

Written Testimony

HB 3646
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The Local Share of Tier 1 (also called Local Fund Assignment or LFA—the tax rate at which a district receives its basic allotment) is set in current law at the \$0.86 local property tax rate. Both HB 3646 and SB 2392 would change that by having *variable* tax rates as the LFA. There would be no one tax rate that applied to all districts.

In SB 2392, the LFA is determined by each district's Compressed Tax Rate (CTR). A district's current tax rate, or what it may be in the future, is irrelevant. HB 3646 determines the LFA tax rate as a district's adopted tax rate in any year, minus 6 cents (not to exceed \$1.00). In this case the last 6 pennies are the non-recaptured Austin pennies.

SB 982 maintains the current \$0.86 LFA for all districts. An LFA at a higher level than \$0.86 doesn't impact the equity issue as long as all LFA tax rates are the same.

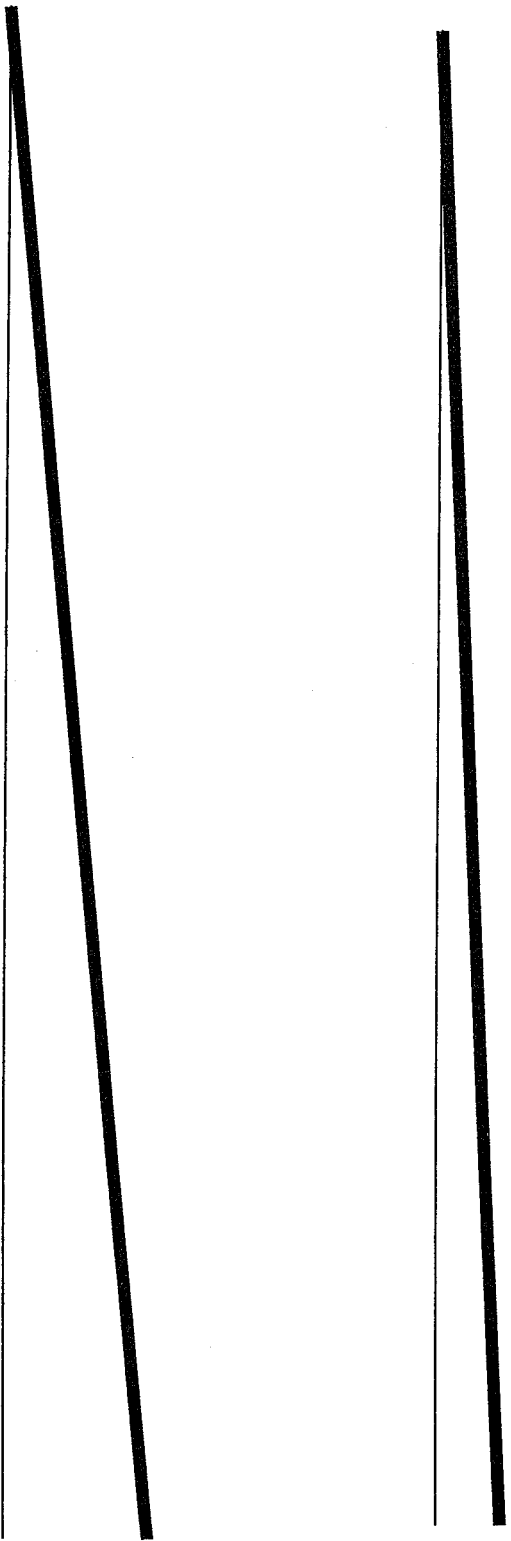
Our concern is that the methodology used in SB 2392 and HB 3646 would allow wealthy, high-spending, low-taxing districts to avoid recapture at tax rates below the Tier 1 LFA tax rates that other districts would be required to raise to get the full amount of their Tier 1 basic program—and to keep their tax rates low while low-funded districts are forced to raise theirs. Allowing some districts to tax low while others had to tax high was one of the key problems found by the Texas Supreme Court in Edgewood.

The Edgewood litigation firmly established that to have a constitutionally efficient system (i.e. equitable), the state must access the full taxable value of property in the state. Non-recaptured pennies are not allowed at a level below that necessary for every school district to achieve a General Diffusion of Knowledge, and even then only to a very limited extent.

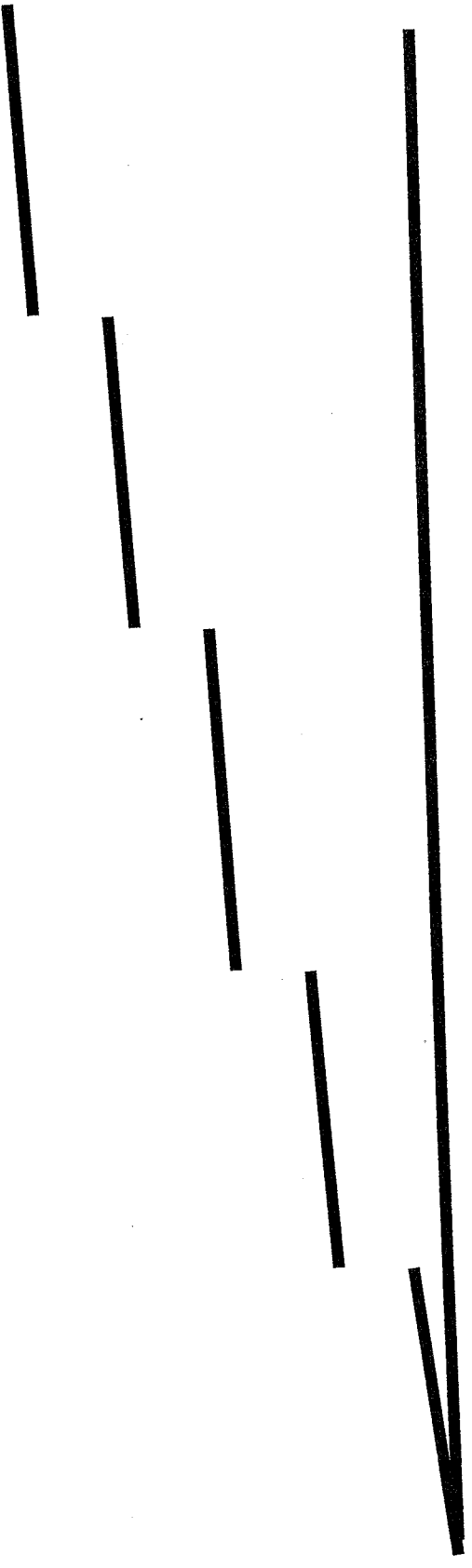
We have been advised by counsel that allowing districts to have non-recaptured pennies at tax rates lower than the rates other districts are required to set to meet their Tier 1 LFA would certainly be a constitutional violation.

The failure to use all the taxable value in the state to fund public education unfairly imposes a greater burden on taxpayers in some districts than others—a burden that will become even greater over time.

Drivers



Drivers that Level the Playing Field



- **Common yield for a common effort**
- **Restores capacity to the system and gives the district the opportunity to utilize that capacity at a later date.**