

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 10, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB1865 by Bivins (Relating to the delay or deferral of certain payments and transfers by the comptroller of public accounts.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1865, As Introduced: a positive impact of \$1,589,058,000 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
2004	\$0
2005	\$1,589,058,000
2006	(\$1,608,021,000)
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable Savings/ (Cost) from <i>FOUNDATION SCHOOL FUND 193</i>	Probable Revenue Gain/(Loss) from <i>AVAILABLE SCHOOL FUND 2</i>	Probable Savings/ (Cost) from <i>General Revenue Dedicated</i>
2004	\$0	\$0	\$0	\$0
2005	\$869,544,000	\$845,239,000	(\$125,725,000)	\$2,372,000
2006	(\$888,507,000)	(\$845,239,000)	\$125,725,000	(\$2,372,000)
2007	\$0	\$0	\$0	\$0
2008	\$0	\$0	\$0	\$0

Fiscal Year	Probable Revenue Gain/(Loss) from <i>STATE HIGHWAY FUND 6</i>	Probable Savings/ (Cost) from <i>Other Funds</i>	Probable Revenue Gain/(Loss) from <i>TRS TRUST ACCOUNT FUND 960</i>	Probable Revenue Gain/(Loss) from <i>ERS Trust Account</i>
2004	\$0	\$0	\$0	\$0
2005	(\$373,170,000)	\$3,849,000	(\$368,545,000)	(\$26,405,000)
2006	\$373,170,000	(\$3,849,000)	\$369,404,000	\$26,429,000
2007	\$0	\$0	\$0	\$0
2008	\$0	\$0	\$0	\$0

Fiscal Year	Probable Revenue Gain/(Loss) from School Districts
2004	\$0
2005	(\$845,239,000)
2006	\$845,239,000
2007	\$0
2008	\$0

Fiscal Analysis

The bill would defer certain fiscal year 2005 payments until fiscal year 2006.

The bill would defer the following payments and transfers: 1) the August 2005 foundation school program payments to school districts until September 2005; 2) the June, July and August 2005 transfers from the general revenue fund to the teacher retirement system until September 2005; 3) the August 2005 employee retirement system payment until September 2005; 4) the June and July 2005 allocations of motor fuels taxes until September 2005.

The deferred payments to the retirement systems would be repaid with interest.

Methodology

The fiscal 2005 delays are based on the Legislative Budget Board's recommended appropriation for the Foundation School Program, Teacher Retirement System, and Employment Retirement System. Interest payment estimates for the repayment of retirement systems were based a 2.15% interest rate. Interest owed the retirement systems adds to approximately \$1 million to the general revenue cost in fiscal 2006.

The Comptroller assumes that delays would result in \$18 million in additional borrowing costs in fiscal 2005 related to cash flow. The net interest rate on this borrowing is assumed to be 1.125%. This cost is included in the general revenue estimate shown in the above tables.

Local Government Impact

The impact on school districts is shown in the above tables.

Source Agencies: 304 Comptroller of Public Accounts, 323 Teacher Retirement System, 327 Employees Retirement System, 701 Central Education Agency

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