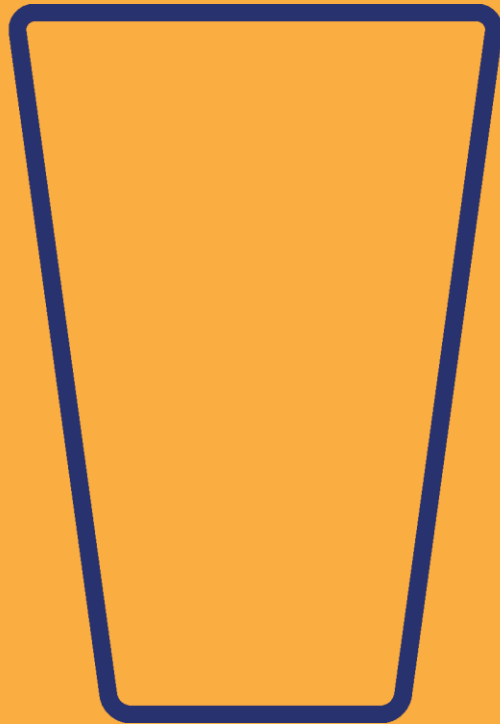


Impact of Local Optional Homestead Exemption

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 \$81M in **property tax revenues** by offering taxpayers a 20% LOHE.*

Senate Bill 2, passed in the second 88th 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 \$62M in **state funding** to CFISD