

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 23, 2007**

**TO:** Honorable Tom Craddick, Speaker of the House, House of Representatives

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

**IN RE: HB2** by Chisum (Relating to making appropriations to the Texas Education Agency for the purpose of school district property tax rate reductions. ), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2, As Passed 2nd House: a negative impact of (\$6,113,142,000) through the biennium ending August 31, 2009.

This bill makes an appropriation of \$8,077,958,000 from the Property Tax Relief Fund and an appropriation of \$6,113,142,000 from the Foundation School Fund.

**Appropriations:**

Fiscal Year	Appropriation out of <i>Property Tax Relief Fund</i> <b>304</b>	Appropriation out of <i>FOUNDATION SCHOOL FUND</i> <b>193</b>
2008	\$4,231,466,000	\$2,724,934,000
2009	\$3,846,492,000	\$3,388,208,000

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$2,724,934,000)
2009	(\$3,388,208,000)
2010	\$0
2011	\$0
2012	\$0

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

Fiscal Year	Probable Savings/(Cost) from <i>Property Tax Relief Fund</i> <b>304</b>	Probable Savings/(Cost) from <i>FOUNDATION SCHOOL FUND</i> <b>193</b>
2008	(\$4,231,466,000)	(\$2,724,934,000)
2009	(\$3,846,492,000)	(\$3,388,208,000)
2010	\$0	\$0
2011	\$0	\$0
2012	\$0	\$0

**Fiscal Analysis**

The bill provides to the Texas Education Agency a two-year appropriation of funds to implement the local school district property tax rate reduction provisions contained in House Bill 1, 79th Legislature, 3rd Called Session. The bill does not amend general law.

## **Methodology**

The appropriation amounts specified in the bill are the estimated amounts necessary to provide a one-third reduction in local school district property tax rates as described by House Bill 1, 79th Legislature, 3rd Called Session. The amounts appropriated from the Property Tax Relief Fund (\$4.2 billion in fiscal year 2008 and \$3.8 billion in fiscal year 2009) reflect the total amount estimated by the Comptroller of Public Accounts as available in that Fund for appropriation in the 2008-09 biennium. The balance of the cost to provide the tax rate reduction is appropriated out of General Revenue, Fund 193, Foundation School Fund. These amounts are estimated to be \$2.7 billion in fiscal year 2008 and \$3.4 billion in fiscal year 2009.

A Senate floor amendment would require the Comptroller on August 31, 2008 to transfer into the property tax relief fund an amount of \$2 billion of unappropriated general revenue or if less than \$2 billion all the unappropriated general revenue available at that time. If there is more than \$2 billion in such general revenue available on such August date, all of the available general revenue to a maximum of \$3 billion should be transferred to the property tax relief fund. (The Comptroller's Office says that the possible revenue amounts to be transferred cannot be estimated at this time.)

## **Local Government Impact**

The bill makes an appropriation of funds to provide state aid to local school districts.

### **Source Agencies:**

**LBB Staff:** JOB, CT, SD, UP