

## **BILL ANALYSIS**

H.B. 2  
By: Chisum  
Appropriations  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

House Bill 2 (79th, Third Called) created the Property Tax Relief Fund and dedicated the additional revenue created by House Bill 3 (79th, Third Called) to that fund for the purpose of school district property tax rate reductions. However, this additional revenue will not be sufficient to cover the full cost of the reductions mandated by House Bill 1 (79th, Third Called) for state fiscal years 2008 and 2009. Therefore, an additional spending commitment is required to make up the difference. House Bill 2 appropriates the revenues deposited to the Property Tax Relief Fund as well as the additional General Revenue necessary to the Texas Education Agency for distribution to school districts to offset local revenues as a result of the property tax rate reductions.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

The bill provides that the following amounts are appropriated to the Texas Education Agency (TEA) under the Foundation School Program (FSP) for the purpose of funding school district property tax rate reductions:

- an estimated \$4,231,466,000 from the Property Tax Relief Fund (PTRF) for the state fiscal year ending August 31, 2008 (FY 2008); and
- an additional amount estimated at \$2,724,934,000 from the foundation school fund (FSF) if the amounts from the PTRF for FY 2008 are less than \$6,956,400,000.

For the state fiscal year ending August 31, 2009 (FY 2009), the bill provides for an appropriation to TEA under the FSP of:

- an estimated \$3,846,492,000 from the PTRF; and
- an additional amount estimated at \$3,388,208,000 from the FSF if the amounts from the PTRF for FY 2009 are less than \$7,234,700,000.

In addition to the amounts appropriated to TEA in this bill for FY 2009, any unexpended balance of the amounts appropriated in this bill for FY 2008 is appropriated to TEA for property tax rate reductions for FY 2009.

The bill authorizes the commissioner of education, with prior approval of the governor and the Legislative Budget Board to transfer amounts appropriated in this bill for property tax rate reductions in FY 2009 to FY 2008 if there are insufficient amounts in the PTRF and the FSF to fund the appropriation for FY 2008. The transferred amounts may not exceed the amount necessary to cover the shortfall. The bill also requires the comptroller to transfer money from the general revenue fund or other available sources into the FSF and reduce the amount appropriated for FY 2009.

### **EFFECTIVE DATE**

September 1, 2007

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