

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

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

**April 2, 2003**

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

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

**IN RE: HB973** by Grusendorf (Relating to the applicability of certain laws to public school districts and campuses rated exemplary by the Texas Education Agency. ), **Committee Report 1st House, As Amended**

**No fiscal implication to the State is anticipated.**

This bill would modify the provisions of the Education Code from which a school district or campus rated exemplary is exempt. The current exemption provision in Section 39.112, Education Code would be repealed. Under the bill, a district or campus rated exemplary would only be subject to the provisions that apply to an open-enrollment charter school.

The bill would take effect September 1, 2003 or immediately upon passage by the necessary voting margins. The bill would apply beginning with the 2003-04 school year.

According to the Texas Education Agency, there is court precedent that current excellence exemptions (Section 39.112, Education Code) do not exempt a district from the school finance system. However, the proposed language may be difficult to interpret because charter schools are not subject to some provisions within the school finance system. For example, charter schools are not subject to Chapter 41. It is assumed for the purpose of this estimate that the bill has no direct fiscal implications for the foundation school program, but there is clearly potential for differing interpretations of the effect of the proposed language with respect to the school finance system.

No new actions are required of the Texas Education Agency.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 701 Central Education Agency

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