

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: HJR97 by King, Phil (Proposing a constitutional amendment abolishing school district maintenance and operations ad valorem taxes.), **As Introduced**

The cost to the state would be \$21.6 billion in fiscal year 2015 and would increase thereafter. In addition, there would be a cost to the state for publication of the resolution of \$90,882.

This resolution proposes a constitutional amendment to abolish school district maintenance and operations (M&O) ad valorem taxes.

The resolution would amend Article VIII, Texas Constitution, by adding Section 1-e-1 to prohibit a political subdivision of this state from levying an ad valorem tax for the purpose of maintaining an efficient system of public free schools beginning January 1, 2014. The resolution would authorize that the proposed amendment be submitted to voters at an election to be held November 3, 2009. Enabling legislation is filed as House Bill 3176.

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 the 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

Contingent on the passage of the constitutional amendment, 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

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