

SUBJECT: Allowing the exemption of certain charter schools from the property tax

COMMITTEE: Ways & Means — favorable, without amendment

VOTE: 7 ayes — D. Bonnen, Bohac, Button, Darby, Murphy, Parker, Springer

0 nays

4 absent — Y. Davis, Martinez Fischer, C. Turner, Wray

SENATE VOTE: On final passage, April 29 — 30 - 1 (Rodriguez)

WITNESSES: (*On House companion, HJR 85*)

For — Amanda List, Responsive Education Solutions; (*Registered, but did not testify*: Peggy Venable, Americans for Prosperity-Texas)

Against — (*Registered, but did not testify*: Deece Eckstein, Travis County Commissioners Court)

BACKGROUND: Art. 8, sec. 2(a) of the Texas Constitution allows the Legislature to exempt certain property from taxation, such as real property owned by churches, non-profit cemeteries, or public property used for public purposes.

DIGEST: SJR 30 would propose an amendment to the Texas Constitution to allow the Legislature to exempt from property taxes real property that is leased to a recognized charter school.

The ballot proposal would be presented to voters at an election on November 3, 2015. The ballot proposal would read: "The constitutional amendment authorizing the legislature to exempt from ad valorem taxation real property leased to certain schools organized and operated primarily for the purpose of engaging in educational functions."

SUPPORTERS SAY: SJR 30, if passed in conjunction with SB 545, would help to level the playing field for charter schools. Current law exempts school property

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from taxation if the property is owned by the school itself. Exempting certain schools from property taxes but not others creates an unfair advantage.

Because charter schools are at a distinct disadvantage, any transfer of wealth that resulted from the proposed amendment would be justified. Unlike public school districts, charter schools cannot levy taxes and are not eligible for programs that provide state funding used to offset facilities costs. Any money saved by the charter school could be put directly back into educational budget items, like teacher salaries, curriculum expansion, or improved technology.

OPPONENTS SAY: SJR 30, in conjunction with SB 545, would result in a transfer of wealth from traditional public schools to charter schools. Because property taxes represent a significant source of revenue for public school districts, this bill would reduce costs for charter schools at the expense of revenue for school districts.

NOTES: The Legislative Budget Board indicates that SJR 30 by itself would have no fiscal implication to the state other than the cost of publication of the resolution, which would be \$118,681. SJR 30, if passed in conjunction with SB 545, could have a negative impact of \$1.08 million through the 2016-17 biennium and \$11.4 million through the 2018-19 biennium, according to the LBB's fiscal note.

The House companion resolution, HJR 85, was reported favorably from the House Committee on Ways and Means on May 1 and sent to the Calendars Committee on May 8.