

Department of Planning and Budget 2010 Fiscal Impact Statement

1. **Bill Number:** HB669

House of Origin X Introduced Substitute Engrossed
 Second House In Committee Substitute Enrolled

2. **Patron:** May

3. **Committee:** Education

4. **Title:** **Triennial census of school population; sales and use tax distribution**

5. **Summary:** Eliminates the requirement that every three years a census of all school-age persons residing within each school division take place. Also eliminates all related requirements regarding appointment and compensation of persons taking census, agents, and census results. The bill also amends the procedure regarding sales and use tax distribution to localities so that distribution is based on the average daily membership of the school division rather than the school-age population of a school division.

6. **Fiscal Impact Estimates:** Preliminary. See item 8.

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2011	\$3,700,000	General Fund
2012	\$3,300,000	General Fund

7. **Budget Amendment Necessary:** Yes. Item 132 – HB/SB 30.

8. **Fiscal Implications:** This legislation modifies the current methodology used to distribute sales tax revenue. Sales tax is currently distributed on the basis of a triennial census of school age population. This bill changes that methodology to distribute sales tax based on the Average Daily Membership (ADM). The bill does not specify whether to use the unadjusted or adjusted ADM count to complete the calculations. Using the adjusted ADM as a proxy for the possible impact, the Department of Education estimates a state share of cost of \$3.7 million in FY 2011 and \$3.3 million in FY 2012 as well as increases to the Required Local Effort of some localities.

It should also be noted using the ADM instead of the triennial census results in a significant distributional change for many school divisions. Some divisions would see a large increase in funding from sales tax revenue; whereas, other divisions would experience the inverse. The bill also repeals §§ 22.1-281 of the Code of Virginia, which requires the census to be taken every three years. It can be assumed local school divisions will experience some cost savings from not conducting the triennial census. However, these savings cannot be determined at this time since the data collection methods vary from locality to locality.

9. Specific Agency or Political Subdivisions Affected: Board of Education and local school divisions.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 2/1/2010 dpbsbj

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