

SCHOOL TAXES 101

Your school taxes involve two figures:

1. Maintenance and Operations (M&O)
 - Salaries, utilities, supplies, food, gas, etc.
2. Debt Service (I&S)
 - Used to pay off existing debt

\$1.04: Current Alvin ISD M&O Rate
+

\$0.41: Current Alvin ISD I&S Rate

\$1.45: TOTAL ALVIN ISD TAX RATE

BOND ELECTIONS affect only the **DEBT SERVICE (I&S)** tax rate.

TAX RATIFICATION ELECTIONS affect only the **MAINTENANCE AND OPERATIONS (M&O)** rate.

FAQ - BOND ELECTIONS AND TAX RATIFICATION ELECTION

What are Bond Elections?

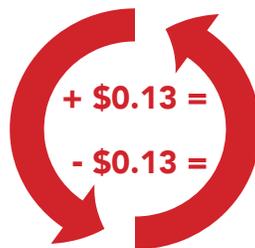
State law provides that a school district must hold an election and get permission from voters to sell bonds and to levy taxes to pay for them. Bonds are sold to provide funding for capital improvements. Just as an individual agrees to repay a new home loan, voters authorize the District to sell and repay bonds for making major capital improvements. Bond money can be used for new schools and facilities, expansion and renovation of existing facilities, new school sites, and other land parcels. Bond money cannot be used to fund daily operating costs such as salaries, utilities, fuel, etc.

What exactly is a TRE or Tax Ratification Election?

Any Texas school district that adopts a Maintenance & Operations tax rate above \$1.04 must hold a Tax Ratification Election to provide voters the opportunity to approve, or ratify, the higher rate. If voters approve the increase, this additional tax effort on the M&O tax rate generates additional funding from the state for daily operating costs. Alvin ISD could consider asking voters to approve a 13-cent increase to the M&O Tax Rate, which will generate additional funding from the state, and at the same time, decrease the Debt Service (I&S) Tax Rate by the same 13 cents. This particular type of Tax Ratification Election is often called a "Penny Swap" or "Tax Swap" because the exchange in pennies is tax neutral (no change).

What are the mechanics of a "Penny Swap"?

\$1.04: Current Alvin ISD M&O Rate
+
\$0.41: Current Alvin ISD I&S Rate



\$1.17: Potential Alvin ISD M&O Rate
+
\$0.28: Potential Alvin ISD I&S Rate

\$1.45: CURRENT ALVIN ISD TAX RATE

\$1.45: POTENTIAL ALVIN ISD TAX RATE

OVERALL TAX RATE STAYS THE SAME, THEREFORE, A POTENTIAL BOND PROGRAM COULD BE FINANCED WITH LITTLE TO NO INCREASE TO TAX RATE.

This scenario is something the Citizens' Advisory Committee is exploring in the best interest of the citizens of Alvin ISD.