

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 27, 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.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1935, As Introduced: an impact of \$0 through the biennium ending August 31, 2017.

The bill would have negative impact of (\$333,000,000) beginning in fiscal year 2018, with continuing negative 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	(\$337,600,000)
2020	(\$359,800,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 193
2016	\$0
2017	\$0
2018	(\$333,000,000)
2019	(\$337,600,000)
2020	(\$359,800,000)

Fiscal Analysis

The bill would reinstate the provision of additional state aid for tax relief (ASATR), a hold

harmless provision under the Foundation School Program (FSP), that would otherwise expire at the end of fiscal year 2017 under current law.

Methodology

For the purpose of this estimate, the ongoing provision 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 years 2018 and beyond. 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 the reinstatement of ASATR would occur beginning 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, increasing to \$359.8 million by fiscal year 2020.

Local Government Impact

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

Source Agencies: 701 Central Education Agency

LBB Staff: UP, JBi, AM, JSp