

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 19, 2021

TO: Honorable Harold V. Dutton, Jr., Chair, House Committee on Public Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB586 by Cole (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 Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB586, As Introduced : a negative impact of (\$216,702) through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	(\$110,351)
2023	(\$106,351)
2024	(\$106,351)
2025	(\$106,351)
2026	(\$106,351)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Appropriated Receipts 666	Change in Number of State Employees from FY 2021
2022	(\$110,351)	(\$129,819)	2.0
2023	(\$106,351)	(\$127,319)	2.0
2024	(\$106,351)	(\$127,319)	2.0
2025	(\$106,351)	(\$127,319)	2.0
2026	(\$106,351)	(\$127,319)	2.0

Fiscal Analysis

The bill would authorize a school district to borrow money from the Texas Public Finance Authority (TPFA); and issue bonds and notes, enter into loan agreements, lease agreements, lease purchase agreements, or other appropriation financing agreements with TPFA for the purpose of purchasing or leasing vehicles, equipment or appliances, or to pay for costs associated with the improvement of existing instructional facilities, limited to maintenance, repair, rehabilitation, or renovation of eligible facilities. The bill would establish the school district equipment and improvement fund as a trust fund outside the treasury administered by the Comptroller for TPFA and limits the amounts of such outstanding obligations to \$100 million. The bill would require school

districts to consult with, and receive the approval of, the Commissioner of Education in order to be eligible for assistance.

Methodology

Based on information provided by TPFA, the cost of administering the program would be funded with Appropriated Receipts through financing fees charged to participating school districts. Estimated costs include \$129,819 in fiscal year 2020, and \$127,319 in subsequent years for one full-time equivalent (FTE). Estimated costs include salary benefits, and other operating expenses. This analysis assumes that the Texas Education Agency would need one FTE to administer the approvals for assistance by school districts. The estimated costs, including salary, benefits, and other operating expenses is \$110,351 in fiscal year 2020, and \$106,351 in subsequent years.

Local Government Impact

There would be a positive (cost savings) net impact to participating school districts who would have access to the state's low cost of capital and reductions in administrative expenses incurred in seeking and obtaining equipment financing; however, there may be an additional travel cost to participating school districts if required to travel to Austin to obtain Bond Review Board approval.

Source Agencies: 302 Office of the Attorney General, 347 Public Finance Authority, 352 Bond Review Board, 701 Texas Education Agency

LBB Staff: JMc, SL, AH