

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**April 10, 2005**

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

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

**IN RE: SB997** by Madla (Relating to the taxable value of property for school finance purposes of certain school districts.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds for SB997, As Introduced:** a negative impact of (\$572,000) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2006	(\$279,000)
2007	(\$293,000)
2008	(\$308,000)
2009	(\$322,000)
2010	(\$337,000)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable (Cost) from FOUNDATION SCHOOL FUND 193</b>
2006	(\$279,000)
2007	(\$293,000)
2008	(\$308,000)
2009	(\$322,000)
2010	(\$337,000)

**Fiscal Analysis**

The bill would amend Chapter 403 of the Tax Code, concerning the taxable value of school districts with a central administrative office located in a county with a population of 20,000 or less.

If, after conducting the annual school district property value study for a tax year, the Comptroller determined that the local value for a school district was not valid, the Comptroller would have to adjust the taxable value to no less than four percentage points lower than the value determined by the Comptroller in the preceding study.

**Methodology**

The Comptroller's office estimated the gross Property Value Study (PVS) loss resulting from the bill's

proposed four percent ratio decline floor based on an analysis of property category ratios that fell by more than four percent from year to year in counties with populations under 20,000.

The gross PVS value loss was reduced to a net PVS value loss to account for the small percentage of school districts that are assigned state value in the PVS. The appropriate rate was applied to estimate the funding increase (the state cost). The funding increase was trended over the projection period. Because the funding loss in each affected school district is merely reduced instead of eliminated, no loss in local values was predicted. As a consequence, no school district levy loss would likely occur. Property tax levies in cities, counties, and special districts would not be affected by the bill.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 701 Central Education Agency

**LBB Staff:** JOB, SD, WP, DLBe