

Henderson County Schools

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To: Marganna Stanley, Superintendent
And School Board Members

From: Cindy Cloutier, Director of Finance *Cloutier*

Date: September 9, 2020

Re: Tax Rates

I have included information in the packet that will allow you to make an informed decision on our tax rates for 2020-21. You will see a "property tax rate history" sheet that shows the type of rate levied for the past twenty-eight years. Fifteen times out of those twenty-eight years we levied the 4% tax rate, or 53.6% of the time. In comparison to our surrounding counties, we are falling behind most all of them on levied rates and are well below the average.

We cannot continue to settle for a rate that will cause a lesser rate than the previous year. It is like not getting a raise, the cost of "living" tends to grow but we are literally losing ground without additional new revenue.

If we have elected to levy tax rates that are lower than the maximum rate allowed then we have millions of dollars in foregone revenue. For example, in 2019-2020 the compensating rate was levied which left \$669,104 of foregone revenue, \$106 per pupil. This creates a cumulative effect on revenue that carries into the future years, money we will never get back.

I ask that you look at all options, but strongly consider the 4% tax rate. My job is to recommend what is best financially for our district and this is my recommendation. It would produce an additional \$655,000 of revenue above the compensating rate and the impact to the taxpayer would be 2.3% or \$16.80 per \$120,000 of property.

The coronavirus outbreak has upended the way our schools are operating, but the pain could continue into the next school year, when tax revenue losses will likely bring sharp cuts in education funding. We need to prepare for the significant revenue shortfalls that are looming for local school districts that will only worsen the disruption students have already faced.

We have worked extremely hard to get our finances back to where we currently are but with anticipated budget cuts and no new additional tax revenue things can quickly turnaround. Let us continue to pursue excellence in Henderson County by helping ourselves the only way we can, by maximizing our tax revenue.