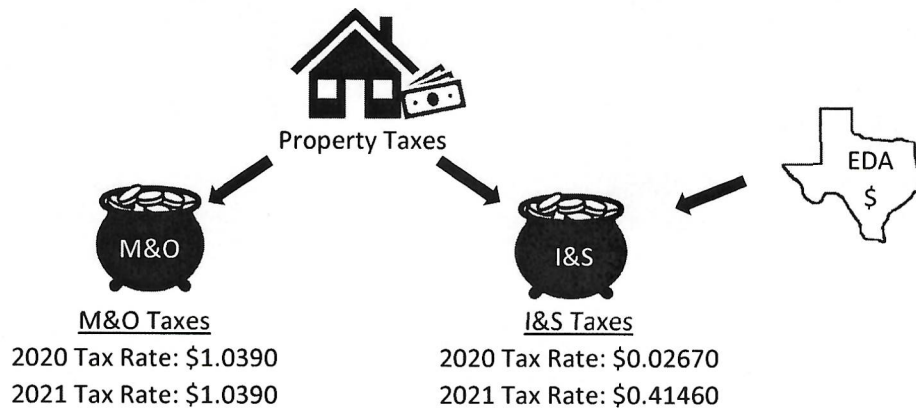


TULIA ISD Property Taxes 2021 Questions

Why was there an increase in our school district property taxes in 2021?

School district property taxes are made up of two parts: Maintenance & Operations (M&O) and Interest & Sinking (I&S). The M&O tax rate provides funds for day-to-day operations and maintenance. The I&S tax rate provides funds for payments on the bond debt that finances the district's facility improvements. The district also receives a payment from the state of Texas called the **Estimated Debt Allotment (EDA)** that is specifically designated to help offset the cost of the debt payment.



The EDA was not accounted for in the calculation and approval of the 2021 I&S tax rate. This caused the rate to be set higher than necessary to make the minimum debt payment. At the end of the 2022 fiscal year, this will leave an excess balance in the debt service fund.

What is the school board and school district going to do to fix this in 2022?

In a perfect world, the 2022 I&S tax rate would be reduced to offset the overages collected in 2021. However, in order to receive the maximum EDA payment from the state, school districts are required to make a "good faith effort" to collect local property taxes to cover their portion of the annual debt payment towards the bond. If the rate is set too low, the district forfeits all or part of the EDA payment.

Calculating the tax rate is a complex and difficult process every year. In 2022, TISD properties will also receive new appraisals, which also affects how we calculate the tax rates. Property value increases and decreases can have a significant impact on tax rate calculations as well.

With all of this in mind, the goal of the Tulia ISD school board and administration is to lower the I&S tax rate in the 2022-2023 school year as much as possible while still achieving these two goals:

1. Maximizing our state EDA payment
2. Ensuring our ability to meet the debt service payment towards the bond in current and future years

The proposed tax rate will be presented at the June 2022 board meeting and will be approved at the August 2022 board meeting (exact dates TBD). The public is invited and encouraged to attend one or both of these board meetings to learn more about how the tax rate is calculated and how that impacts our entire community.

FOR QUESTIONS, PLEASE CONTACT TULIA ISD AT 806-995-4595