

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 27, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1059 by Murphy (Relating to the effective date of certain actions taken by the commissioner of education against school districts that exceed the equalized wealth level and to reattachment of property detached from a school district by the commissioner of education to achieve the equalized wealth level.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time.

The bill would provide for a process of reattachment of property that was previously detached from one school district and annexed to another school district to satisfy wealth equalization requirements as provided for in Chapter 41 of the Education Code. The bill would require the Commissioner of Education to reattach a property to the district that detached the property if the detaching district's wealth per weighted student for a subsequent year was determined to be \$10,000 or more below the applicable equalized wealth level.

The bill would modify Section 41.004(d) of the Education Code to make a detachment and annexation, reattachment, or consolidation effective, for purposes of Foundation School Program funding, the school year that follows the calendar year in which the detachment and annexation, reattachment, or consolidation was ordered.

Based on information provided by the Texas Education agency (TEA), Houston ISD is the only school district currently eligible for detachment and annexation that could be eligible for reattachment of property under the provisions of the bill. However, because multiple variables that cannot be quantified may result in Houston's equalized wealth level moving within the range specified by the bill, the fiscal impact cannot be determined. Variables that could result in a change in Houston's proximity to the equalized wealth level specified in the bill include changes to school finance formulas by the legislature, decreases in property values, increases in student populations, or a combination of these variables.

The proposed modification of Section 41.004(d) of the Education Code would codify TEA's current interpretation of statute that delays, for purposes of the Foundation School Program funding, detachment and annexation until the following school year. This could potentially have a fiscal impact, by preventing the state from recouping any recapture revenue in the first school year the detachment was ordered. However, any potential fiscal impact cannot be determined.

Local Government Impact

To the extent that a district could have property detached or annexed as a result of the provisions of the bill, that district could experience a fiscal impact to its state and local revenue.

Source Agencies: 304 Comptroller of Public Accounts, 701 Texas Education Agency

LBB Staff: UP, THo, AM, AH