

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 12, 2017

TO: Honorable Larry Taylor, Chair, Senate Committee on Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3438 by Koop (Relating to the creation of a state financing program administered by the Texas Public Finance Authority to assist school districts with certain expenses; granting authority to issue bonds or other obligations.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3438, As Engrossed: an impact of \$0 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	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Appropriated Receipts 666	Change in Number of State Employees from FY 2017
2018	(\$133,158)	1.0
2019	(\$130,958)	1.0
2020	(\$130,958)	1.0
2021	(\$130,958)	1.0
2022	(\$130,958)	1.0

Fiscal Analysis

The bill would authorize the Texas Public Finance Authority (TPFA) to issue and sell an aggregate amount of outstanding obligations not to exceed \$100 million to finance: loans to eligible school districts; the purchase, lease, or lease-purchase of vehicles, equipment or appliances by eligible

school districts; or costs associated with maintenance, repair, rehabilitation, or renovation of eligible school district facilities.

The bill would make the obligations under the program eligible to be guaranteed by the Permanent School Fund. The bill would allow TPFA to use proceeds of obligations under the provisions of this bill to pay the cost of administering the program. The bill would create the School District Equipment and Improvement Fund outside the treasury to implement the program.

The bill would take effect September 1, 2017.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.095, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

Based on information provided by TPFA, the agency would have an estimated administrative cost of \$133,158 in fiscal year 2018, and \$130,958 in subsequent years to implement the provisions of the legislation, related to the salary, benefits, travel, and other operating expense of one Full-time Equivalent to implement the program.

The bill would authorize TPFA to charge fees to participating school districts for the cost of administering the program, and it is anticipated that the FTE would be paid from these fees.

The Texas Education Agency (TEA) indicates that it could experience additional costs associated with implementing the provisions of the legislation, but this analysis assumes any such cost would not be significant.

Technology

TPFA indicates it would have a technology impact of \$2,200 in fiscal year 2018 related to implementing the provisions of the bill.

Local Government Impact

The Texas Education Agency indicates that certain districts would be able to issue debt at a lower cost under the provisions of the bill, and as a result, could realize savings.

Source Agencies: 347 Public Finance Authority, 304 Comptroller of Public Accounts, 701 Texas Education Agency

LBB Staff: UP, THo, NV, LBe, AM, AH