

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 8, 2019

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Property Tax

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: SB2503 by Bettencourt (Relating to the calculation of the rollback tax rate of a school district.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time.

The bill's prescribed method for calculating the rollback tax rate of a school district requires corresponding amendments to the Education Code not included in the bill. Consequently, the cost to school districts and to the state cannot be estimated.

The bill would amend the Tax Code to define the rollback tax rate of a school district as the lesser of: 1) the sum of: the rate per \$100 of taxable value that is equal to the product of the state compression percentage for the current year and \$1.50; the rate of \$0.04 per \$100 of taxable value; the rate that is equal to the sum of the difference for the 2006 and each subsequent tax year between the adopted tax rate of the district for that year if the rate was approved at an election and the district's rollback tax rate for each year; and the district's current debt rate; or 2) the sum of: the rate per \$100 of taxable value that is equal to the product of the effective maintenance and operations tax rate of the district and 1.025; and the district's current debt rate.

Corresponding amendments to the Education Code not included in the bill would need to be made before the fiscal implications of the bill could be estimated. The corresponding amendments could address, but would not be limited to, how the bill would interact with Education Code Section 42.252, Local Share of Program Cost (Tier One), and Chapter 42, Subchapter F, Guaranteed Yield Program.

The bill would apply beginning with the 2020 tax year.

Local Government Impact

The bill could have a significant fiscal impact on local school districts depending on the impact of clarifying amendments to the Education Code.

Source Agencies: 701 Texas Education Agency

LBB Staff: WP, KK, AM, AH