

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

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 19, 2011**

**TO:** Honorable John T. Smithee, Chair, House Committee on Insurance

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

**IN RE: HB2700** by Eiland (Relating to an allotment under the public school finance system for the cost of windstorm and hail insurance.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2700, As Introduced: a negative impact of (\$120,000,000) through the biennium ending August 31, 2013.

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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2012	(\$60,000,000)
2013	(\$60,000,000)
2014	(\$60,000,000)
2015	(\$60,000,000)
2016	(\$60,000,000)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from <i>Foundation School Fund</i> 193</b>
2012	(\$60,000,000)
2013	(\$60,000,000)
2014	(\$60,000,000)
2015	(\$60,000,000)
2016	(\$60,000,000)

**Fiscal Analysis**

The bill would establish a new allotment within the Foundation School Program to deliver state aid to school districts equal to the amount spent for windstorm and hail insurance up to a maximum amount to be established by commissioner of education rule. The bill would make payment of the allotment contingent upon a specific appropriation for this purpose or upon a determination by the commissioner of education that excess appropriations exist for the Foundation School Program and are available for that purpose.

## **Methodology**

This fiscal note assumes funds would be specifically appropriated for the purposes of the legislation.

The Texas Education Agency indicates that school districts reported expenditures for all property insurance in fiscal year (FY) 2010 of \$179,930,578. While the data are not reported at a level of specificity that allows isolation of expenditures for the portion of property insurance expenditures attributable only to windstorm and hail insurance, if approximately one-third of this total would meet this definition, the cost for the allotment established under the bill would be approximately \$60.0 million each year.

## **Local Government Impact**

School districts would realize additional Foundation School Program revenue to offset expenditures for windstorm and hail insurance. Additional revenues of about \$60.0 million in total would be anticipated on an annual basis.

**Source Agencies:** 701 Central Education Agency

**LBB Staff:** JOB, KJG, JGM, JSp