



LAGO VISTA
INDEPENDENT SCHOOL DISTRICT

3 Facts

about the
***VOTER APPROVED
TAX RATE ELECTION
(or VATRE)***

Fact #1:

The VATRE will impact your M&O tax rate.

Maintenance & Operation Tax Rate

More commonly referred to as M&O. M&O rate generates the revenue to pay for the day to day operations of the district.

Interest & Sinking Tax Rate

More commonly referred to as I&S. I&S rate generates the revenue necessary to pay off the principal and interest of voter approved bonds.

M&O Tax Rates pay for the daily operations of the district:

They are formulated by TEA:

Based on how much appraisals increase from one year to the next.

They have both a floor and ceiling:

LVISD is on the floor. It can't be set any lower.

TEA determines a maximum amount that districts can use:

TEA determines any revenue collected over entitlement must be recaptured.

Recapture is paid out of M&O funds:

In SY 22/23, LVISD collected about \$30M in M&O revenue, but entitled to \$15M. Recapture of approx. \$15M.



\$14,646,241

Amount paid to TEA in Recapture in Aug. 2023



Fact #2:

Some meaningful property tax relief is on the way.

- State has increased STATE Homestead Exemption to **\$100,000** (pending Nov election)
- Lago Vista ISD still has **20% Local Option Homestead Exemption** for full time residents

LVISD is one of 2 central TX school districts to offer 20% LOHE

IMPLICATIONS OF NEW HOMESTEAD EXEMPTION

	2021	2022	2023
TCAD Appraised Value	375,000	656,250	673,641
Net Appraised	375,000	412,500	453,750
Local Option Homestead Exemption ("LOHE" = 20% reduction of Net Appraised)	(75,000)	(82,500)	(90,750)
STATE Homestead Exemption	(25,000)	(40,000)	(100,000)
Taxable Value	275,000	290,000	263,000
Taxable Value without "LOHE"	350,000	372,500	353,750

Illustration of compressed M&O tax rate

—State is setting a M&O maximum compression rate larger than the rate of appreciation

**M&O Tax Rate*

2019-2020	99 cents	6.6% decline
2020-2021	94.3 cents	4.7% decline
2021-2022	88.2 cents	6.4% decline
2022-2023	86.46 cents	1.9% decline
2023-2024	67.92 cents	21.4% decline

**cents per \$100 valuation of taxable value*

Putting it together...

*Based on Net Appraised Value of \$412,500

Year	Taxable Value	M&O Rate	M&O Funds	I&S Funds	TOTAL
2022	\$290,000	.8646%	\$2,507.34	\$928	\$3,435.34
2023	\$263,000	.6792%	\$1,786.30	\$841.60	\$2,627.90



Fact #3:

TEA has allowed school districts to vote on 2 additional “Golden Pennies”

Prior to 2019, state allowed 6 Golden Pennies

*Must be voter approved

*Not subject to RECAPTURE

*LVISD has 6 Pennies (last election on 2015-2016)

Since 2019, state has allowed an additional 2 Golden Pennies

*Total of 8 Golden Pennies available

Is this VATRE unique to LVISD?

Numerous Central Texas school districts have already held elections to PASS their VATRE:

- **Austin ISD**
- **Dripping Springs ISD**
- **Hutto ISD**
- **Eanes ISD**
- **Elgin ISD**
- **Georgetown ISD**
- **Leander ISD**
- **Lake Travis ISD****
- **Pflugerville ISD**

****Only Lake Travis ISD and Lago Vista ISD have the 20% Local Option Homestead Exemption**



What does this “VATRE” do for LV?

Generates additional \$800,000 that stays in LVISD

Total of approximately \$3.1 Million Dollars of tax revenue with all 8 pennies

Recapture DOES NOT INCREASE

Allows LVISD taxpayer dollars to stay in LVISD

ADDITIONAL REVENUE supports:

- *Teacher/Staff Compensation Packages
- *Safety/Security
- *Assists in inflating costs of supplies, travel, contracted services
- *Allows us to remain competitive with neighboring districts



VATRE

(VOTER APPROVED TAX RATIFICATION ELECTION)

**AN ELECTION MUST OCCUR THAT ALLOWS
DISTRICT TO INCREASE THE M&O RATE**

THE BALLOT LANGUAGE WILL READ AS IF IT WILL BE AN INCREASE IN M&O TAX RATE

TAX RATE in SY 22-23: 86.46 CENTS

TAX RATE (IF VATRE PASSES) in SY 23-24: 69.92 CENTS



SO, WHY DOES IT SAY IT'S AN INCREASE?

2023-24 (w/o VATRE)	67.92 cents	21.4% decline
2023-2034 (w/ VATRE)	69.92 cents	19.1% decline

PASSING the VATRE is not an increase as much as it is a smaller decrease

To PASS or NOT to PASS (VATRE):

*Net Appraised Value of \$453,750

<u>NO VATRE</u>		<u>APPROVED VATRE</u>
(807.44)	Annual Change in Tax Bill	(754.84)
(86.40)	Annual Change in Tax Bill due to I&S	(86.40)
(721.04)	Annual Change in Tax Bill due to M&O	(668.44)
	"Cost" of 2 penny VATRE	52.60
	"Cost" per MONTH	4.38