

FISCAL NOTE

(Return original and 14 copies)

Resolution No.: SB 2337

Amendment to: _____

Requested by Legislative Council

Date of Request: 1/20/99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

Narrative: SB 2337, if enacted, will increase the state support of the education cost per student from 48 percent in 1999 - 2001 to 60 percent in 2007 - 09 and require the school district to reduce property taxes by the amount of increased allocation of state revenue; allow property tax exemption of farm land of a beginning farmer for five years; change the farm residence 50 percent farm income qualification from net to gross farm income; increase the portion of sales, use and motor vehicle excise tax deposited into and allocated from the state aid distribution fund and provides that a political subdivision must reduce the property tax levy by the amount of revenue received from the state aid distribution fund.

Anticipated changes to the State General Fund and the State Aid Distribution Fund as a result of the formula changes are shown below. (Note: This calculation assumes each SADF formula change remains in effect for two years. The bill is unclear, only establishing a formula for every other year. Further, it is assumed that the first formula change becomes effective July 1, 1999.)

There is no fiscal impact to the counties, cities or school districts. The increased state support of educational cost and state aid distribution revenue is offset by a reduction in property tax revenue. While the exemptions may reduce the taxable value of counties, cities and school districts, SB 2337 does not require a decrease in property tax levy. There may be a undeterminable decrease in the state medical center property tax revenue.

State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			-\$8.240 million	+\$8.240 million		
Expenditures						

3. What, if any, is the effect of this measure on the budget for your agency or department:
 - a. For rest of 1997-99 biennium: _____
(Indicate the portion of this amount included in the 1999-2001 executive budget:)
 - b. For the 1999-2001 biennium: _____
(Indicate the portion of this amount included in the 1999-2001 executive budget:)
 - c. For the 2001-03 biennium: _____

4. **County, city, and school district** fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

If additional space is needed
attach a supplemental sheet.

Signed: *Kathryn L. Strombeck*

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Department: Tax

Date Prepared: January 22, 1999

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