

## LEGISLATIVE BUDGET BOARD

Austin, Texas

### FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 10, 2017

**TO:** Honorable Larry Taylor, Chair, Senate Committee on Education

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** SB646 by Bettencourt (Relating to the elimination of the taxing authority of certain county boards of education and boards of county school trustees.), **As Introduced**

**No fiscal implication to the State is anticipated.**

The bill would amend Chapter 11, Subchapter G of the Education Code, regarding law applicable to certain school districts and county systems, to prohibit a county board of education or board of county school trustees in a county with a population of 3.3 million or more (Harris County) from levying, assessing, or collecting a countywide equalization tax.

The Harris County Department of Education (HCDE) operates under a former law, still in effect in certain areas, to provide reduced cost services to Harris County school districts. HCDE relies on a property tax and money from other sources, such as grants, to fund its operations. The bill's removal of taxing authority from a county board of education or board of county school trustees would create a cost to HCDE. The bill would cause a cost to Harris County school districts to the extent that their costs increase for the services provided by HCDE as a result of the lost property taxes. There would be no cost to the state or other taxing units.

#### **Local Government Impact**

Passage of the bill would amend the Education Code, regarding law applicable to certain school districts and county systems, to prohibit a county board of education or board of county school trustees in a county with a population of 3.3 million or more (Harris County) from levying, assessing, or collecting a countywide equalization tax.

The bill's removal of taxing authority from a county board of education or board of county school trustees would create a cost to the Harris County Department of Education (HCDE). HCDE reported a tax levy of \$21,308,000 for tax year 2015, the latest year for which HCDE reported to the Comptroller. This tax levy, which would be lost under the bill, is expected to increase through 2022 with the growth in the taxable value of Harris County property, subject to any future increases or decreases in the HCDE tax rate.

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

**LBB Staff:** UP, THo, SD, SJS, AW