

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATURE 1st CALLED SESSION - 2017

July 24, 2017

TO: Honorable Dan Huberty, Chair, House Committee on Public Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB62 by Hinojosa, Gina (Relating to an adjustment under the foundation school program of the taxable value of property for school districts required to provide social security coverage for district employees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB62, As Introduced: a negative impact of (\$141,138,892) through the biennium ending August 31, 2019.

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
2018	(\$69,014,042)
2019	(\$72,124,850)
2020	(\$68,038,429)
2021	(\$67,659,341)
2022	(\$68,968,537)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 193
2018	(\$69,014,042)
2019	(\$72,124,850)
2020	(\$68,038,429)
2021	(\$67,659,341)
2022	(\$68,968,537)

Fiscal Analysis

For purposes of calculations under Chapters 41, 42, and 46 of the Education Code, the bill would provide an adjustment to the taxable value of a district that provided social security coverage to its employees before January 1, 2017, by a percentage of the district's required contribution for

social security coverage.

The bill would take effect September 1, 2017 if it receives a vote of two thirds of all members elected to each chamber; otherwise, it would take effect the 91st day after the last legislative session.

Methodology

The Texas Education Agency (TEA) indicated that 17 districts would qualify for the adjustment under the provisions of the bill. Based on information provided by TEA, this analysis estimates costs to the state from decreasing property values downward in accordance with the provisions of the bill for the affected districts would equal a state cost of \$69.0 million in fiscal year 2018 and \$72.1 million in fiscal year 2019.

Local Government Impact

The districts affected by the bill would receive increased state aid through the Foundation School Program or be subject to reduced recapture payments.

Source Agencies: 701 Texas Education Agency

LBB Staff: UP, AG, AM, AH