

**FISCAL NOTE**  
**SENATE BILL NO. 2346**  
**LC# 23.0739.03000**  
**02/17/2023**

**1 - 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.*

	2021-2023 Biennium		2023-2025 Biennium		2025-2027 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$432,600,000	\$432,600,000	
Appropriations				\$460,000,000		

**2 - County, City, School District, and Township Fiscal Effect**

*Identify the fiscal effect on the appropriate political subdivision.*

	2021-2023 Biennium	2023-2025 Biennium	2025-2027 Biennium
Counties			
Cities			
School Districts			
Townships			

**3 - 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 2346 changes the property tax contribution from the Foundation Aid School District Funding Formula and limits the school board's ability to levy general fund mills.

**4 - Fiscal Impact Sections Detail**

*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 2 of this bill removes the 60-mill property tax contribution from the Foundation Aid School District Funding Formula for residential property and decreases agricultural, commercial, and centrally assessed property to 30 mills. With this decrease in the contribution from property taxes, the state would increase its share of the formula by \$432.6 million dollars.

Section 3 adjusts the minimum local effort for districts with little to no taxable valuation to use the same calculation

as in section 2 rather than using 60 mills.

Section 5 allows a school district to levy 30 mills on the agricultural, commercial, and centrally assessed property to 30 mills. Districts could levy 10 mills on all school districts' taxable value for general fund purposes.

## **5 - Revenues Detail**

*For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The revenues were removed in the amended bill.

## **6 - Expenditures Detail**

*For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The school district funding formula is paid using the Integrated formula payments line in the DPI budget. This bill would increase the expenditures in this line by \$432.6 million to ensure school districts are funded to the adequate amount using the per-pupil payment rate set by the legislature.

## **7 - Appropriations Detail**

*For information shown under state fiscal effect in 1 or 2, please 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.*

Section 9 appropriates \$300 million from the strategic investment and improvements fund, and section 10 appropriates \$160 million from the legacy earning fund for the integrated formula payments. \$432.6 million would be a continuing expense for the state which would require a continuing appropriation.

## **Contact Information**

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