

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 1, 2023

TO: Honorable Brad Buckley, Chair, House Committee on Public Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB5294 by Muñoz, Jr. (Relating to a proposition for certain school districts to be prohibited from imposing an ad valorem tax and to be operated and funded in the same manner as an open-enrollment charter school.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would repeal the authority of a district which operated under former Chapter 26, Texas Education Code, on May 1, 1995, to impose ad valorem taxes and would fund them as if they were an open enrollment charter school. The Texas Education Agency (TEA) has identified South Texas ISD (STISD) as a district for which the bill would apply.

The bill would require the Board of Trustees of STISD to hold an election prohibiting the imposition of an ad valorem tax and providing for the district to be operated in the same manner as an open enrollment charter school.

It is assumed that any costs associated with the bill could be absorbed using existing resources.

Local Government Impact

TEA assumes that STISD would lose \$34.4 million in local tax revenue annually and would receive \$1.9 million in additional state funding annually under this bill.

Source Agencies: 701 Texas Education Agency

LBB Staff: JMc, KSk, ASA, MJe