

LEGISLATIVE BUDGET BOARD
Austin, Texas

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

July 31, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB224 by Meyer (Relating to a limitation on the amount of school property tax revenue that is subject to recapture under the public school finance system.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB224, As Introduced: a negative impact of (\$649,125,010) 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	(\$305,358,127)
2019	(\$343,766,883)
2020	(\$357,318,579)
2021	(\$351,085,667)
2022	(\$329,114,442)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 193
2018	(\$305,358,127)
2019	(\$343,766,883)
2020	(\$357,318,579)
2021	(\$351,085,667)
2022	(\$329,114,442)

Fiscal Analysis

The bill would authorize a district that executes an agreement to purchase attendance credits necessary to reduce the district's wealth per student to retain maintenance and operations (M&O) tax revenue sufficient to pay the district's average M&O costs per student in average daily attendance (ADA) for the preceding three school years adjusted for inflation.

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 on the 91st day after the last day of the legislative session.

Methodology

The Texas Education Agency (TEA) calculated the three-year average expenditure per student in ADA for districts required to take action under Chapter 41 of the Education Code to reduce their wealth per weighted student, and compared this amount to the sum of M&O collections and state aid, net of recapture, excluding the Available School Fund, and divided by ADA. If this total was less than the three-year average, recapture was adjusted downward accordingly.

TEA indicates that based on the above methodology, the estimated fiscal impact would be \$305.4 million in fiscal year 2018 and \$343.8 million in fiscal year 2019.

Local Government Impact

Districts that purchase attendance credits necessary to reduce the district's wealth per student could remit less recapture revenue to the state under the provisions of the bill.

Source Agencies: 701 Texas Education Agency

LBB Staff: UP, AG, AM, AH