

Impact of 2024 - 2025 Reappraisal Plan for Tarrant Appraisal District (TAD) and Related Budget

Special Board Meeting
August 20, 2024

TAD Adopted 2024-25 Reappraisal Plan...

1

That considers a property's previous property appraisals, settlements and reductions in value when subsequently appraising that same property's property value.

3

That does not reappraise residential property values for Tax Year 2025 at current property values except for new improvements and construction.

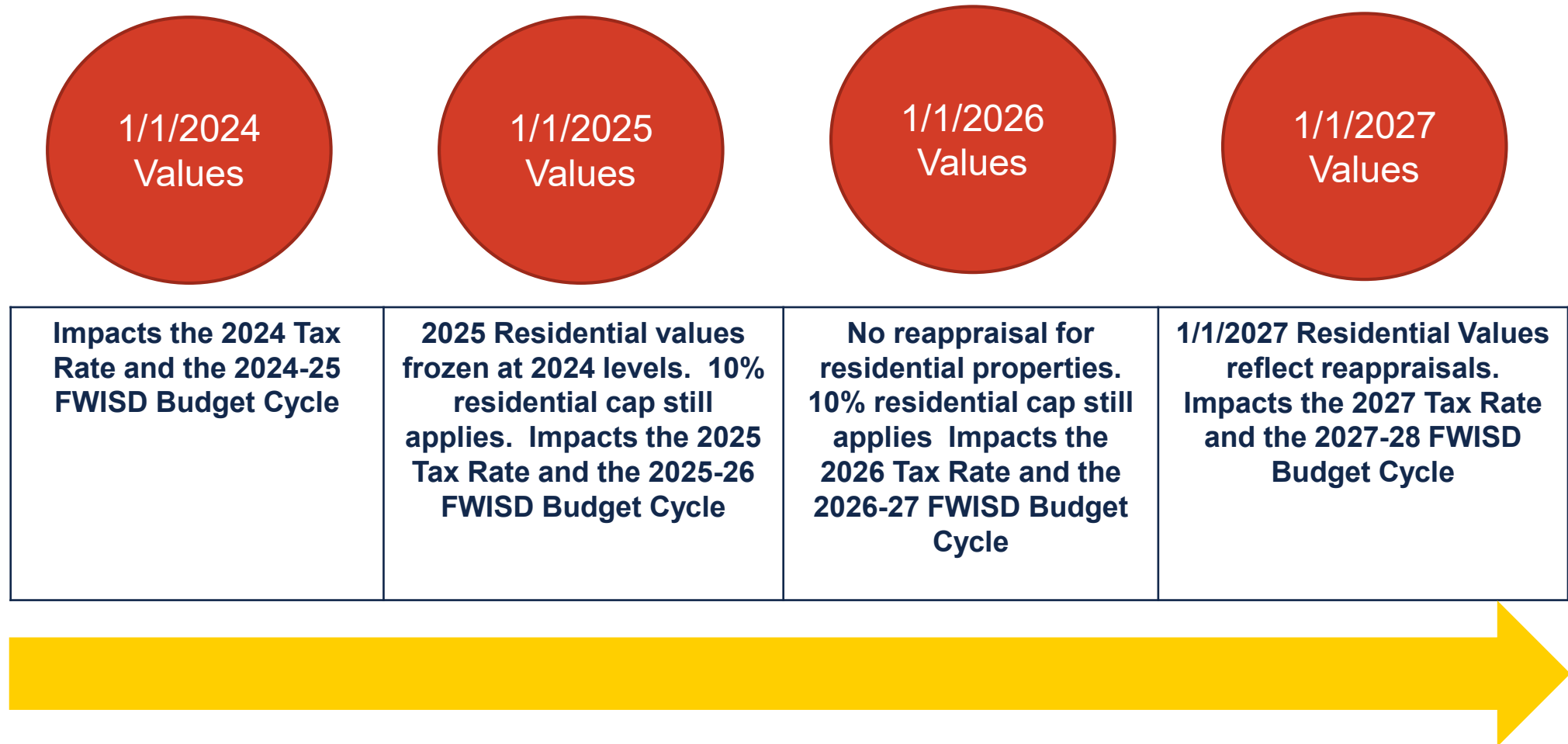
2

That requires Chief Appraiser to only appraise, residentially coded properties, every two years within the parameters allowed by state law.

4

That requires Chief Appraiser to obtain and rely on clear and convincing evidence of the market value of a residentially coded property whose market value is increased above a threshold value of 5% or more than the market value as determined in the prior year's appraisal role.

Timeline for Changes



Impact to FWISD:

- **Result in increased I&S (Interest and Sinking) tax rates and/or higher overall cost over the life of outstanding debt**
- **Mismatch between local appraisal rolls and Property Value Study (PVS) values may result in lower M&O (Maintenance and Operations) revenues**

I&S Impact:

- **Stagnant property value growth could mean that a higher I&S rate is needed to meet annual debt service payments and/or could limit the ability of school districts to pay down debt to achieve lower overall cost as well as create less future capacity to future capital needs.**
 - Tax rate proposed for 2024-25 is \$0.2755
- **Debt model will be adjusted to reflect little to no growth in the Assessed Valuations (AV); current projections reflect that the district more than likely will stay under the \$0.2920 rate as called for in the 2021 Bond Program.**
 - Approximately \$461 million remains to be issued over the course of the next three years depending on cash flow needs

M&O Impact:

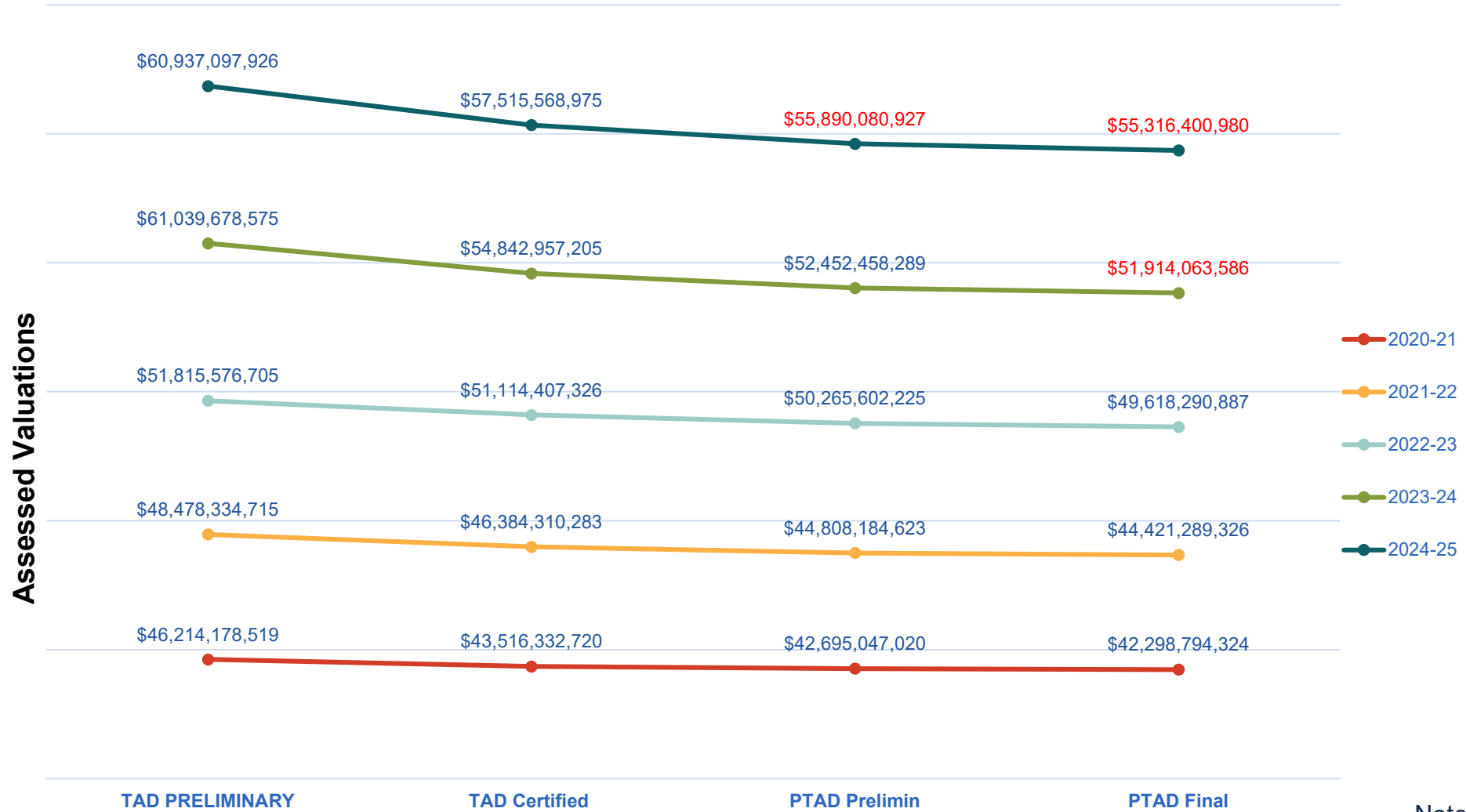
- **Under current law, PVS-assigned values are used to determine the local share of FSP entitlement. While locally determined appraisal rolls are used to levy and collect taxes, PVS-determined values are used throughout Foundation School Program (FSP) calculations. If local values are found to be invalid under the PVS and state values are assigned for the purpose of FSP calculations, affected school districts generally experience significant loss of revenue.**

M&O Impact:

Assignment of state values means:

- for FSP Tier 1, a gap between what can be raised locally based on the appraisal roll and the district's calculated FSP Tier 1 local share.
- for FSP Tier 2, a reduced amount of total Tier 2 entitlement because the system will effectively recognize fewer pennies than were levied. The size of the district's Tier 2 entitlement is determined by the "effective" number of Tier 2 pennies levied. The effective number of pennies shrinks when the local appraisal roll is less than the PVS-assigned value. The number of "effective" pennies is equal to collections raised by the lower locally-determined appraisal roll divided by the PVS-assigned value divided by 100.

Property Values from TAD and PTAD for Tax Years 2020-2024



Note: Amounts in red reflect estimated amounts.

PTAD = Property Tax Assistance Division of the Texas State Comptroller's Office

Risks to FWISD:

- **If the TAD fails the State's Property Value Study (PVS) and the state utilizes a higher PVS than the TAD certified values, the District will lose revenue**
 - For districts that pay Tier 1 recapture, there is a recapture adjustment aimed at ensuring the district retains sufficient local revenue that in some cases partially offsets lower than calculated local collections. Failure to levy a rate equal to MCR results in proration of Total Tier 1 entitlement.
 - There is neither a state aid mechanism nor a recapture adjustment for Tier 2 that makes up for a shortfall between collections produced by the local appraisal roll and calculated PVS_T2 levy.
- **Timing inherent in the process does not allow the district sufficient time to recover or pivot if revenues fall short in any given year.**

Possible Board Action:

Adopt the following:

- 1) Resolution opposing the TAD's 2025-26 Reappraisal Plan**
- 2) Resolution disapproving the TAD's 2025 Budget**

Questions?

Fort Worth

INDEPENDENT SCHOOL DISTRICT