

FISCAL NOTE
HOUSE RESOLUTION NO. 3035
LC# 25.3103.01000
03/07/2025

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.

	2023-2025 Biennium		2025-2027 Biennium		2027-2029 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						\$600,000,000
Appropriations						

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

Identify the fiscal effect on the appropriate political subdivision.

	2023-2025 Biennium	2025-2027 Biennium	2027-2029 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).

If passed and approved by voters, this resolution would redirect \$300 million per year for 10 years—totaling \$3 billion—from perpetual trust funds established under Article IX of the Constitution to fund a school construction program.

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 the resolution diverts funds from the perpetual trust funds, including Colleges and Universities, School for the Blind, School for the Deaf, State Hospital, Industrial School, and Veterans Home as specified in Article IX sections 12 and 13 of the Constitution along with Common Schools Trust fund (K-12).

Article IX mandates that these funds remain in the perpetual trust funds and may not be diverted. The resolution conflicts with this provision of the Constitution. The resolution conflicts with this provision by reallocating funds to a school construction program, which does not meet the constitutional requirement that funds be used solely for the maintenance of the designated institutions.

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.

N/A

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 resolution would divert funds from the perpetual trust funds without specifying an allocation formula for Colleges and Universities, School for the Blind, School for the Deaf, State Hospital, Industrial School, Veterans Home, and Common Schools Trust fund (K-12).

The resolution references multiple bienniums but appears to conclude mid-biennium. If every biennium referenced in the resolution is intended to receive \$600 million, a total of \$3 billion will be redirected to the school construction program. This diversion is projected to reduce future distributions over 30 years by a cumulative \$4.4 billion and decrease perpetual trust fund balances by over \$5.7 billion. These projections assume an annual investment return of 6.72%, based on the perpetual trust funds' strategic asset allocation and capital market expectations.

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.

By withdrawing funds from the perpetual trust funds, future distributions for all beneficiaries - based on perpetual fund assets - will be significantly reduced. This will have significant long-term impact; we project over the next 30 years cumulative distributions will be decreased by \$4.3 billion, assuming an annual investment return of 6.72%. Funding for perpetual trust beneficiaries will need to be covered by other sources. We cannot project what those sources will be at this time.

Contact Information

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