

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 9, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1922 by Kolkhorst (Relating to eligibility of school districts for state assistance with payment of existing debt.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1922, As Passed 2nd House: a negative impact of (\$150,000,000) through the biennium ending August 31, 2009.

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
2008	(\$75,000,000)
2009	(\$75,000,000)
2010	(\$70,000,000)
2011	(\$65,000,000)
2012	(\$60,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>FOUNDATION SCHOOL FUND</i> 193
2008	(\$75,000,000)
2009	(\$75,000,000)
2010	(\$70,000,000)
2011	(\$65,000,000)
2012	(\$60,000,000)

Fiscal Analysis

The bill would roll forward the eligibility date for the Existing Debt Allotment program to provide state assistance for the repayment of debt service on bonds for which the district levied taxes and made payments on during the 2006-2007 school year would become eligible for assistance under the Existing Debt allocation (EDA) program.

The bill also would adjust districts' total revenue entitlements for changes in funding received through the new instructional facilities allotment (NIFA).

This bill would become effective September 1, 2007.

Methodology

Rolling the eligibility date forward for the EDA is estimated to cost \$75 million in each year of the 2008-09 biennium, decreasing slightly over time to reflect increased property values.

The provision to reflect changes in NIFA awards in districts' entitlements would have no net statewide fiscal impact.

Technology

This bill has no identifiable effect on the Texas Education Agency's technology costs.

Local Government Impact

The rolling forward of EDA eligibility would provide additional state aid to school districts with eligible bonded debt and allow those school districts to avoid levying additional property taxes than they otherwise would have to levy.

The provision relating to NIFA would allow districts earning an award through NIFA to receive a net increase in state aid while decreasing state aid for those districts no longer earning the NIFA allotment.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, SD, JSp, UP, JGM