

# TAX DROP & SWAP - Informational Summary



**TAX DROP** - is a reduction in the tax rate.

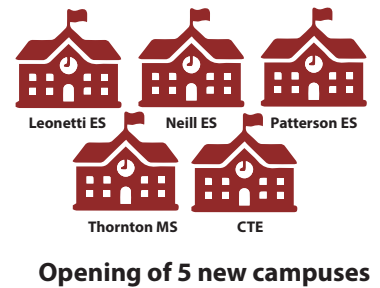
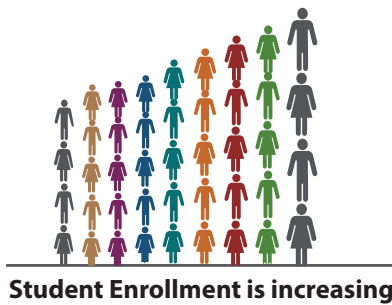
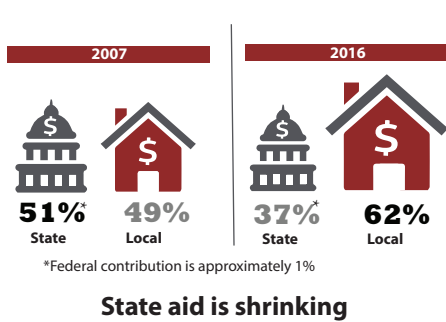
**TAX SWAP** - is a change in taxation that reduces one tax rate and increases another while keeping the overall tax rate the same.

## OVERVIEW

Because property values continue to increase and FBISD has actively managed debt, it has the ability to reduce the debt service tax rate by 4¢ and move 2¢ to the general fund, benefitting students and taxpayers by maximizing state revenue and lowering the tax rate.

## BREAKDOWN

### WHY... Should FBISD Consider a Tax Swap? What are the Challenges?

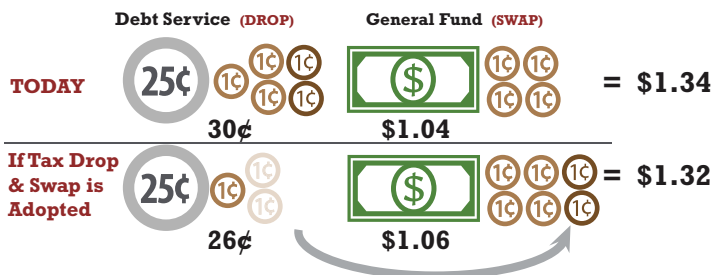


### How is FBISD able to consider a Tax Swap?

- Property Values have increased
- FBISD's active debt management strategy
  - Commercial Paper Program
  - Refunding of bonds
  - Implementation of variable rate debt program

### How could it work?

The ability to reduce the debt service tax rate by 4¢ and move 2¢ to the general fund

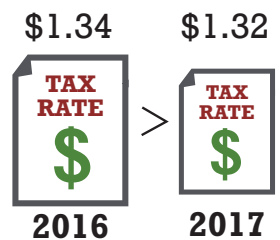


### Who could it benefit?

**Students** - More resources

**Teachers & Staff** - Competitive salaries

**Tax Payers** -  
2¢ net tax rate reduction  
SAVES tax payers \$



### Benefits:

- Decreases tax rate
- Increases state revenue by \$11M
- The overall revenue will increase by \$18.6 M
- Adds recurring revenue to the General Fund