

February 1, 2017

TO THE ADMINISTRATOR ADDRESSED (TAA):

Subject: Recognition of property value loss for 50 percent of the local optional homestead exemption (LOHE) for the 2016-17 school year (and state fiscal year (FY) 2017)

This letter addresses a change in practice that will impact the calculation of recapture amounts owed under Chapter 41, Texas Education Code (TEC) and facilities funding allotments under Chapter 46, TEC. Previously, TEA only recognized 50 percent of the value loss due to the LOHE for purposes of calculating recapture under Chapter 41 and facilities funding allotments under Chapter 46 when there was a specific appropriation or a surplus in the FSP. Starting with the 2016-17 school year (and state FY2017), TEA will recognize 50 percent of the value loss due to the LOHE for purposes of calculating recapture under Chapter 41 and facilities funding allotments under Chapter 46, regardless of the existence of an appropriation or a surplus in the FSP.

TEA will recalculate recapture amounts owed and Instructional Facilities and Existing Debt Allotments (IFA and EDA) for the 2016-17 school year (and state FY2017) as soon as possible. **This change is effective for the 2016-17 school year (and state FY2017) only and forward and will not be applied retroactively to prior fiscal years.** If you have any questions about this letter, please contact a state funding consultant at (512) 463-9238.

Regards,

Leo Lopez, RTSBA
Associate Commissioner for School Finance /
Chief School Finance Officer