

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 9, 2007

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

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 Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2, As Engrossed: 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> 304	Appropriation out of <i>FOUNDATION SCHOOL FUND</i> 193
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> 304	Probable Savings/(Cost) from <i>FOUNDATION SCHOOL FUND</i> 193
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.

Local Government Impact

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

Source Agencies:

LBB Staff: JOB, CT, UP