

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 4, 2011

TO: Honorable Rob Eissler, Chair, House Committee on Public Education

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

IN RE: HB839 by Elkins (Relating to treatment under the public school finance system of school district revenue resulting from reduction or elimination of an optional homestead exemption.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would exclude the revenue to which a school district was entitled as a result of a reduction or elimination of a local optional homestead exemption (LOHE) as authorized by Section 11.13(n), Tax Code, from the revenue limits in Section 42.008, Education Code, which restricts increases in revenue per student in weighted average daily attendance (WADA) to \$350.

Fourteen of the 215 districts with LOHEs would be affected by the current law revenue limit. However, it is assumed for the purposes of this fiscal note that, under current law, affected districts would reduce their LOHE in any given year only to the extent that the districts would benefit from the resulting revenue gain. In other words, districts would not reduce their LOHE, and increase their tax levy, beyond the level that would deliver them \$350 per WADA, because any additional local revenue increase beyond that level would be fully offset by a state aid reduction.

Under this assumption, the bill would have no significant fiscal impact to the state.

Local Government Impact

The bill would allow affected school districts to realize the full amount of additional local revenue generated by the repeal of a local optional homestead exemption in the first year the repeal takes effect.

Source Agencies: 701 Central Education Agency

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