

Optional Homestead Exemption

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- Tax Code allows up to 20%**
- Reduces taxable value**
- Annual decision by the Board of Trustees**
- Board action must be taken by July 1**

20% Optional Homestead Exemption

Value loss to CFISD (2009)

o \$3,495,300,857

Tax loss to CFISD (@ \$1.41)

\$36,351,129 - General Fund (@ \$1.04)

\$12,932,613 - Debt Service (@ \$0.37)

\$49,283,742 - Total

HB 3646 - Section 42.008(a)

Revenue Limitation

o Effective 2010 -11 school year

o \$350 per WADA increase from prior year

\$44 million = \$350 x WADA (2010-11)

35 million = increase for students/formula

9 million = maximum additional increase

36 million = OHE additional M&O revenue

\$27 million = OHE benefit lost

Impact on Average Home

Assumptions:

- o \$160,000 Average home value
- o \$1.41 tax rate with OHE
- o \$1.37 tax rate without OHE

\$1,593.30 - Tax with OHE

\$1,986.50 - Tax without OHE

\$393.20 - Difference

Tax Rate Election or Tax Rollback Election

What is a TRE?

- Election to ratify a tax rate adopted by BOT > rollback tax rate
- CFISD calculates rollback tax rate
- Board adopts a tax rate > rollback rate
- Triggers automatic election
- Successful election = tax rate adopted by BOT
- Unsuccessful election = rollback rate

TRE Additional Revenue 2010-11

- 2 cents (\$1.06) = \$14.5 million
- 3 cents (\$1.07) = \$18.4 million
- 4 cents (\$1.08) = \$22.3 million
- 8 cents (\$1.12) = \$37.8 million
- 13 cents (\$1.17) = \$57.1 million

Impact on Average Home

Assumptions:

- o \$160,000 Average home value
- o \$1.41 tax rate – Current
- o \$1.49 tax rate – 8-cent TRE

\$1,593.30 – Tax @ \$1.41

\$1,683.70 – Tax @ \$1.49

\$90.40 – Difference

TRE Considerations

- Election expenses
- Timing – late summer or fall
- Budget adopted before election
- Unsuccessful fall election = employee reductions mid-year