15.0410.02000

FISCAL NOTE

Requested by Legislative Council
01/12/2015

Revised
Bill/Resolution No.: SB 2169

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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			$37,700,000			
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts		$37,700,000	
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).*

House Bill 2169 relates to mineral revenue received by school districts.

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 amends the K-12 state aid formula by reducing the amount of mineral revenue considered as local revenue in the formula by the amount of its debt service payments up to 60% of the mineral revenue received. This effectively reduces the amount considered in the formula to 15%. The K-12 funding formula provides baseline funding on a per student basis and is designed so that any funding not considered local revenue is replaced by state sources.
The assumptions for mineral revenue are based estimates provided in November for the oil and gas gross production tax distribution formula in current law. Further all school districts are expected to apply the proceeds of mineral revenue to repaying school construction loans as the K-12 state aid formula will replace any amount excluded from local revenue.
Mineral revenues projected under the current formula are $29.2 million in 2015-16 and $33.7 million in 2016-17. The amount offset in the formula is 75% of those amounts. If the effective rate drops to 15%, the added cost to the integrated formula line will be $37.7 million. This would be the maximum amount. There is no data currently available to project a lesser amount.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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