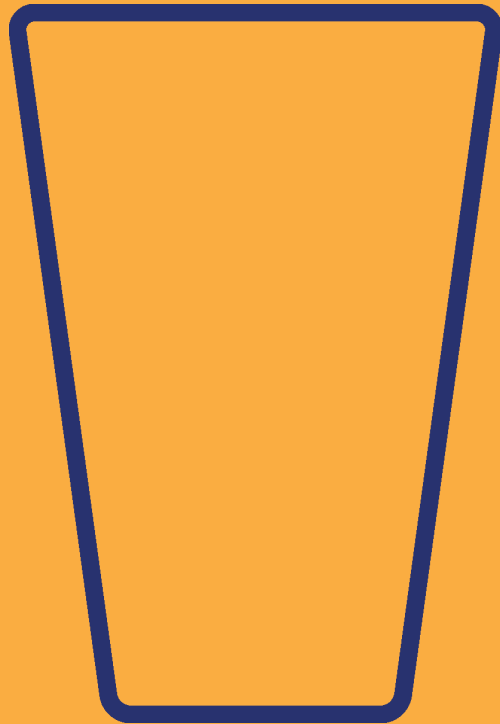


# Impact of Local Optional Homestead Exemption

Cypress-Fairbanks ISD

The **state** determines the **size** of each district's cup (how much total funding each district will receive). The state uses an intricate funding formula that includes enrollment, attendance, student needs, district size, and many other factors.



*The state determines the total funding the district is entitled to.*

Once a district's cup size (total funding amount) is determined, the **state** starts to fill the cup with **local property tax collections** first (the **local share**).



*In some districts, the local share partially fills the cup. In other districts, the local share completely fills or even overflows the cup.*

Then, the **state** starts to fill the cup with **state funds** (state aid).



*The state commits state funding to fill the cup.*

But wait! If a school district offers tax relief through a Local Optional Homestead Exemption (LOHE), the **state** funding formula never fills the cup.



*CFISD loses \$99M in **property tax revenues** by offering taxpayers a 20% LOHE.*

Senate Bill 2, passed in the second 88<sup>th</sup> special session, **prohibits removal or reduction** of the Local Optional Homestead Exemption (LOHE) until **2028!** So, in essence, Senate Bill 2 creates an **unfunded mandated LOHE!**



How do we fix this problem?

Specifically, the **Legislature must** modify the adjustment in the Comptroller's property value assignment for the Local Optional Homestead Exemption.

Legislative action  approximately \$72M in **state funding** to CFISD