

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 8, 2017**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB3106** by Faircloth (Relating to state financial assistance for a school district to which an academically unacceptable school district is annexed.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3106, As Introduced: a negative impact of (\$10,143,429) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2018	(\$6,762,286)
2019	(\$3,381,143)
2020	(\$3,381,143)
2021	(\$3,381,143)
2022	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from Foundation School Fund 193</b>
2018	(\$6,762,286)
2019	(\$3,381,143)
2020	(\$3,381,143)
2021	(\$3,381,143)
2022	\$0

**Fiscal Analysis**

The bill would amend the Education Code related to the amount of state aid provided to a district that is ordered by the Commissioner of Education to annex an academically unacceptable school district. The bill would provide the receiving district additional state aid in the amount of debt service taxes levied by the receiving district in the tax year preceding the annexation per student

and multiplying that per student amount by the additional students enrolled in the district on September 1 following the annexation.

The bill would apply to any annexation that occurred on or after July 1, 2016.

### **Methodology**

The Texas Education Agency (TEA) indicates the only district to which this bill would currently apply is Texas City ISD, which annexed La Marque ISD in July 2016. Any additional costs that would occur from any future annexations cannot be determined at this time.

The 2015 tax year debt service collections of Texas City ISD was \$8,778,818, which when divided by a corresponding enrollment of 6,356 provides a debt service tax collection per student of \$1,381. Applying this amount to the increased student population experienced by the district in the following school year of 2,448 students provides additional state aid of \$3,381,143 per year.

The bill provides that a school district would be entitled to this state aid beginning with the school year in which the annexation occurs. Since the bill would entitle Texas City ISD this additional state aid in the 2016-17 school year, TEA assumed that the additional state aid for the 2016-17 school year and the 2017-18 school year would both be provided in fiscal year 2018.

### **Local Government Impact**

Local school districts to which academically unacceptable school districts would be annexed would be entitled to additional state aid under the provisions of this bill.

**Source Agencies:** 701 Texas Education Agency

**LBB Staff:** UP, THo, AM, AH