

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 7, 2015

TO: Honorable Jimmie Don Aycock, Chair, House Committee on Public Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1935 by King, Ken (relating to additional state aid for tax reduction provided to certain school districts for one additional school year.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1935, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2017.

However, the bill would have negative impact of (\$333,000,000) in fiscal year 2018 and \$0 impact in subsequent fiscal years.

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
2016	\$0
2017	\$0
2018	(\$333,000,000)
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 193
2016	\$0
2017	\$0
2018	(\$333,000,000)
2019	\$0
2020	\$0

Fiscal Analysis

The bill would delay the expiration of statutory provisions pertaining to additional state aid for tax relief (ASATR), a hold harmless provision under the Foundation School Program (FSP), from the end of fiscal year 2017 to the end of fiscal year 2018.

Methodology

For the purpose of this estimate, state cost for an additional year of ASATR hold harmless is calculated based on the assumed continuation of a target revenue percentage of 92.63% per Section 42.2516(i), Education Code, in fiscal year 2018. If the legislature were to adopt a higher percentage, cost to the state would be higher than reflected in the tables above. By contrast, if the legislature were to adopt a lower percentage, cost to the state would be less than reflected in the tables above.

Costs to the state under the Foundation School Program related to delaying the expiration of ASATR would occur in fiscal year 2018, since the provision is currently scheduled to expire at the end of fiscal year 2017. Based on a model of the FSP incorporating current projections of taxable values, student populations, and school district tax effort, this analysis estimates increased cost to the state under the provisions of the bill of \$333.0 million in fiscal year 2018.

Local Government Impact

School districts qualifying for ASATR in fiscal year 2018 would receive additional funding under the provisions of the bill.

Source Agencies: 701 Central Education Agency

LBB Staff: UP, JBi, AM, JSp