

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 15, 2009**

**TO:** Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

**IN RE: HB3176** by King, Phil (Relating to the abolition of school district maintenance and operations ad valorem taxes.), **As Introduced**

**The cost to the state would be approximately \$21.6 billion in fiscal year 2015 and would increase thereafter.**

This bill is related to the abolition of school district maintenance and operations (M&O) ad valorem taxes.

The bill would repeal Section 45.002, Education Code, related to maintenance taxes. The bill specifies that the bill would take effect September 1, 2009, except that the repeal of Section 45.002 would take effect January 1, 2014, contingent on passage of the proposed accompanying constitutional amendment. The enabling constitutional amendment is filed as House Joint Resolution 97.

The Texas Education Agency projects that M&O taxes levied by school districts will be approximately \$21.6 billion in FY 2015. Contingent on the passage of a constitutional amendment, this amount would represent the approximate state cost. This cost would increase by a projected \$900 to \$1.1 billion annually thereafter.

**Local Government Impact**

Certain districts would lose the benefit of local M&O tax revenue generated above yields subject to equalization by the state beginning in FY 2015.

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

**LBB Staff:** JOB, MN, JGM