

# FISCAL NOTE

Requested by Legislative Council  
04/13/2009

Amendment to: Reengrossed  
SB 2199

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$195,000,000	(\$295,000,000)	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$295,000,000	\$1,720,000	\$0	\$0
<b>Appropriations</b>	\$0	\$0	\$0	\$0	\$0	\$0

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	(\$295,000,000)	\$0	\$0	\$0

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2199 creates a property tax relief sustainability fund, provides for the allocation of state funds to school districts for mill levy reduction grants, and provides provisions for property tax levies of school districts, corporate income tax rates, and income taxes rates for individuals.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The bill provides for property tax reduction grants to school districts based on the lesser of:

- The payments to the school district based on the per student payment rate determined under the state aid to schools formula,
- The taxable valuation of the school district times the number of mills determined by subtracting 100 mills from the combined education mill rate for taxable year 2008, or
- The taxable valuation of property in the school district in the previous year times seventy-five mills.

The combined education mill rate means the combined number of mills levied by a school district for the general fund, high school tuition and high school transportation. The grants must be included in the district's certificate of levy and be used to reduce general fund levies for school districts.

Section 4 amends corporate income tax rates. The tax department estimated a \$20 million dollar reduction in general fund revenue.

Section 5 amends individual, estate and trust tax rates. The tax department estimated an \$80 million dollar reduction in general fund revenue.

Section 7 creates a property tax sustainability fund in the state treasury for property relief programs.

The house amendments add revenue replacement grants to tax increment financing districts for the loss of tax increments attributable to the mill levy reduction for the school district. The bill appropriates \$1,720,000 for these grants for the 2009-2011 biennium.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Section 8 appropriates \$295 million to the Department of Public Instruction from the general fund for mill levy reduction grants to school districts.

Section 9 appropriates \$1,720,000 to the state treasurer from the permanent oil tax trust fund for revenue replacement grants to tax increment financing districts.

Section 10 transfers \$295 million from the permanent oil trust fund to the general fund on July 1, 2009.

Section 11 transfers \$295 million from the permanent oil trust fund to the property tax relief sustainability fund on July 1, 2010.

Sections 4 and 5 reduce general fund revenues by \$100 million.

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