

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: HB832

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Carr

3. Committee: Appropriations

4. Title: Distribution of sales tax revenue to localities based on school-age population.

5. Summary: Permits local school divisions that make the determination that the annual estimate of school-age population within the division provided by the Weldon Cooper Center for Public Service of the University of Virginia is substantially inaccurate, to present evidence of such inaccuracy to the Superintendent of Public Instruction and have the Superintendent correct the estimate if is in agreement with the local school division.

6. Budget Amendment Necessary: Yes.

7. Fiscal Impact Estimates: Preliminary. See item 8.

8. Fiscal Implications: This legislation would establish a process for handling appeals by local school divisions regarding the yearly estimate of school-age population produced by the Weldon Cooper Center for Public Service of the University of Virginia. The Weldon Cooper Center is charged with developing the estimate each year for use in the distribution of sales and use tax revenue dedicated to public education to local school divisions. Currently, school divisions are advised to contact the Weldon Cooper Center to discuss any disagreements with the estimate; however, there is no formal appeals process in place.

This bill would enable school divisions to provide evidence that the estimate is inaccurate to the Superintendent of Public Instruction for review. Such evidence could include a census conducted by the local school board of all persons residing in the division for the purpose of comparing that count to the estimate provided by the Weldon Cooper Center. If the Superintendent of Public Instruction makes the determination that the estimate provided by the Weldon Cooper Center is substantially inaccurate based on the evidence provided by the school division, the Superintendent would direct that the estimate be corrected.

It is assumed that for an estimate to be “corrected,” it would be adjusted to reflect the count provided by the local school division as evidence of the inaccuracy of the original estimate produced by the Weldon Cooper Center. At this time, it is unknown how many school divisions would appeal to the Superintendent of Public Instruction to change their estimate of school-age population. However, if even one division provides sufficient evidence to have

the Weldon Cooper Center estimate changed, it would impact the distribution amounts for all school divisions. This could result in some school divisions with available funding to conduct their own census counts in order to increase their school-age population and receive more money from the distribution of sales and use tax revenue from the state. In contrast, school divisions unable to afford a census count would not be able to challenge the estimate provided by the Weldon Cooper Center. Moreover, if another division is successful at raising its school-age population count above the Weldon Cooper Center estimate, those divisions that do not challenge their estimates would still experience a reduction in their distribution of state sales tax revenue.

While the intent of this bill is to affect the distribution of sales and use tax revenue without any change in the overall funding level, it could still result in a fiscal impact to the state because the distribution of sales tax is used to offset the state share of Basic Aid costs. Depending on which divisions successfully challenge the Weldon Cooper Center estimates, the differences in the composite index values for each division could result in a state fiscal impact to make up for the state share in the Basic Aid formula. However, it is not possible to determine the potential fiscal impact without knowing which divisions are successful at changing their Weldon Cooper Center estimate.

9. Specific Agency or Political Subdivisions Affected: Department of Education, Weldon Cooper Center for Public Service of the University of Virginia, and local school divisions.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

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