

Where's My School Tax Savings?

Fact Sheet

Background	Texas Courts ordered the Legislature to address school funding issues by June 1, 2006. The system was declared unconstitutional due to school districts' lack of discretion in setting local Maintenance and Operations (M&O) rate, which was capped at \$1.50.																		
House Bill 2	Identified new funding mechanisms designed to address problems and to reduce property taxes																		
House Bill 3	Revised business tax																		
House Bill 4	Established motor vehicle standard presumptive value for sales tax purposes																		
House Bill 5	Increased tax rate for cigarettes and other tobacco products																		
House Bill 1	Mandates a 1/3 reduction in the M&O tax rate in 2006 and another 1/3 reduction in 2007. M&O rates were capped at \$1.50 per \$100 value and the 2006 reduction brings it down to \$1.33 ---BUT--- the legislature also allowed schools to add up to \$.04 in enrichment taxes. Bottom line is \$1.37 plus the debt portion of the rate. Next year, the rate will be reduced to \$1.04 plus the debt portion.																		
Example	<p>Here is an example comparing 2005 and 2006 school taxes:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: center;">Property Taxable Value (appraised value – exemptions)</th> <th style="text-align: center;">Tax Rate (per \$100 taxable value)</th> </tr> </thead> <tbody> <tr> <td>2005 AISD</td> <td style="text-align: center;">\$180,000</td> <td style="text-align: center;">M&O = \$1.50 Debt = \$0.1230 Total = \$1.62</td> </tr> <tr> <td colspan="3" style="text-align: center;">2005 Tax due = \$1.62 x \$180,00 = \$2916</td> </tr> <tr> <td>2006 AISD</td> <td style="text-align: center;">\$180,000</td> <td style="text-align: center;">M&O = \$1.37 Debt = \$0.1230 Total = \$1.49</td> </tr> <tr> <td colspan="3" style="text-align: center;">2006 Tax due = \$1.49 x \$180,000 = \$2682</td> </tr> <tr> <td colspan="3" style="text-align: center;">SAVINGS ON SCHOOL TAXES = \$234</td> </tr> </tbody> </table>		Property Taxable Value (appraised value – exemptions)	Tax Rate (per \$100 taxable value)	2005 AISD	\$180,000	M&O = \$1.50 Debt = \$0.1230 Total = \$1.62	2005 Tax due = \$1.62 x \$180,00 = \$2916			2006 AISD	\$180,000	M&O = \$1.37 Debt = \$0.1230 Total = \$1.49	2006 Tax due = \$1.49 x \$180,000 = \$2682			SAVINGS ON SCHOOL TAXES = \$234		
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Keep in mind	Savings will depend upon values and exemptions. Each account will be different.																		
Resources	http://www.house.state.tx.us/featured/schools&taxes79-13.pdf This is the document produced by the House Research Organization. All of the items listed above are explained in detail																		