

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 4, 2003

TO: Honorable Royce West, Chair, Senate Committee on Subcommittee on Higher Education

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB754 by West (Relating to the creation of higher education enhancement districts; authorizing a sales and use tax or a property tax.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would provide directions to create, operate, and finance higher education enhancement districts. The creation of the districts would enable a regional university to generate local funding to supplement endowment and scholarship funds, and to otherwise enhance the quality of education at the university. The districts could impose a sales and use tax or a property tax if the tax were approved by the voters at the election authorizing the creation of the district.

The bill would also establish the Higher Education Enhancement Fund outside of the General Revenue Fund 0001 to receive gifts and grants from public and private sources and to receive state funds if appropriated by the legislature. Although the bill does not make an appropriation, it does establish the basis for appropriations to this fund.

The bill directs the Coordinating Board to establish service areas for each university, provide other administrative support for the establishment of the service districts and to administer the Higher Education Enhancement Fund. To accomplish these functions, the Coordinating Board estimates additional costs of approximately \$45,000 in the first year of the biennium, and \$22,000 each year thereafter to cover the costs of part-time Assistant General Council services (0.5 full-time equivalent employee (FTE) in 2004 and 0.25 each year thereafter). Additional costs estimated to be incurred by the Comptroller of Public Accounts are expected to be absorbed by current resources.

Local Government Impact

The impact upon local units of government would depend on the extent to which voters elect to establish local taxing units to support regional universities.

Assuming taxing districts were established for each regional institution, and each institution received the maximum amount (\$30 million or \$60 per base period semester credit hour) from its district, the statewide total would be approximately \$460 million.

Source Agencies: 304 Comptroller of Public Accounts, 781 Higher Education Coordinating Board

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