

STEP 2: Rollback Tax Rate

Most school districts calculate a rollback tax rate that is split into two separate rates:

1. **Maintenance and Operations (M&O):** School districts must use the lesser amount of the following methods to calculate the M&O rate:
 - Four cents (\$0.04) PLUS current year's compression rate multiplied by \$1.50 (usually \$1) PLUS any additional cents approved by voters at a 2006 or subsequent rollback election; OR
 - Current year's compression rate multiplied by six cents (usually four cents) PLUS effective M&O rate which includes school formula funding calculations.⁶
2. **Debt:** The debt tax rate includes the debt service necessary to pay the school district's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

In most cases the rollback tax rate exceeds the effective tax rate, but occasionally decreases in a school district's debt service will cause the effective tax rate to be higher than the rollback tax rate.

Rollback Tax Rate Activity	Amount/Rate
25. Maintenance and operations (M&O) tax rate. Enter \$1.50 OR the 2005 adopted M&O rate if voters approved a rate higher than \$1.50.	\$1.500000/\$100
26. Multiply line 25 times 0.6667	\$1.000050/\$100
27. 2019 rollback M&O rate. Use the lesser of the M&O rate as calculated in Tax Code Section 26.08(n)(2)(A) and (B).	\$1.040050/\$100
<p>28. Total 2019 debt to be paid with property tax revenue. Debt means the interest and principal that will be paid on debts that:</p> <ol style="list-style-type: none"> (1) Are paid by property taxes, (2) Are secured by property taxes, (3) Are scheduled for payment over a period longer than one year, and (4) Are not classified in the school district's budget as M&O expenses. <p>A. Debt includes contractual payments to other school districts that have incurred debt on behalf of this school district, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. Enter debt amount:</p> <p>B. Subtract unencumbered fund amount used to reduce total debt.</p> <p>C. Subtract state aid received for paying principal and interest on debt for facilities through the existing debt allotment program and/or instructional facilities allotment program.</p> <p>D. Adjust debt: Subtract B and C from A.</p>	<p>\$594,350</p> <p>\$0</p> <p>\$218,661</p> <p>\$375,689</p>
29. Certified 2018 excess debt collections. Enter the amount certified by the collector.	\$0
30. Adjusted 2019 debt. Subtract line 29 from line 28D.	\$375,689
31. Certified 2019 anticipated collection rate. Enter the rate certified by the collector. If the rate is 100 percent or greater, enter 100 percent.	100.00%
32. 2019 debt adjusted for collections. Divide line 30 by line 31.	\$375,689
33. 2019 total taxable value. Enter amount on line 18.	\$139,003,206
34. 2019 debt tax rate. Divide line 32 by line 33 and multiply by \$100.	\$0.270273/\$100
35. 2019 rollback tax rate. Adds lines 27 and 34.	\$1.310323/\$100