

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**February 26, 2003**

**TO:** Honorable Kent Grusendorf, Chair, House Committee on Public Education

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB251** by Jones, Elizabeth (Relating to the equalized wealth level under the public school finance system.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB251, As Introduced: a negative impact of (\$376,500,000) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2004	(\$178,000,000)
2005	(\$198,500,000)
2006	(\$215,000,000)
2007	(\$257,000,000)
2008	(\$257,000,000)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from FOUNDATION SCHOOL FUND 193</b>
2004	(\$178,000,000)
2005	(\$198,500,000)
2006	(\$215,000,000)
2007	(\$257,000,000)
2008	(\$257,000,000)

**Fiscal Analysis**

The bill would increase the equalized wealth level under Chapter 41 of the Texas Education Code from \$305,000 to \$330,000. The increase in equalized wealth level will cause property-wealthy school districts to owe less under the options exercised to comply with the requirements of Chapter 41. The change allows districts to retain maintenance and operations tax revenues from an additional \$25,000 of tax base per weighted student. At a tax rate of \$1.50, that could amount to \$375 per weighted student.

**Methodology**

To determine the statewide impact, a school finance model was run. The model indicates an

annual estimated reduction in recapture revenue of \$178 million in 2004 and \$198.5 million in 2005 resulting in an equal increase in state general revenue.

### **Local Government Impact**

Certain districts would experience additional revenue, as reflected by the Foundation School Program cost and revenue tables shown above.

**Source Agencies:** 701 Central Education Agency

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