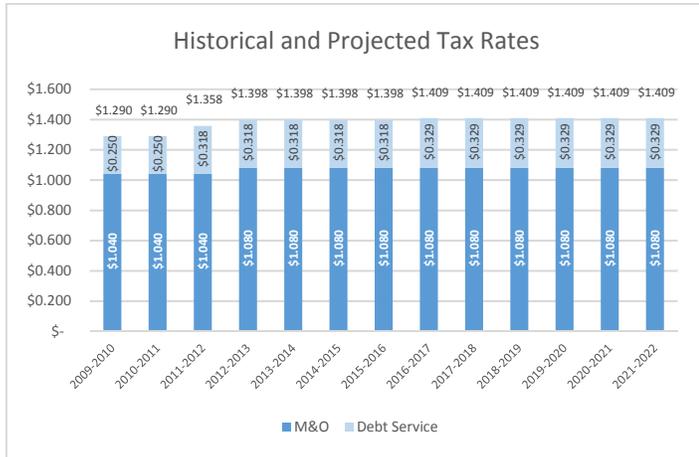


# Tax Rates, Taxable Values and Recapture

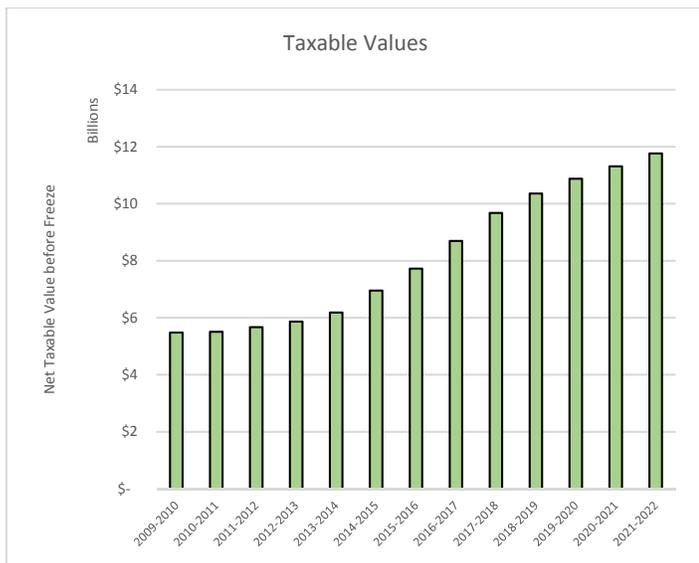
## Tax Rates

The Georgetown ISD tax rate is comprised of two components – Maintenance & Operations (M&O) and Debt Service. The tax rate for 2017-2018 is \$1.409. The following charts shows the tax rate history as well as the anticipated rate through 2021-2022.



In 2012, the voters approved a tax rate of \$1.08 for the M&O component. The total rate has been relatively flat since the 2012-2013 school year. The debt service rate was increased by 1.1 cents in 2016-2017 to cover the cost of additional debt that was approved by the voters in November 2015.

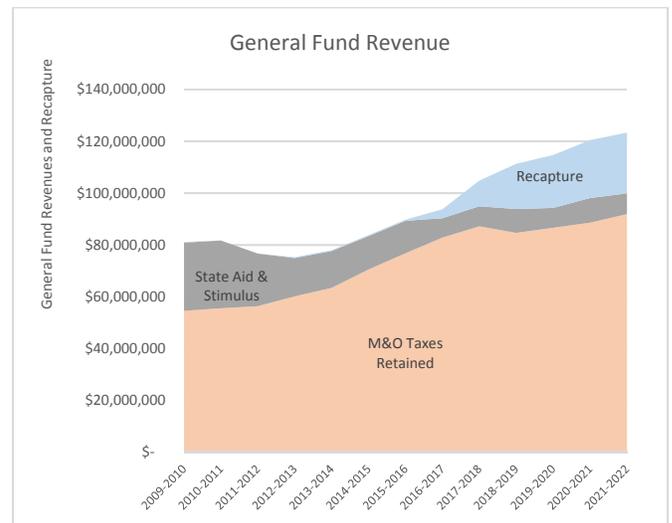
## Taxable Values



Following the economic slowdown from 2009 to 2013, the taxable values for Georgetown ISD have increased by double digits (10%-12.5%) for the past four years. A significant portion of the value escalation has come from the new values from 1,000 to 1,200 homes that are being added to the tax rolls each year. If you own a home in Georgetown ISD, you have probably experienced your values rising every year by as much as 10%. We are projecting that property values will continue to rise over the next five years, but not as much as they have over the past five years.

If the rate remains relatively constant, what happens to all of the taxes generated with the double-digit taxable value growth? The answer is two-fold. Let's start with the debt service taxes. The District has sold over \$180 million of authorized debt and only raised the debt service tax rate by 1.1 cents since 2012. We had anticipated a five cent increase, but property value growth has provided the funds necessary to repay bond debt without a large tax rate increase. Debt service taxes are not subject to recapture payments.

M&O taxes are subject to recapture and are tied to the state funding formula. The main driver for General Fund spending is tied to WADA growth. As shown in the following graph, recapture payments to the State will eat up the bulk of new taxes over the foreseeable future.



One can easily see in the graph that state aid has been decreasing while the local taxes have been increasing. Yet the overall budget has increased modestly. Since 2009-2010, the General Fund revenue has grown by 11.8% for an average of 1.8% per year through 2016-2017. Likewise, WADA grew by 12.7% during the same period. Property values during this period grew by 48.4%.

The District has collected M&O taxes from the property value growth, but it has not kept most of this revenue growth. As property value increases provide more taxes, the state aid amount diminishes. Beginning in 2016-2017, Georgetown ISD began to experience substantial payments to the State for recapture. In 2016-2017, recapture cost the District \$3.5 million. Recapture is expected to be \$9.5 million in 2017-2018. It is expected to grow to over \$20.0 million per year in the years to follow.

**Not all of your tax dollars remain in Georgetown ISD for its use. These are your tax dollars supporting the State budget.**