

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

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

**May 10, 2017**

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

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

**IN RE: SB1658** by Taylor, Larry (Relating to the ownership, sale, lease, and disposition of property and management of assets of an open-enrollment charter school.), **As Engrossed**

**No significant fiscal implication to the State is anticipated.**

This bill's provisions would establish a framework to dispose of property held by a charter school that has ceased to operate. This includes allowing a charter that has purchased real property with local funds to retain a proportional ownership share, procedures for the state to sell or transfer real property, and the ability for a former charter to retain the property by buying out the state interest.

The bill's provisions restrict the use of charter funds from being pledged or used to secure loans or bonds for another organization, including a non-charter operation or out-of-state operation conducted by the charter holder or a related party. The bill also allows an audit of a charter school to examine real property transactions between the charter holder and a related party and allows the commissioner to take action to protect the school's interest.

The bill specifies the allowable uses of the charter liquidation fund, including agency personnel costs associated with managing and closing charter schools. The bill's provisions direct the Commissioner of Education to transfer excess funds in the charter liquidation fund to a high-quality education grant or to supplement the bond guarantee reserve fund.

The bill's provisions take effect only if a specific appropriation for the implementation of the Act is provided in a general appropriations act of the 85th Legislature.

The Texas Education Agency indicates that any costs associated with implementing the provisions of the bill could be absorbed within existing resources.

The bill would take effect September 1, 2017, or immediately if passed with the necessary voting margins.

**Local Government Impact**

No significant local government impact is anticipated.

**Source Agencies:** 701 Texas Education Agency, 303 Facilities Commission, 305 General Land Office and Veterans' Land Board

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