

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATURE 3rd CALLED SESSION - 2006

May 11, 2006

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: SJR7 by Ogden (Proposing a constitutional amendment establishing a maximum school district ad valorem tax rate for maintenance purposes and providing that an ad valorem tax imposed by a school district is not a state ad valorem tax.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SJR7, Committee Report 1st House, Substituted: a negative impact of (\$99,767) through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2007	(\$99,767)
2008	\$0
2009	\$0
2010	\$0
2011	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue (Loss) from <i>School Districts</i>
2007	(\$99,767)	\$0
2008	\$0	(\$4,629,280,455)
2009	\$0	(\$4,860,744,478)
2010	\$0	(\$5,103,791,701)
2011	\$0	(\$5,358,970,787)

Fiscal Analysis

The resolution provides for a maximum ad valorem tax rate for school district operations of \$1.15 per \$100 of valuation. The resolution stipulates that the tax is not a state ad valorem tax within Section 1-e Article VIII of the Texas state constitution.

The resolution directs that the proposed constitutional amendment be set before the voters on November 7, 2006. Provided that the voters approve the amendment, the provisions described above take effect on January 1, 2007, and apply to that tax year.

Methodology

Local revenue reduction due to the maximum tax rate reduction is \$4.6 billion in FY 2008 growing to \$5.4 billion in FY 2011. The resolution does not speak to a replacement of this local revenue. The state cost would depend on the enabling legislation affecting school funding formulas.

The cost of publication of the constitutional amendment would be \$99,767.

Local Government Impact

Local school districts would be effected by the local revenue reductions described above.

Source Agencies:

LBB Staff: JOB, SD, SJS