

# ARP INDEPENDENT SCHOOL DISTRICT TAX RATIFICATION ELECTION

At the October 22, 2015 Board meeting, the Arp Independent School District's Board of Trustees approved a Tax Ratification Election (TRE) to move \$0.13 from the Interest and Sinking (I&S) to the Maintenance and Operation (M&O) tax rate. This effectively raises the M&O rate higher than the rollback rate. This M&O rate must be approved by voters before it can be adopted by the school district. The Board adopted an order calling for a TRE to be held Wednesday, December 23rd, 2015. If the measure passes, there will be a \$0.13 increase on the (M&O) portion of the school tax rate while the Interest and Sinking (I&S) portion will be reduced by the same amount, \$0.13, by order of a resolution passed by the board on October 22, 2015.

**The passage of the TRE coupled with a resolution passed by the AISD Board of Trustees would effectively move 13 cents from the Interest and Sinking Fund (I&S) to our Maintenance and Operation (M&O). This shift would generate approximately \$400,000 in ADDITIONAL state funding for the district with NO increase in the tax rate for AISD taxpayers.**

## ***What is TRE?***

A district that adopts a tax rate above its maximum M&O tax rate must hold a Tax Ratification Election (TRE) to provide voters the ability ratify the higher rate. If the majority of votes are cast in favor of the proposition, that tax rate for the current year is adopted by the Board. If the proposition is not approved, then the Board may not adopt a tax rate for the current year that exceeds the maximum rate.

## ***How will the TRE affect my Taxes?***

No matter the outcome of the TRE, the tax rate for taxpayers in AISD will remain \$1.46 per \$100 of property value. **If the TRE is approved, the shift in the M&O and the I&S tax rates will generate an additional \$400,000 for the district.** If the TRE is not approved, the tax rate will remain at \$1.46 and no additional funding will be created.

**Current Tax Rate: M&O (\$1.04) + I&S (\$0.42) = \$1.46**

**\*Proposed Tax Rate: M&O (\$1.17) + I&S (\$0.29) = \$1.46**

**\*The district will receive an additional \$400,000 from the state if the proposed rate is adopted by the approval of the TRE.**

## **Maintenance and Operations (M&O) Tax**

Taxes generated by the M&O tax rate fund the day to day expenses such as salaries, building maintenance, transportation, utilities, and supplies.

## **Interest and Sinking (I&S) Tax**

Taxes generated by the I&S tax rate fund the debt payments of the district, which includes the bonds passed in previous years to build new facilities.

## **Community Meeting**

November 19 and December 3  
6 PM in AHS Commons

## **Early Voting**

December 7 – December 19

## **Location**

Arp ISD Central Office  
101 Toney Drive, Arp, Texas

## **Election Day**

Wednesday, December 23, 2015  
Arp High School Library  
101 Toney Drive, Arp, Texas

**Election Day: Wednesday, December 23, 2015**

Early Voting: December 7 – December 19, 2015

The wording for the ballot for the Tax Ratification Election is prescribed by law. The ballot reads:

“Approving the ad valorem tax rate of \$1.59 per \$100 valuation in the Arp Independent School District for the current year, a rate that is \$0.13 higher per \$100 evaluation than the school district rollback tax rate.”

**Why does the ballot show a tax rate of \$1.59 when everything else says the tax rate will remain at \$1.46?**

**Law requires to word the ballot as it reads above. However, the Board of Trustees adopted a resolution at the October 22nd Board meeting that should the TRE pass, the I&S tax rate will be lowered by \$0.13 to offset the increase of \$0.13 to the M&O rate. This shift will keep the tax rate at \$1.46 for the 2015 – 2016 school year and this board has no plans to raise the rate in the future.**

The voters of Arp ISD will be given the opportunity to vote during a Tax Ratification Election (TRE) on December 23, 2015. The current tax rate passed by our local school board in August 2015 is \$1.46 per \$100 evaluation value. The breakdown is \$1.04 for maintenance and operation (M&O) and \$0.42 for interest and sinking (I&S). School district tax rates in Texas have two components, Maintenance and Operations (M&O) and an Interest & Sinking (I&S) tax rate. M&O taxes pay the operating expenses of the district, such as salaries, building maintenance, transportation, utilities, and supplies. I&S taxes, or sometimes referred to as debt taxes, fund principal and interest payments on voter-approved bond issues to construct or improve facilities.

The Arp ISD Board of Trustees proposes a tax ratification or “penny swap” election. If passed the M&O portion of our school taxes will increase \$0.13 per \$100 evaluation while the I&S portion will decrease by the same amount leaving the local school taxes at \$1.46 per \$100 evaluation. The state funds the M&O portion of school tax collections at a higher rate than the I&S side. If Arp ISD voters approve the M&O rate of \$1.17, which is a \$0.13 increase, at the tax ratification election on December 23, 2015 the school district will receive an **additional \$400,000 in state funding**. To offset the \$0.13 increase on the M&O side the school board will reduce the I&S side by the same amount, \$0.13.

The wording for the ballot for the TRE is prescribed by law. The ballot reads: “Approving the ad valorem tax rate of \$1.59 per \$100 valuation in the Arp Independent School District for the current year, a rate that is \$0.13 higher per \$100 evaluation than the school district rollback tax rate.”

#### **Why does the ballot show a tax rate of \$1.59 when everything else says the tax rate will remain at \$1.46?**

Law requires to word the ballot as it reads above. However, the Board of Trustees adopted a resolution at the October 22, 2015 board meeting that states: Should the TRE pass, the I&S tax rate will be **lowered** by \$0.13 to offset the increase of \$0.13 to the M&O rate. This shift will keep the tax rate at \$1.46 for the 2015-2016 school year and this board has no plans to raise the rate in the future.

If the majority votes **for** the **\$1.59** tax rate, the ACTUAL tax rate will remain **\$1.46**. This is accomplished because of previous contingent board action to reduce the I&S debt rate \$0.13, if voters approve the \$1.59. The district **will have access to over \$400,000** in additional funds this year and every year thereafter.

If a majority votes **against** the tax rate of **\$1.59** tax rate, the tax rate will remain **\$1.46**. The district will **NOT have access to over \$400,000** in additional funds this year and every year thereafter.

I encourage our taxpayers to visit with myself and our school board if they have any questions. There will be two community meetings to be held at Arp High School on Thursday, November 19, 2015 at 6 PM and on Thursday, December 3, 2015 at 6 PM. The public is invited and encouraged to attend these meetings to discuss the TRE. Early voting will begin on Monday, December 7 – Saturday, December 18, 2015 with extended hours on December 14<sup>th</sup>, 15<sup>th</sup>, and 19<sup>th</sup>. The regular election will be held on December 23, 2015.

Sincerely,

Dwight G. Thomas  
Arp ISD Superintendent