

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 6, 2003

TO: Honorable Fred Hill, Chair, House Committee on Local Government Ways and Means

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1052 by Villarreal (Relating to certain assessments on residential development in public school districts.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1052, Committee Report 1st House, Substituted: a negative impact of (\$246,236) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$123,118)
2005	(\$123,118)
2006	(\$123,118)
2007	(\$123,118)
2008	(\$123,118)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2003
2004	(\$123,118)	2.0
2005	(\$123,118)	2.0
2006	(\$123,118)	2.0
2007	(\$123,118)	2.0
2008	(\$123,118)	2.0

Fiscal Analysis

The bill would create a new chapter in the Texas Education Code to authorize school districts to assess an impact fee upon residential real estate developers if the commissioner of education determines that the residential development would likely increase student enrollment significantly in a school district. The impact fee could be a dollar amount calculated by a formula to be determined by the commissioner or a percentage of the real estate acreage within the residential development.

Counties or municipalities would be prohibited from granting final plat approval or issuing required permits unless proof of payment—or other satisfaction of the obligation—of the assessment were provided. School districts could only use the land or revenue from the assessment for construction or expansion of school facilities. The commissioner of education would be given rule-making authority.

The commissioner would be directed to appoint an advisory committee to provide recommendations regarding the adoption of a formula for the impact fee and other rules related to the bill's provisions.

The bill would take effect September 1, 2003 and would apply only to residential developments finally approved after that date.

Methodology

The Texas Education Agency (TEA) reports that in 2001, there were 71,770 single-family and 29,343 multi-family unit permits issued in the counties of Bexar, Collin, Dallas, Denton, Harris, Tarrant, Travis, Webb, and Williamson combined. There are 109 school districts in those counties. The agency assumes there would be at least 150 developments each year that would require evaluation for determining an impact fee or land transfer.

TEA anticipates that the provisions of the bill would not have a direct impact on state revenues or the Foundation School Program. The agency would, however, require two new full-time-equivalent (FTE) positions for developing rules, developing an application process, processing district requests for reviews, and transmitting determinations. The Texas Education Agency has no staff currently that conduct any type of review of real estate development, nor is there any process in place to take in information about developments and the projected impact on school populations or facilities needs. If the marketplace for developments is actually larger, more staffing may be needed.

Technology

Technology impact would be in the form of additional desktop computers for the new FTEs, as well as the possibility that specialized software may be needed to assess the appropriate determination of fee structures.

Local Government Impact

TEA estimates that school districts would likely incur additional revenue annually as a result of fees and land transfers. The amount per district would vary depending on the level of development and the formulas developed, but the agency anticipates that the statewide aggregated revenue gain would reach no more than \$100 million.

Source Agencies: 701 Central Education Agency, 304 Comptroller of Public Accounts

LBB Staff: JK, SD, JB, DLBa