

Glossary

10 PERCENT CAP ON APPRAISAL INCREASES: The taxable value of a homestead may not increase by more than 10 percent per year, not including improvements to the property. Lowering the appraisal cap below the current 10 percent would shift the burden of property taxes onto lower-income families, whose property tends to appreciate more slowly, tax similar properties differently depending on the length of time they had been owned, and discourage the sale of real estate.

AG EXEMPTION: The taxable value of farm, ranch, and timberland is set by the land's capacity to produce agricultural products, rather than on its full market value.

AVAILABLE SCHOOL FUND: A constitutionally created fund consisting of the distributions made to it from the total return on all investment assets of the Permanent School Fund, the taxes authorized by the Texas constitution or general law to be part of the Available School Fund (ASF), and appropriations made to the ASF by the legislature. Part of the ASF is transferred to the State Instructional Materials Fund to provide textbooks for children attending the public schools and the balance of the ASF is allocated to school districts.

BUSINESS EXEMPTION AND OTHERS: Various reductions in taxable value are available to businesses, cutting the amount of property tax collected by schools by \$725 million. These reductions include "freeport" exemptions for certain inventory, tax increment financing arrangements, school tax abatements granted under Chapter 313 of the Tax Code, and an exemption for pollution control equipment.

CERTIFYING THE BUDGET: The process through which the Comptroller of Public Accounts determines that the amount of General Revenue appropriated in the appropriations act (or acts) is less than or equal to the amount estimated to be available in the period of time covered by the appropriations act(s). The comptroller's certification satisfies the requirement in the Texas Constitution that the state not spend more money than it has.

FEDERAL MATCHING FUNDS: Federal grants awarded with a cost-sharing requirement, such as a percentage of total funding. Match ratios vary considerably by program. For most federal grants, state expenditures must occur throughout the grant year in proportion to federal funds drawn. Maintenance of Effort (MOE) refers to a minimal level of state spending required as a condition of receiving federal funds. MOE is an absolute dollar amount, typically based on an historical level of state spending.

FISCAL NOTE: Document which accompanies a bill and describes the estimated financial impact, including cost, revenue, and staffing impacts, enacting the bill will have. Required for every bill by senate rules; in the house, a fiscal note is required on the determination of the chair of the committee hearing a bill that the bill has fiscal implications.

LOCAL OPTIONAL OVER-65 AND DISABLED EXEMPTION: Taxing units, including school districts, may offer these homeowners an additional exemption of at least \$3,000.

LOCAL OPTIONAL PERCENTAGE HOMESTEAD

EXEMPTION: Any taxing district, including a school district, city, county, or special district, may offer an exemption of up to 20 percent of the value of a home, with a minimum of \$5,000. This optional percentage exemption is in addition to the dollar-amount homestead exemption. Since the optional exemption applies to a percentage of the value of a homestead, it reduces the taxable value of a higher-priced home more than the value of a lower-priced home. In contrast, the mandatory statewide exemption of the first \$15,000 of a homestead's value has a greater impact on a low-value home than on a higher-value home.

MARK-UP: The period of time during which the Senate Finance Committee or the House Appropriations Committee makes changes to general or supplemental appropriations bills.

OVER-65 "TAX FREEZE": The amount of school taxes on a homestead is "frozen" once a homeowner reaches the age of 65. To be exact, a ceiling is established at the level of school taxes paid in the year in which the homeowner turns 65. Taxes can fall below this ceiling, but not rise above it, unless the home is improved. A similar freeze is available to homeowners with a disability and veterans.

RAINY DAY FUND: The Economic Stabilization Fund

STATEWIDE HOMESTEAD EXEMPTIONS: All homeowners qualify for a \$15,000 exemption from their home's value for school taxes. Homeowners age 65 or older and persons with disabilities qualify for an additional \$10,000 exemption from school taxes.

SUNSET REVIEW: A process created by the legislature in 1977 to identify and eliminate waste, duplication, and inefficiency in state agencies. The 12-member Sunset Advisory Commission is a legislative body that reviews the policies and programs of more than 150 state government agencies every 12 years. The Commission questions the need for each agency, looks for potential duplication of other public services or programs, and considers new and innovative changes to improve each agency's operations and activities. The Commission seeks public input through hearings on every agency under Sunset review and recommends actions on each agency to the full Legislature. In most cases, agencies under Sunset review are automatically abolished unless legislation is enacted to continue them.

SOURCES USED FOR TERMS: Senate Research Office; Legislative Budget Board; Comptroller of Public Accounts; Texas Tribune; Sunset Advisory Commission.

We believe in Texas.

We believe in the people of Texas—our friends and neighbors, our sons and daughters. All Texans. We stand for community. People from all walks of life. United. We stand for justice. Working to improve public policy. Advocating at the Capitol and on the Hill. We stand for telling the truth—respectfully but with courage. And we mean the whole truth based on hard facts and rigorous analysis. When 1 in 5 of us lives in poverty. 1 in 4 doesn't have health care. And 1 in 5 children in this state is at risk of going hungry. Things have to change. And that's why we're here. Together we can make our state a better place for all of us. A place of opportunity and prosperity. Because we all do better when we all do better. We never shy away from the tough conversations. About affordable health care, strong schools and colleges, good jobs, and child well-being. We stand for economic and social opportunity for all Texans. Because Texans believe in opportunity. For over a quarter of a century, we've strived to do our best. Finding meaning in our work. Fighting for what's right.

Because we believe in a better Texas.

