

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 26, 2023

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1251 by Bettencourt (Relating to the authority of the governing body of a school district to adopt an ad valorem tax rate that exceeds the district's voter-approval tax rate.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 26 of the Tax Code to prohibit the governing body of a school district located in a disaster area from adopting a tax rate that exceeds the voter-approval tax rate without holding an election if, in that tax year, the governing body of the school district adopted a tax rate that exceeded the voter-approval tax rate, an election was held, and the proposition was not approved by the voters.

The bill would clarify that the governing body of a school district cannot adopt a tax rate above the voter-approval tax rate in response to funding needs associated with a disaster that occurred in the prior year if voters have already rejected such a rate at an election in the current tax year.

While this type of situation is likely uncommon, the voters' rejection in a previous election means the tax rate would be rolled back to the voter-approval tax rate (VATR) and the ISD would not receive additional enrichment yield that the higher rate (above the VATR) would have generated in the current year. As a result, there could be a collections loss to school districts. Under provisions of the Education Code, the school district tax revenue loss is partially transferred to the state. However, the cost is not anticipated to be significant.

Local Government Impact

The fiscal impact to school districts cannot be determined.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, AF, SD, BRI