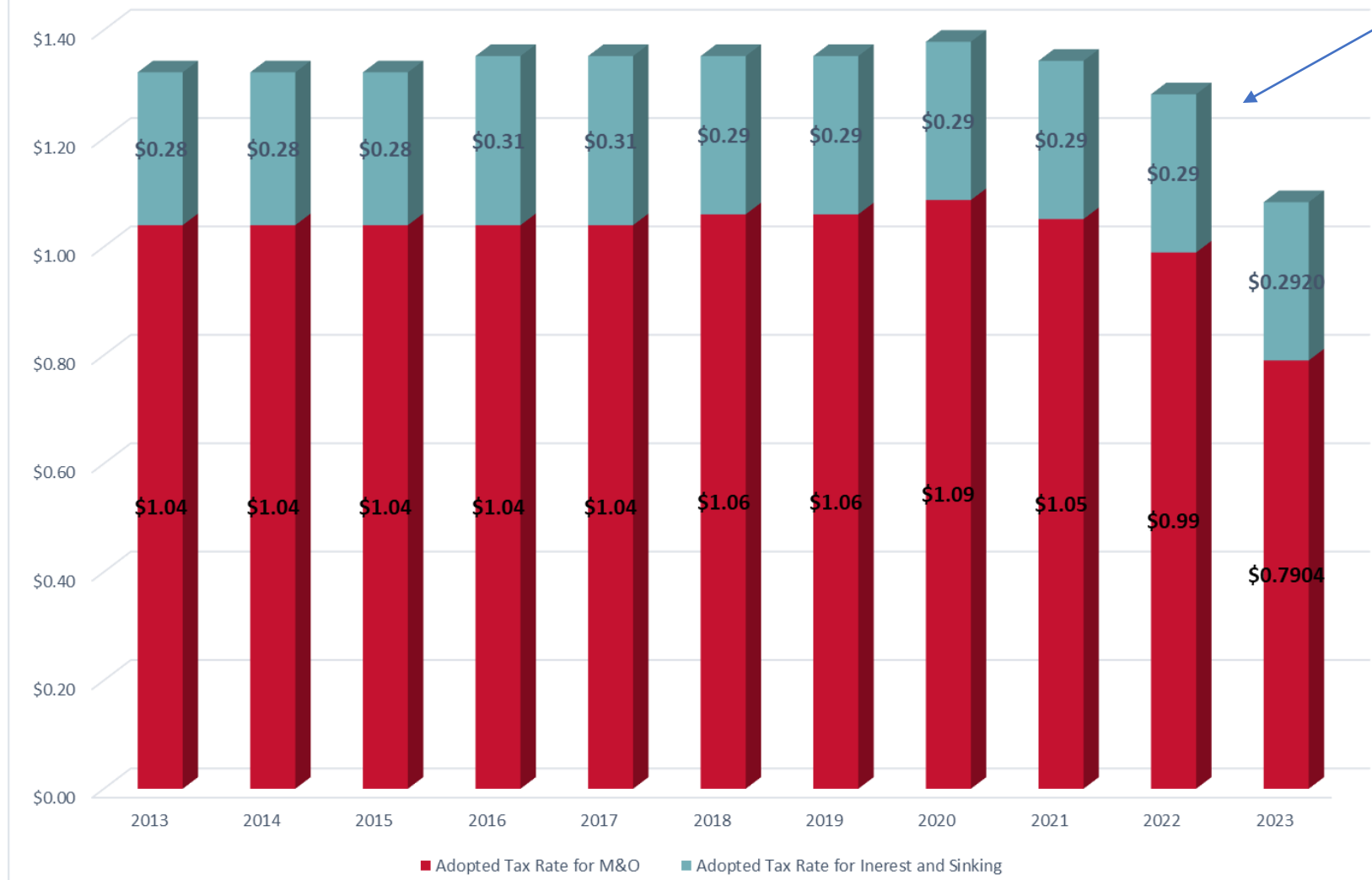
*Assuming homestead exemption passes in November 2023

Impact to Taxpayers - Calculation of Penny Reduction in District Tax Rate

| Home Value | Homestead Exemption* | \$1.0824 | \$1.0724 | Net Change |
|------------|----------------------|--------------------|--------------------|-----------------------------|
| \$100,000 | \$100,000 | No taxes for FWISD | No taxes for FWISD | N/A |
| \$200,000 | \$100,000 | \$1,082.40 | \$1,072.40 | (\$10.00) or (\$0.83)/month |
| \$300,000 | \$100,000 | \$2,164.80 | \$2,144.80 | (\$20.00) or (\$1.66)/month |

*If passed by voters in November 2023

History of M&O and I&S Tax Rates for FWISD
from 2013 to 2022 and *proposed* 2023



2022 - \$1.2816
combined rate



**19.92 cent
drop**

2023 - \$0.7904
(M&O Rate) +
\$0.2920 (I&S Rate) =
\$1.0824 combined
total rate

**State MCR Floor - \$0.6192 + \$0.17
M&O Floor Rate = \$0.7892**

Tex. Tax Code Section 26.05

- For a school district, the vote on the ordinance, resolution, or order setting a tax rate that exceeds the **sum** of the no-new-revenue ***maintenance and operations tax rate*** of the district as determined under Section [26.08 \(Automatic Election to Approve Tax Rate of School District\)](#)(i) **and** the district's current ***debt rate*** must be a record vote, and at least 60 percent of the members of the governing body must vote in favor of the ordinance, resolution, or order.
- A motion to adopt an ordinance, resolution, or order setting a tax rate that exceeds the no-new-revenue tax rate must be made in the following form: ***“I move that the property tax rate be increased by the adoption of a tax rate of (specify tax rate), which is effectively a (insert percentage by which the proposed tax rate exceeds the no-new-revenue tax rate) percent increase in the tax rate.”***

Tex. Tax Code Section 26.05

**Not
Required**

- If the ordinance, resolution, or order sets a tax rate that, if applied to the total taxable value, will impose an amount of taxes to fund ***maintenance and operation expenditures*** of the taxing unit that exceeds the amount of taxes imposed for that purpose in the preceding year, the taxing unit must:

(1) include in the ordinance, resolution, or order in type larger than the type used in any other portion of the document:

(A) the following statement: “THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR’S TAX RATE.”; **and**

(B) if the tax rate exceeds the no-new-revenue maintenance and operations rate, the following statement: “THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount).”; **and**

(2) include such language on the district’s website.

Motion – Language Required

- **Language Required in the Motion Setting This Year's Tax Rate:**
 - This year's proposed tax rate exceeds the no-new-revenue tax rate. The vote on the ordinance, resolution, or order setting the tax rate must be a record vote. A motion to adopt the ordinance, resolution, or order must be made in the following form:

“I move that the property tax rate be increased by the adoption of a tax rate of \$1.0824, which is effectively a 1.52 percent increase in the tax rate.”

M&O Rate = \$0.7904

I&S Rate = \$.2920

Total Tax Rate = \$1.0824

Questions?



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Comparison of Surrounding District's Tax Rate

| District | City | County | Adopted 2022-2023 Tax Rate | Proposed 2023-2024 Tax Rate |
|----------------------------|-------------|---------|----------------------------|-----------------------------|
| Arlington ISD | Arlington | Tarrant | 1.30870 | 1.30870 |
| Azle ISD | Azle | Tarrant | 1.21050 | 1.21050 |
| Birdville ISD | Haltom City | Tarrant | 1.27980 | 1.10133 |
| Carroll ISD | Southlake | Tarrant | 1.21880 | 1.00250 |
| Eagle Mountain Saginaw ISD | Saginaw | Tarrant | 1.43460 | 1.34350 |
| Everman ISD | Everman | Tarrant | 1.32712 | 1.09415 |
| Fort Worth ISD | Fort Worth | Tarrant | 1.28160 | 1.08240 |
| Keller ISD | Keller | Tarrant | 1.34400 | 1.27290 |

As Property Tax Rate Decreases, District Revenue Declines*...

Funding Entitlement:

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|
| Total Cost of Tier I | \$ | 592,350,034 | \$ | 592,350,034 | \$ | 592,350,034 | \$ | 592,350,034 | \$ | 592,350,034 | \$ | 592,350,034 | \$ | 592,350,034 | \$ | 592,350,034 | \$ | 592,350,034 | \$ | 592,350,034 | \$ | 592,350,034 | | |
| Tier II State Aid | | | | | | | | | | | | | | | | | | | | | | | | |
| Level One | \$ | 96,250,057 | \$ | 96,250,057 | \$ | 96,250,057 | \$ | 96,250,057 | \$ | 96,250,057 | \$ | 96,250,057 | \$ | 96,250,057 | \$ | 96,250,057 | \$ | 96,250,057 | \$ | 96,250,057 | \$ | 96,250,057 | \$ | 96,250,057 |
| Level Two | \$ | 42,279,559 | \$ | 37,581,830 | \$ | 32,884,102 | \$ | 28,186,373 | \$ | 23,488,644 | \$ | 18,790,915 | \$ | 14,093,186 | \$ | 9,395,458 | \$ | 4,697,729 | \$ | - | \$ | - | \$ | - |
| Less Other Programs | \$ | (35,709) | \$ | (35,709) | \$ | (35,709) | \$ | (35,709) | \$ | (35,709) | \$ | (35,709) | \$ | (35,709) | \$ | (35,709) | \$ | (35,709) | \$ | (35,709) | \$ | (35,709) | \$ | (35,709) |
| Total Funding Entitlement | \$ | 730,843,941 | \$ | 726,146,213 | \$ | 721,448,484 | \$ | 716,750,755 | \$ | 712,053,026 | \$ | 707,355,297 | \$ | 702,657,569 | \$ | 697,959,840 | \$ | 693,262,111 | \$ | 688,564,382 | \$ | 688,564,382 | \$ | 688,564,382 |

Funding Sources

| | | | | | | | | | | | | | | | | | | | | | | | | |
|--|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|
| State Aid | | | | | | | | | | | | | | | | | | | | | | | | |
| Foundation School Fund | \$ | 277,842,605 | \$ | 277,842,605 | \$ | 277,842,605 | \$ | 277,842,605 | \$ | 277,842,605 | \$ | 277,842,605 | \$ | 277,842,605 | \$ | 277,842,605 | \$ | 277,842,605 | \$ | 277,842,605 | \$ | 277,842,605 | \$ | 277,842,605 |
| Available School Fund | \$ | 26,601,704 | \$ | 26,601,704 | \$ | 26,601,704 | \$ | 26,601,704 | \$ | 26,601,704 | \$ | 26,601,704 | \$ | 26,601,704 | \$ | 26,601,704 | \$ | 26,601,704 | \$ | 26,601,704 | \$ | 26,601,704 | \$ | 26,601,704 |
| Property taxes to be collected at rate | \$ | 433,478,734 | \$ | 427,994,438 | \$ | 422,510,142 | \$ | 417,025,847 | \$ | 411,541,551 | \$ | 406,057,255 | \$ | 400,572,959 | \$ | 395,088,664 | \$ | 389,604,368 | \$ | 384,120,072 | \$ | 384,120,072 | \$ | 384,120,072 |
| Total State and Local Funding Sources | \$ | 737,923,043 | \$ | 732,438,747 | \$ | 726,954,451 | \$ | 721,470,156 | \$ | 715,985,860 | \$ | 710,501,564 | \$ | 705,017,268 | \$ | 699,532,973 | \$ | 694,048,677 | \$ | 688,564,381 | \$ | 688,564,381 | \$ | 688,564,381 |

| | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-----------|----|---|----|---|----|---|
| Amount to be recaptured | \$ | (7,079,102) | \$ | (6,292,534) | \$ | (5,505,968) | \$ | (4,719,401) | \$ | (3,932,834) | \$ | (3,146,267) | \$ | (2,359,700) | \$ | (1,573,133) | \$ | (786,566) | \$ | 1 | \$ | 1 | \$ | 1 |
|--------------------------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-----------|----|---|----|---|----|---|

| | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tax Rate | \$ | 0.7904 | \$ | 0.7804 | \$ | 0.7704 | \$ | 0.7604 | \$ | 0.7504 | \$ | 0.7404 | \$ | 0.7304 | \$ | 0.7204 | \$ | 0.7104 | \$ | 0.7004 | \$ | 0.7004 | \$ | 0.7004 |
|-----------------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|----|----------------|----|-----------------|----|-----------------|----|-----------------|----|-----------------|----|-----------------|----|-----------------|----|-----------------|----|-----------------|----|-----------------|----|-----------------|----|-----------------|
| Cumulative Loss of Property Tax Revenue as Tax Rate | \$ | (5,484,295.72) | \$ | (10,968,591.44) | \$ | (16,452,887.16) | \$ | (21,937,182.88) | \$ | (27,421,478.60) | \$ | (32,905,774.32) | \$ | (38,390,070.04) | \$ | (43,874,365.76) | \$ | (49,358,661.48) | \$ | (49,358,661.48) | \$ | (49,358,661.48) | \$ | (49,358,661.48) |
| Cumulative Decrease in Recapture as Rate Decreases | \$ | 786,567.13 | \$ | 1,573,134.05 | \$ | 2,359,700.97 | \$ | 3,146,267.89 | \$ | 3,932,834.81 | \$ | 4,719,401.73 | \$ | 5,505,968.65 | \$ | 6,292,535.56 | \$ | 7,079,102.48 | \$ | 7,079,102.48 | \$ | 7,079,102.48 | \$ | 7,079,102.48 |
| Cumulative Decrease in State Aid as Rate Decreases | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |

*Preliminary, based on most current template available.

As Property Tax Rate Decreases, District Revenue Declines*...

Funding Entitlement:

| | | | | | | | | | | | | | | | | |
|---------------------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|
| Total Cost of Tier I | \$ | 592,350,034 | \$ | 592,350,034 | \$ | 592,350,034 | \$ | 592,350,034 | \$ | 592,350,034 | \$ | 592,350,034 | \$ | 592,350,034 | \$ | 592,350,034 |
| Tier II State Aid | | | | | | | | | | | | | | | | |
| Level One | \$ | 84,218,800 | \$ | 72,187,543 | \$ | 60,156,286 | \$ | 48,125,029 | \$ | 36,093,771 | \$ | 24,062,514 | \$ | 12,031,257 | \$ | - |
| Level Two | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Less Other Programs | \$ | (35,709) | \$ | (35,709) | \$ | (35,709) | \$ | (35,709) | \$ | (35,709) | \$ | (35,709) | \$ | (35,709) | \$ | (35,709) |
| Total Funding Entitlement | \$ | 676,533,125 | \$ | 664,501,868 | \$ | 652,470,611 | \$ | 640,439,354 | \$ | 628,408,096 | \$ | 616,376,839 | \$ | 604,345,582 | \$ | 592,314,325 |

Funding Sources

| | | | | | | | | | | | | | | | | |
|--|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|
| State Aid | | | | | | | | | | | | | | | | |
| Foundation School Fund | \$ | 271,295,644 | \$ | 264,748,683 | \$ | 258,201,721 | \$ | 251,654,760 | \$ | 245,107,798 | \$ | 238,560,837 | \$ | 232,013,875 | \$ | 225,466,914 |
| Available School Fund | \$ | 26,601,704 | \$ | 26,601,704 | \$ | 26,601,704 | \$ | 26,601,704 | \$ | 26,601,704 | \$ | 26,601,704 | \$ | 26,601,704 | \$ | 26,601,704 |
| Property taxes to be collected at rate | \$ | 378,635,777 | \$ | 373,151,481 | \$ | 367,667,185 | \$ | 362,182,889 | \$ | 356,698,594 | \$ | 351,214,298 | \$ | 345,730,002 | \$ | 340,245,706 |
| Total State and Local Funding Sources | \$ | 676,533,125 | \$ | 664,501,867 | \$ | 652,470,610 | \$ | 640,439,353 | \$ | 628,408,096 | \$ | 616,376,839 | \$ | 604,345,582 | \$ | 592,314,324 |

Amount to be recaptured

| | | | | | | | | | | | | | | | | |
|---|----|-----------------|----|-----------------|----|-----------------|----|-----------------|----|-----------------|----|-----------------|----|-----------------|----|-----------------|
| | \$ | 1 | \$ | 1 | \$ | 1 | \$ | 1 | \$ | 1 | \$ | 1 | \$ | 1 | \$ | 1 |
| Tax Rate | \$ | 0.6904 | \$ | 0.6804 | \$ | 0.6704 | \$ | 0.6604 | \$ | 0.6504 | \$ | 0.6404 | \$ | 0.6304 | \$ | 0.6204 |
| Cumulative Loss of Property Tax Revenue as Tax Rate Decreases | \$ | (54,842,957.21) | \$ | (60,327,252.93) | \$ | (65,811,548.65) | \$ | (71,295,844.37) | \$ | (76,780,140.09) | \$ | (82,264,435.81) | \$ | (87,748,731.53) | \$ | (93,233,027.25) |
| Cumulative Decrease in Recapture as Rate Decreases | \$ | 7,079,102.09 | \$ | 7,079,102.09 | \$ | 7,079,102.09 | \$ | 7,079,102.09 | \$ | 7,079,102.09 | \$ | 7,079,102.09 | \$ | 7,079,102.09 | \$ | 7,079,102.09 |
| Cumulative Decrease in State Aid as Rate Decreases | \$ | (6,546,961.03) | \$ | (13,093,922.45) | \$ | (19,640,883.88) | \$ | (26,187,845.30) | \$ | (32,734,806.73) | \$ | (39,281,768.15) | \$ | (45,828,729.58) | \$ | (52,375,691.00) |

*Preliminary, based on most current template available.