

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 4, 2023

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB3120** by Muñoz, Jr. (relating to the calculation of the voter-approval tax rate of certain junior college districts.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 26 of the Tax Code, relating to Property Tax Assessment, to create a "special junior college district" defined as a junior college district whose service area boundaries and taxing district boundaries are identical and is located in at least one county adjacent to the international border. The bill establishes a lower voter-approval tax rate calculation for a special junior college district, as defined by the bill. The percentage by which the no-new-revenue maintenance and operations (M&O) tax rate would be increased in the voter-approval tax rate calculation would be decreased from the 8.0 percent allowed in current law, to 3.5 percent.

The bill's provision that reduces the year-over-year revenue growth increment used for determination of the voter-approval rate from 8.0 percent to 3.5 percent for a special junior college district, as defined, could result in reduced tax levies by the college district. South Texas College District would be the only "special junior college district" as defined in the bill.

Local Government Impact

This bill would only affect the South Texas College District. Modifying the voter-approval tax rate calculation could result in decreased ad-valorem tax revenue for the South Texas College District if the new calculation results in a lower adopted M&O tax rate than would have been adopted under current law.

Source Agencies: 304 Comptroller of Public Accounts

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