

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATURE 1st CALLED SESSION - 2003

July 16, 2003

TO: Honorable Teel Bivins, Chair, Senate Committee on Finance

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB5** by McCall (Relating to returning to a fund outside the state treasury cash that was transferred from the fund to the general revenue fund and to the transfer of certain payments from the foundation school fund from August of a state fiscal year to September of the following fiscal year; making an appropriation.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB5, Committee Report 2nd House, Substituted: a negative impact of (\$4,080,000) through the biennium ending August 31, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2003	(\$699,891,000)
2004	\$697,851,000
2005	(\$2,040,000)
2006	\$0
2007	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Probable Savings/(Cost) from FOUNDATION SCHOOL FUND 193
2003	\$0	(\$699,891,000)
2004	(\$2,040,000)	\$699,891,000
2005	(\$2,040,000)	\$0
2006	\$0	\$0
2007	\$0	\$0

Fiscal Analysis

The bill would appropriate to the Comptroller of Public Accounts, from the General Revenue Fund, the amount necessary to return any available cash that was transferred to the General Revenue Fund from a fund outside the State Treasury, and to maintain the equity of the fund from which the transfer of available cash was made. The bill would limit the appropriation for paying interest on the transferred funds to \$5 million and would require that repayment of transferred revenue be made within fourteen days of the date the transfer occurred.

House Bill 2425, Seventy-eighth Texas Legislature, Regular Session, changed the date of the final Foundation School Program payment each year from August to September. The section in House Bill 2425 that delayed the payment had immediate effect. The Senate Committee Substitute for House Bill 5 would implement the payment delay beginning with fiscal year 2004 rather than fiscal

year 2003.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature.

Methodology

For purposes of this estimate, it was assumed that borrowing from outside the treasury would be employed for periods of time not to exceed fourteen days throughout the biennium. The estimate of the provision of the bill related to foundation school payments is based on estimates of the August 2003 payments from the Foundation School Fund to school districts.

The estimates assume immediate effect.

Local Government Impact

Under the provision related to the Foundation School Fund distributions, school districts would receive a payment in August 2003.

The local government impact of the appropriation to repay funds borrowed from outside the treasury would depend on the extent to which funds were borrowed from local government accounts in the custody of the Comptroller of Public Accounts.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JK, JO, WP, SD, EB, RS