

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 24, 2023

TO: Honorable Brad Buckley, Chair, House Committee on Public Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3028 by Meyer (relating to a credit for prepayment of the amount required to be paid by a school district for the purchase of attendance credit under the public school finance system.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3028, Committee Report 1st House, Substituted : a negative impact of (\$384,039,883) through the biennium ending August 31, 2025.

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 <i>General Revenue Related Funds</i>
2024	(\$182,972,477)
2025	(\$201,067,406)
2026	(\$207,414,763)
2027	(\$226,888,319)
2028	(\$237,977,388)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193	Probable Savings/(Cost) from <i>Recapture Payments Atten Crdts</i> 8905
2024	(\$182,972,477)	\$182,972,477
2025	(\$201,067,406)	\$201,067,406
2026	(\$207,414,763)	\$207,414,763
2027	(\$226,888,319)	\$226,888,319
2028	(\$237,977,388)	\$237,977,388

Fiscal Analysis

The bill would amend Subchapter D, Chapter 49, Education Code, by adding section 49.1541 to provide credit for prepayment of the amount required to be paid by a school district for the purchase of attendance credit under the public school finance system. The proposed amendment would entitle a school district to receive a credit against the total amount required under Section 49.153. The credit would be equal to four percent of any amount required to be paid by the district if the district pays that amount not later than February 15 of the school year for which the agreement is in effect.

Methodology

The Texas Education Agency based their analysis on the scenario in which all recapture districts would elect for the prepayment. The fiscal impact to the state would be \$183.0 million in fiscal year 2024, \$201.1 million in fiscal year 2025, increasing to \$238.0 million in fiscal year 2028. The decrease in recapture is reflected as a savings in the table above because recapture is appropriated as a method of finance for the FSP in the General Appropriations Act. The reduction in recapture results in a cost to Foundation School Fund, No. 193.

Local Government Impact

School districts electing for the prepayment would receive a credit against the total amount of required payments under Section 49.153; this would result in increased revenue for those districts.

Source Agencies: 701 Texas Education Agency

LBB Staff: JMc, KSk, ASA, MJe