

FISCAL NOTE
Requested by Legislative Council
01/29/2013

Bill/Resolution No.: SCR 4010

- 1 A. **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.*

| | 2011-2013 Biennium | | 2013-2015 Biennium | | 2015-2017 Biennium | |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | \$(350,000) | \$350,000 | \$(1,500,000) | \$1,500,000 |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

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

| | 2011-2013 Biennium | 2013-2015 Biennium | 2015-2017 Biennium |
|-------------------------|--------------------|--------------------|--------------------|
| Counties | | | |
| Cities | | | |
| School Districts | | | |
| Townships | | | |

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

This resolution proposes a constitutional change to limit that balance of the foundation aid stabilization fund.

- 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.*

Section 1 removes language that requires interest income of the foundation aid stabilization fund to be transferred annually to the general fund. The new language proposed in section 2 limits the balance to \$300 million initially, then, beginning July 1, 2017, provides for the cap to be increased every two years based on the rate of inflation. The amount of the balance in excess of the cap could either be transferred to another constitutional fund or used to fund elementary and secondary education. Although this new section does not specify where interest earnings are to accumulate, it is assumed they would be allocated as determined by the legislature along with the excess balance of the fund. The fiscal impact assumes this measure is approved in the November 2014 general election and takes effect in December 2014. The November 30, 2014 balance in the foundation aid stabilization fund is estimated to be \$512 million, \$212 million over the maximum fund balance pursuant to this legislation. Oil tax revenue and interest earnings accruing from December 2014 through June 2015 are estimated at \$94 million. The result is \$306 million available for transfer to another constitutional fund or for use to fund K-12 education during the 2015-17 biennium. If transferred to another special fund, there is no overall impact to the state; if used to fund K-12 education, there could be an offsetting reduction in general fund expenditures. Interest that under current law would have accrued to the general fund from December 2014 through June 2015 is estimated at \$350,000. Although no oil tax forecast exists for the 2015-17 biennium, assuming fiscal year 2015 forecasted amounts are received for each year of the 2015-17 biennium, an additional \$284 million in oil tax revenue and interest income would be available for transfer to another constitutional fund or to fund K-12 education during the 2017-19 biennium. Interest income that under current law would have accrued to the general fund during the 2015-17 biennium is estimated to be \$1.5 million.

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.*

Interest that under current law would have accrued to the general fund from December 2014 through June 2015 is estimated at \$350,000. Interest income that under current law would have accrued to the general fund during the 2015-17 biennium is estimated to be \$1.5 million.

- 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.*

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