



LOVELADY ISD VATRE Presentation

WENDY TULLOS

LOVELADY ISD SCHOOL SUPERINTENDENT

What is a VATRE?

- ▶ Voter Approval Tax
Rate Election
- ▶ Required anytime a rate is set above the minimum tax rate.

Purpose of this Presentation

What we want you to know....

► **What will this do to my taxes?**

► The difference in a Bond / VATRE

► Why is this increase needed?

► How will the funds be used?

- The Lovelady ISD Board of Trustees took action on August 19, 2024
- To set the Maintenance and Operations (M&O) tax rate 3 cents above the minimum
- This action triggered the required VATRE election in November.
- The public will vote for or against these three additional pennies



You may ask why does this require
voter approval?

► **House Bill 3 States**

- If a district governing body of a school district adopts a tax rate that exceeds the districts' voter approval tax rate, the registered voters of the district at an election held for that purpose must determine whether to approve the adopted tax rate.

IN NOVEMBER LOVELADY ISD
VOTERS WILL SEE A VOTRE ON THE
BALLOT FOR OUR DISTRICT



LOVELADY ISD
PROP A

This is **NOT** a BOND ELECTION



In November 2019 Lovelady ISD Passed a Bond Election for New Facilities & Renovations- **Update**

- ▶ Bond election passed before material costs and interest rates increased. This timing allowed our district to get much more for our money than we could expect in today's economy.
- ▶ We financed our bonds at a low rate
- ▶ We expect when the bonds are eligible for payoff, the debt will be paid off early.
- ▶ The tax rate is lower now than it was before the bond was passed.

WE ARE EXTREMELY PROUD AND APPRECIATIVE OF THE FACILITY IMPROVEMENTS THE BOND ELECTION ALLOWED FOR OUR DISTRICT.

SCHOOL DISTRICT TAXES INVOLVE TWO BUCKETS OF FUNDS

General Operating Fund

Maintenance & Operations

Day-to-day operations and expenses

For Schools Includes:

- Staff Salaries
- Utilities
- Supplies
- Repairs
- Fuel
- Services
- Insurance



In Our Homes Includes:

- Groceries
- Utilities
- Repairs
- Fuel
- Routine Services
- Insurance

An Increase above the minimum in this Bucket Requires a VATRE to Pass by the Voters

Debt Services Fund

Interest & Sinking

Principal and Interest Payments on debt

For Schools Includes:

- New Construction
- Renovations



In Our Homes Includes:

- Mortgage
- Land
- Car

An Increase above the minimum in this Bucket Requires a Bond Election to Pass by the Voters

Rising Operating Costs

Just like in our homes we feel these rising costs in our school.

- Fuel
- Utilities
- Insurance
- Services
- Etc..

Schools are receiving NO NEW MONEY from the State on the M&O side to compensate for these increases.



We are experiencing these maintenance and operation increases with no new money.

► Lovelady ISD increases 2021-2024

Lovelady ISD		Percent Increase
Utilities	We locked in a lower rate in previous years through 2026 keeping this cost down. It will increase in the future.	8% Increase
Fuel		26% Increase
Insurance		35% Increase

Over this three year period our per Pupil Basic Allotment has remained the same.

IF A VATRE PASSES THESE FUNDS CAN **ONLY** BE USED FOR THINGS LIKE



Day to day Facility Repairs



Salary Increases



Increasing Utility Costs



Day to day Bus Repair and Maintenance



Insurance Needed for Schools

With a VATRE
Local Tax Dollars Generate State
Dollars!!



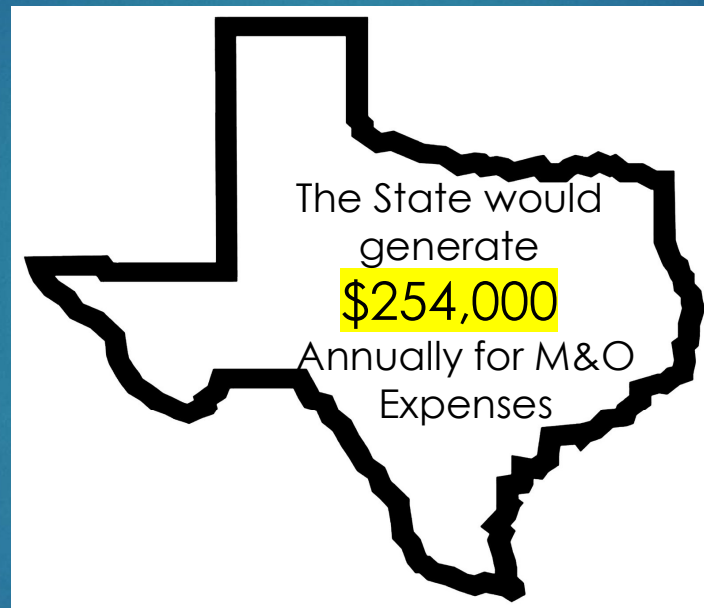
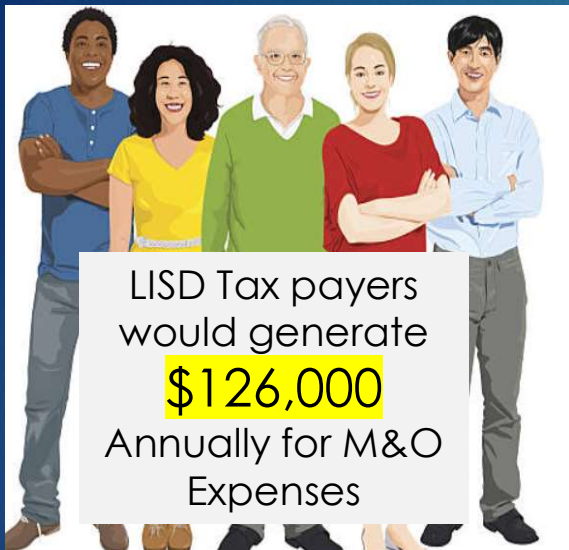
IF A VATRE PASSES FOR A DISTRICT, THE STATE HAS TO PAY TOO!

- ▶ That's correct.....
- ▶ IF the voters of Lovelady ISD decided to pass this increase. The state has to kick in their part too.
- ▶ If passed, it remains in effect each year.
- ▶ This does not have to be voted on again UNLESS a lower rate is set by the board.

How much of an increase is the VATRE going to be asking for?

- ▶ The M&O tax rate set by the Lovelady ISD Board of Trustees on August 19, 2024 is three pennies higher. (Triggering the Election)
- ▶ It will go to the voters in November for a three penny increase on the M&O rate.
- ▶ With the state contribution, we will receive more than the three pennies in funding for our school district.

IF THE PROPOSED VATRE PASSES WHAT WILL LOVELADY ISD RECEIVE?



\$ 380,000

Increase for
Lovelady ISD
Annually
For M&O
Expenses

For Every \$1.00 from
the Lovelady ISD
taxpayer



The State will send us
\$2.00 in state funding



Generating the Total
Amount Annually

YOU MAY HAVE NOTICED- MANY CHANGES HAVE OCCURRED WITH SCHOOL TAXES OVER THE PAST FIVE YEARS

- ▶ STARTING IN 2019 THE STATE BEGAN COMPRESSING (LOWERING) THE TAX RATE.
- ▶ THE BOND WENT IN TO EFFECT IN 2021-2022 TAX YEAR SO WE SAW AN INCREASE.
- ▶ THE HOMESTEAD EXEMPTION INCREASED FROM \$40,000 TO \$100,000 in 2023.
- ▶ OUR SCHOOL TAXES HAVE BEEN DECREASING BECAUSE OF THESE CHANGES.
- ▶ EVEN WITH THE INCREASED VALUES AND THE BOND PASSING OUR SCHOOL TAXES ARE LOWER.

OUR SCHOOL TAX RATES ARE LOWER NOW THAN BEFORE THE BOND



LOVELADY ISD HISTORICAL TAX RATES



YEAR	M&O	I&S	TOTAL
17/18	1.04	0.0	1.04
18/19	1.04	0.0	1.04
19/20	0.97	0.0	0.97
20/21	0.9664	0.0	1.1254
21/22	0.0934	0.159 Bond Started	1.1224
22/23	0.8546	0.159	1.0136
23/24	0.6692	0.159	0.8282
24/25 NO VATRE	0.6669 (NO VATRE)	0.159	0.8259 w/o 3 pennies
24/25 With VATRE	0.6969 (W VATRE)	0.159	0.8559 w three pennies

The State is
Compressing
the Tax Rate



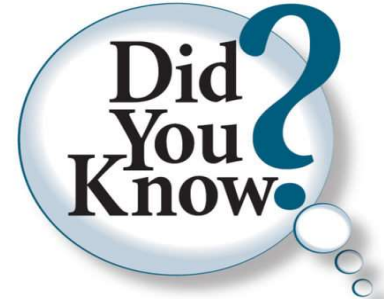
More Tax Relief in 2023

January 2023

This law increased the annual Texas homestead tax exemption from \$40,000 to \$100,000, starting with **January 2023** taxes.

\$100,000 per yer per household

TEXAS - Texas voters overwhelmingly okayed Proposition 4 in the November election, meaning homeowners will get the biggest property tax rebate in state history. The \$5.6 billion measure permanently raises the homestead exemption on local school taxes from \$40,000 to **\$100,000 per yer per household**, benefiting 5.7 million households.



You would have noticed these changes on your most recent tax statement. This 100,000 exemption was applied in 2023. We will also notice it on our upcoming statements.

Early Pay Discount

- ▶ Lovelady ISD is the only district in Houston County that provides a discount for early payment.

What would the estimated taxpayer see in an increase

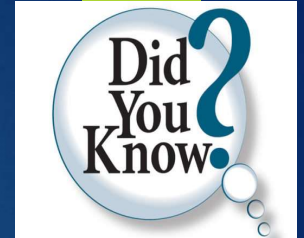
With the three additional pennies added to the M&O tax rate combined with the new homestead exemption at \$100,000.

\$100,000 Home Value- Would still pay \$0 in school taxes

\$200,000 Home Value- Increase of \$30 per year in school taxes

\$300,000 Home Value- Increase of \$60 per year in school taxes

Additional Information



- ▶ Residents over the age of 65 who are frozen would not see any increase on their homestead if this VATRE passes. These voters would not be impacted by this increase if it passes.
- ▶ The homestead exemption does not apply to investment properties or businesses.
- ▶ The local tax fund base in Lovelady ISD is not only homes. Almost 50% of our local tax base comes from minerals and industry. (Pipelines, Utility lines, Railroads, plants etc. Therefore, they would see this increase as well and contribute.
- ▶ Ag exempt properties would see a very minimal increase from this 3 cents.

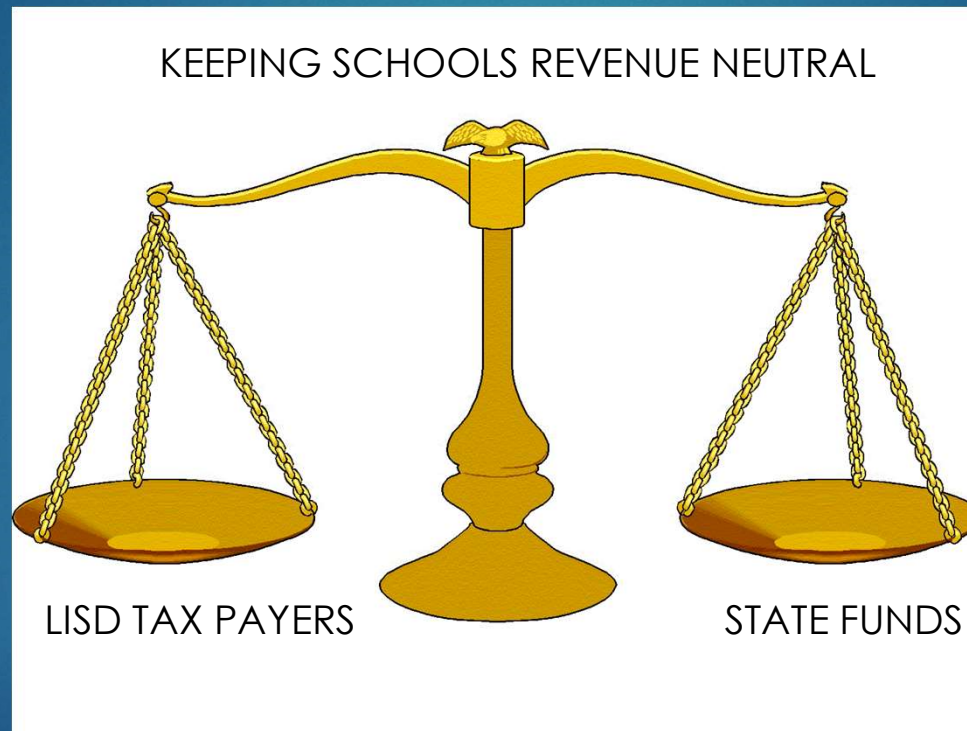
The tax relief has been good but
my values have increased!!

Doesn't the school receive more
money when my values go up?

Unfortunately this is not the case.



When local revenue goes up, the state revenue goes down.



This is how the state public school funding formula works. It's the law! Values increasing does not lead to more money for our school district.

When our values go up it does not mean the school is getting more money. It means the state contribution goes down.

However, when the **tax rate increases** with a VATRE, LISD will receive these funds from the tax payers in addition to what the state has to kick in.

THE WHY

**Compensate for
Rising Fuel,
Insurance, and
Utility Costs**

**Technology Needs
Student Devices &
Infrastructure**

**VATRE FUNDS
WILL BE
USED FOR**

**Recruit and Retain
High Quality
Staff with salary
increases**

**Facility Maintenance
& Improvements**

How much of the increase would be used for salary increase?

- ▶ We plan to pass on as much as possible to our employees in salary increases using an estimated 40-50% of these funds for salary increases.
- ▶ We want to be as competitive as possible with the pay in our area to recruit and retain high quality employees.
- ▶ Bus Drivers, Maintenance Workers, Custodians, Teachers, Office Staff, Teaching Assistants, etc.

What other schools in our area have passed a VATRE?

- ▶ Trinity ISD
- ▶ Madisonville ISD
- ▶ Slocum ISD
- ▶ Oakwood ISD
- ▶ Buffalo ISD
- ▶ Richards ISD
- ▶ Neches ISD
- ▶ North Zulch ISD
- ▶ Little Centerville ISD
- ▶ Elkhart ISD
- ▶ Huntsville ISD
- ▶ Caldwell ISD

How will this impact me?

Let's look at some examples....

- ▶ Homestead Not Frozen
- ▶ Homestead Frozen
- ▶ Non-Homestead Property

TOTAL MKT:	329,440
HS CAP VALUE:	215,600
TOTAL TAXABLE:	215,600
OWNER INT:	1.000000
OWNER VALUE:	215,600
HOMESTEAD CAP APPLIED	

Make sure when analyzing tax statements to look at the **taxable value** and not the market value. These can be different.

RECENTLY RECEIVED TAX STATEMENTS

- ▶ The rate you see on your current statement already has the three penny increase factored in. This is what your taxes will be if this passes. (.8559 cents)
- ▶ If the VATRE does not pass new statements will be mailed with the adjusted rate reducing the rate. (.8259 cents)

We expect the state will continue to compress the M&O rates continuing to bring rates down.

Homestead (NOT FROZEN) Example

Tax Year	Home Value	Tax Rate	Taxed Paid	Exemption
2014	124,910	\$1.04	\$1,128	\$15,000
2015	125,000	\$1.04	\$1,025	\$25,000
2016	128,650	\$1.04	\$1,078	\$25,000
2017	128,790	\$1.04	\$1,080	\$25,000
2018	128,790	\$1.04	\$1,080	\$25,000
2019	141,670	.97 Cents	\$1,132	\$25,000
2020	144,790	\$1.1254 Bond Started added I&S	\$1,348	\$25,000
2021	145,160	\$1.1224	\$1,348	\$25,000
2022	145,160	\$ 1.0136	\$1,065	\$40,000
2023	159,680	.8282 Cents With VATRE Passing	\$ 494	\$100,000 Started
2024	179,680	.8559 Cents Rate w/ VATRE Passing	\$ 682	\$100,000
2024	179,680	.8259 Cents Rate will go back down to this if it does not pass	\$ 659	\$100,000

\$23 Annual Increase

If the VATRE Passes

Homestead (FROZEN) Example

Tax rates for residents over the age of 65 are frozen and would not see this increase.

Tax Year	Home Value	Tax Rate	Taxed Paid	Exemption
2014	132,920	\$1.04	\$848.91	\$15,000
2015	133,020	\$1.04	\$746.35	\$25,000
2016	133,020	\$1.04	\$746.35	\$25,000
2017	133,220	\$1.04	\$746.35	\$25,000
2018	146,540	\$1.04	\$746.35	\$25,000
2019	161,190	.97 Cents	\$746.35	\$25,000
2020	177,310	\$1.1254 Bond Started added I&S	\$746.35	\$25,000
2021	178,180	\$1.1224	\$746.35	\$25,000
2022	196,000	\$ 1.0136	\$746.35	\$40,000
2023	196,000	.8282 Cents With VATRE Passing	0	\$100,000 Started
2024	215,600	.8559 Cents Rate w/ 3 pennies VATRE Passing	0	\$100,000
2024	215,600	.8259 Cents Rate w/o 3 pennies if VATRE Fails	0	\$100,000

****In addition to the 100,000 exemption in 2023 those who were already frozen received additional relief through the M&O calculation formula bringing their taxes to zero.**

Non-Homestead Property Example

Rental Properties, Businesses- Properties outside of your homestead

Tax Year	Home Value	Tax Rate	Taxed Paid	Exemption
2014	\$ 53,000	\$1.04	\$ 551	NA
2015	\$ 54,000	\$1.04	\$ 561	NA
2016	\$ 54,100	\$1.04	\$ 562	NA
2017	\$ 54,200	\$1.04	\$ 563	NA
2018	\$ 65,200	\$1.04	\$ 678	NA
2019	\$ 80,200	.97 Cents	\$ 834	NA
2020	\$ 95,200	\$1.1254 Bond Started added I&S	\$1,071	NA
2021	\$ 96,200	\$1.1224	\$1,070	NA
2022	\$ 114,200	\$ 1.0136	\$1,157	NA
2023	\$ 114,200	.8282 Cents With VATRE Passing	\$955	NA
2024	\$ 134,200	.8559 Cents Rate w/ 3 pennies VATRE Passing	\$1,148	NA
2024	\$134,200	.8259 Cents Rate w/o 3 pennies if VATRE Fails	\$1,108	NA

\$40 Annual Increase
If the VATRE Passes

What will the ballot look like?

☐ FOR/
A FAVOR

RATIFYING THE AD VALOREM TAX RATE OF .6969 IN LOVELADY INDEPENDENT SCHOOL DISTRICT FOR THE CURRENT YEAR, A RATE THAT WILL RESULT IN AN INCREASE OF 5.5 PERCENT IN MAINTENANCE AND OPERATIONS TAX REVENUE FOR THE DISTRICT FOR THE CURRENT YEAR AS COMPARED TO THE PRECEDING YEAR, WHICH IS AN ADDITIONAL \$380,000.

☐ AGAINST/
EN CONTRA

RATIFICAR LA TASA IMPOSITIVA AD VALOREM DE .6969 EN EL DISTRITO ESCOLAR INDEPENDIENTE DE LOVELADY PARA EL AÑO EN CURSO, UNA TASA QUE RESULTARÁ EN UN AUMENTO DEL 5.5 POR CIENTO EN LOS INGRESOS FISCALES DE MANTENIMIENTO Y OPERACIONES PARA EL DISTRITO PARA EL AÑO EN CURSO EN COMPARACIÓN CON EL AÑO ANTERIOR, QUE ES DE \$380,000 ADICIONALES.

Lovelady
ISD
Prop A

Early Voting- Dates/ Times/ Location

- ▶ Early voting will only be offered at the Houston County Senior Citizen Center in Crockett
- ▶ Monday, October 21st through Friday October 25th, 9:00 a.m. – 6:00 p.m.
- ▶ Saturday, October 26th 7:00 a.m. – 7:00 p.m.
- ▶ Sunday, October 27th 1:00 p.m. – 7:00 p.m.
- ▶ Monday, October 28th, through Friday, November 1st, 7:00 a.m. – 7:00 p.m.
- ▶ Houston County Senior Citizen Center
- ▶ 716 W Wells Street, Crockett TX, 75835

Election Day, November 5th

Polling Locations & Times

- ▶ All precincts will be open from 7:00 a.m. – 7:00 p.m.
- ▶ Voters must vote in their precincts on November 5th
- ▶ Precinct 3- Crockett ISD Administration
- ▶ Precinct 7- Lovelady Community Center
- ▶ Precinct 9- Pearson Chapel Baptist Church
- ▶ Precinct 10- Austonio Community Center
- ▶ Precinct 17- Weldon Baptist Church
- ▶ Precinct 18- Holly Community Center

Voting Calendar

Early Voting Calendar & Election Day

SUN	MON	TUE	WED	THU	FRI	SAT
OCT 20	OCT 21 HC Senior Citizen Center 9:00am – 6:00pm	OCT 22 HC Senior Citizen Center 9:00am – 6:00pm	OCT 23 HC Senior Citizen Center 9:00am – 6:00pm	OCT 24 HC Senior Citizen Center 9:00am – 6:00pm	OCT 25 HC Senior Citizen Center 9:00am – 6:00pm	OCT 26 HC Senior Citizen Center 7:00am – 7:00pm
OCT 27 HC Senior Citizen Center 1:00pm – 7:00pm	OCT 28 HC Senior Citizen Center 7:00am – 7:00pm	OCT 29 HC Senior Citizen Center 7:00am – 7:00pm	OCT 30 HC Senior Citizen Center 7:00am – 7:00pm	OCT 31 HC Senior Citizen Center 7:00am – 7:00pm	NOV 1 HC Senior Citizen Center 7:00am – 7:00pm	NOV 2
NOV 3	NOV 4	NOV 5 Election Day All locations open 7:00am – 7:00pm				

Facts!

- ▶ Lovelady ISD's teachers are among the lowest paid in the area.
- ▶ **ALL** staff deserve increases. Custodians, Maintenance, Cafeteria Staff, Technology, Bus Drivers etc. BE COMPETITIVE!
- ▶ Maintenance and Operation costs have increased and the state has provided no new money to off set these increases.
- ▶ If this passes your local tax dollars will also provide additional state dollars to benefit our school district.
- ▶ Essentially your three additional pennies in the increase allow our district to claim additional state funding.
- ▶ The recently mailed tax statements already have the 3 cent increase factored in. If this passes your rate will be what it is on your statement now.
- ▶ Our district has maintained a healthy fund balance. It's the duty and responsibility of the board and superintendent to look ahead and proactively prepare for our future.
- ▶ We would not seek this from our voters if we did not need it.

LION PRIDE

The Lovelady ISD School Board and I would like to thank you for taking the time to listen to this presentation in order to make an informed decision.

Early Voting Begins-October 21st
November 5th Election Day

Regardless of the outcome, Lovelady ISD will continue to be an amazing school district. We are, and always will be, committed to excellence. We take great pride in representing Lovelady ISD and appreciate your support in all that we do.

Go Lions!!





LION PRIDE

Loyalty to our school

Support your school and ALL its activities.

Integrity above all else

Do the right thing even when no one else is watching.

Ownership of our future

Own your successes and your failures.

Never Quit

Never give up, never surrender and rise above the odds.

Additional Questions

Wendy Tullos
Superintendent
Lovelady ISD

Email- wtullos@loveladyisd.net

Phone- 936-636-7616 ext. 2201