Third Called Special Session: Senate Bill 1

- Senate Engrossed
  - Provides for roughly $0.06 temporary reduction to MCR in tax year 2022.
  - Prohibits districts from adopting a tax rate that exceeds the voter approval tax rate in tax year 2022.
  - Requires statement on tax bill noting the impact of the reduction and stating it is temporary.
  - Changes ballot language for TREs so voters select between proposed rate or VATR.
- House Committee Substitute
  - Appropriates $3 billion to comptroller from ARP to be used to issue payments to homeowners
  - Creates a joint interim committee on property tax relief

Third Called Special Session: House Bill 90

- Requires the comptroller to deposit 90% of the amount by which GR revenue exceeds allowable GR appropriations under the constitutional spending limit into the property tax relief fund.
- Begins in the 2024-2025 biennium
- Per fiscal note:
  - *According to the Texas Education Agency, some school districts would be required to adopt lower tax rates and receive additional state aid to compensate for the local revenue loss. School districts would be required to re-adopt tax rates and possibly issue refunds to taxpayers.*

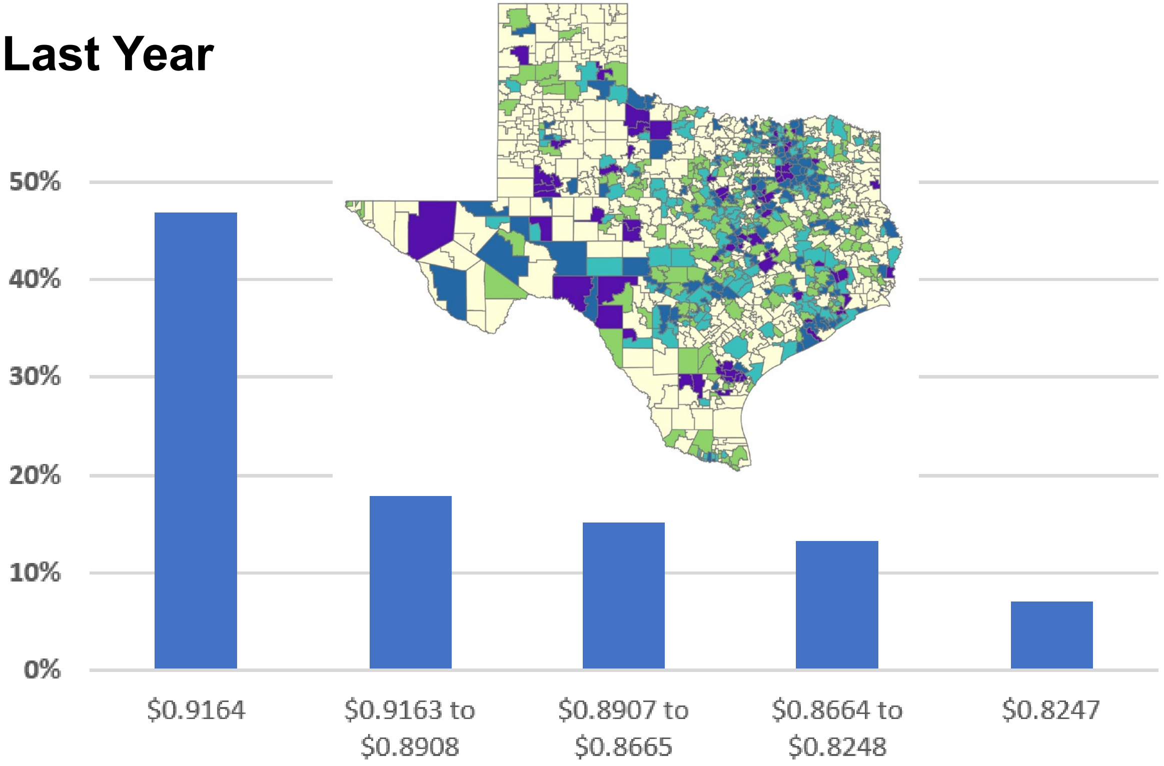
Factors Sparking Interest in Temporary Rate Compression

- Proportion of districts at MCR Floor
- Property Value Growth for Tax Year 2021 Better than Expected
  - Comptroller Projected 1.84%
  - TEA Local Property Value Study Results indicate ~7.03%
- Projected State Budget Surplus for 2022–2023 Biennium

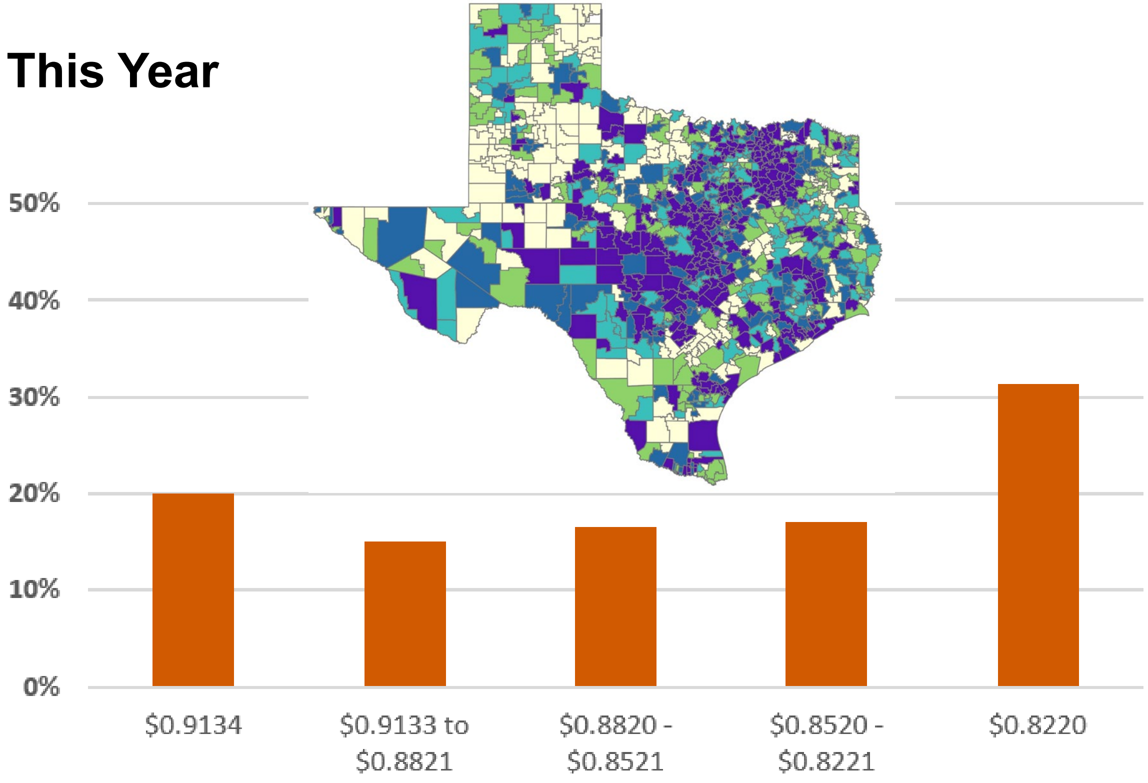
Distribution of MCRs

- Last Year Most Districts at Highest MCR and Few at Floor
- This Year Much Larger Proportion at Floor

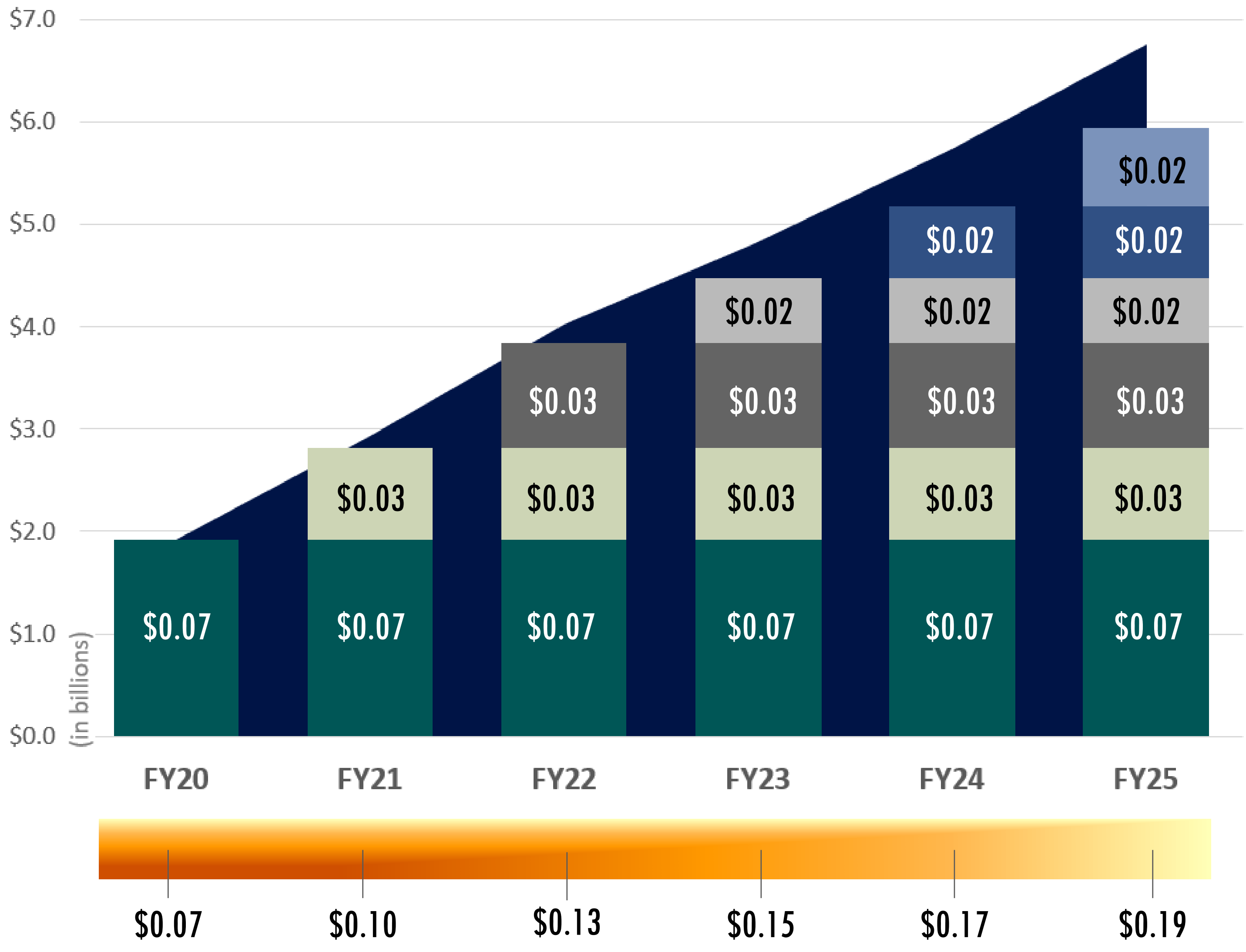
Last Year



This Year



Cost of Current Law Compression

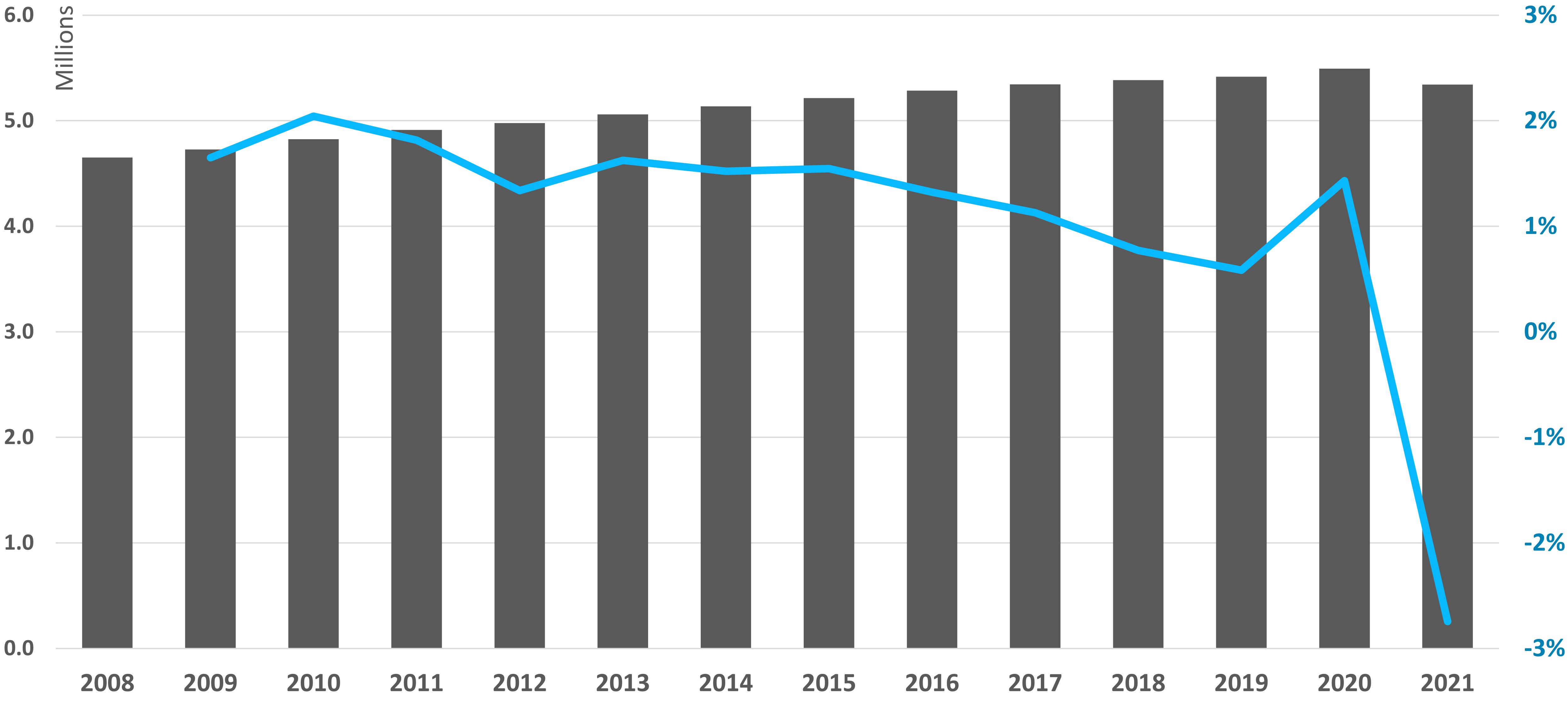


Year	Pennies Compressed	Cost (in billions)
2019-20	$0.07	$1.92
2020-21	$0.03	$0.90
2021-22	$0.03	$1.06

The columns show the original cost of each round of compression at the time it occurs.

The area behind the columns shows the cumulative cost of compression. Cumulative cost is higher because of growth in the tax base over time. The cumulative number of pennies "purchased" through compression is shown below the graph.

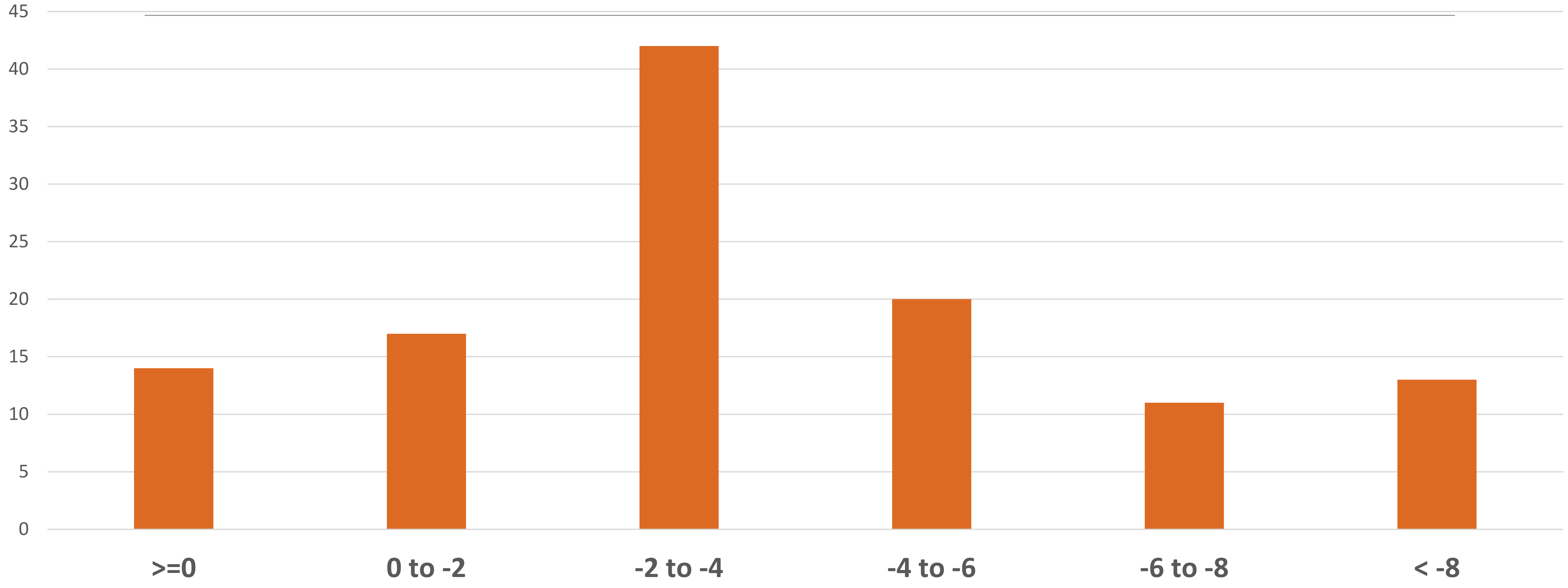
Statewide Total Student Enrollment and % Annual Growth



How Many Students Are/Will Be Back in 2022?

School Year	Statewide	Center for School Finance	Respondents
2020	5,493,940	3,458,713	2,534,993
2021	5,343,194	3,334,699	2,439,830
Annual Growth/Decline	*-2.74%*	*-3.59%*	*-3.75%*
2022 Planned/Budgeted			2,474,089
			+1.4%
2022 Actual as of Survey			2,437,221
			-0.1%

Number of Responding Districts by Percentage Points Change in Attendance Rate from 2021 to 2022



Explanatory Note:

For example: 2021 Attendance Rate 95.3 2022 Attendance Rate 89.3 Value shown in chart -6

2020-2021 ADA Policy Cost