

FISCAL NOTE
Requested by Legislative Council
02/19/2019

Amendment to: HB 1365

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$(2,000,000)		\$(10,000,000)	
Appropriations						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts		\$(2,000,000)	\$(17,000,000)
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).*

HB 1365 affects how much money is deducted from the foundation aid formula for revenue in lieu of property taxes and property taxes for 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.*

Subsection 6 of HB 1365 changes the amount deducted from the foundation aid formula to 75% of all revenue in lieu of property taxes. The 75% is deducted from the percentage of mills that are not attributed to the sinking and interest levy. This would increase the expenditures by \$9.25 million per year (\$18.5 million per biennium) and every year thereafter. These amounts may vary slightly when school districts pass bond elections and change their mill levies.

Subsection 4 of HB 1365 changes the amount deducted for property taxes beginning in the 2019-20 school year. Calculating the the contribution from property tax changes from a 12% increase in dollars capped a 60 mills, to either, what the school district is currently levying in general fund mills capped at 60 mills or a 12% increase in dollars deducted capped at 60 mills. The section would also not allow a school district's contribution from property tax to go down in mills from the 2018-19 school year if their taxable valuation growth is over 12%. DPI is not projecting any school districts to have a growth of more than 12%. Beginning in 2022-23 and each year thereafter, all school districts will be deducted at 60 mills in the integrated formula payment.

Changing the property tax deduction to what school districts are currently levying would decrease the integrated formula expenditures \$10.7 million dollars in the 2019-20 payment year. In the current law, the estimated contribution from property tax is \$532.3 million (\$260.7 & \$271.6) for the 2019-21 biennium. HB 1365 increases those projections to \$552.8 million (\$271.4 & \$281.4) for the 2019-21 biennium. This bill does not change a school districts levying authority.

The deduction for the contribution from property taxes for the 2021-23 biennium increase from \$571.5 million (\$280.9 & \$290.6) in current law to \$600 million (\$291.2 + 308.8)

In the 2022-23 school year, the formula will deduct 60 mills. DPI projects that several school districts will not be able to levy 60 mills due to the 12% cap. This accounts for the difference of \$7 million for the effect on school districts.

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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Date Prepared: 02/20/2019

School District Payments In-lieu of Property Taxes

		Mill Levy						
County District		Deducted From			One Year		Sinking and	
Number	School District	In Lieu Revenue	Formula Current	Formula HB 1370	Estimated Cost		Interest Levy	Total Levy
01-013	Hettinger 13	303,956	240,845	227,967	12,878	0%	-	93.78
02-002	Valley City 2	148,582	140,216	111,436	28,780	0%	-	96.85
02-007	Barnes County North 7	281,249	221,185	210,937	10,248	0%	-	73.22
02-046	Litchville-Marion 46	27,314	23,830	20,485	3,344	0%	-	63.55
03-005	Minnewaukan 5	46,940	37,584	35,205	2,379	0%	-	59.16
03-006	Leeds 6	24,278	22,610	16,035	6,575	12%	10.22	85.59
03-009	Maddock 9	28,706	26,466	21,529	4,937	0%	-	91.64
03-016	Oberon 16	7,744	7,454	5,808	1,646	0%	-	64.17
03-029	Warwick 29	15,287	13,984	11,465	2,519	0%	-	69.87
03-030	Ft Totten 30	14,517	13,736	10,887	2,849	0%	-	175.26
04-001	Billings Co 1	1,890,100	1,422,880	1,417,575	5,305	0%	-	56.32
05-001	Bottineau 1	788,044	591,057	591,033	24	0%	-	71.53
05-017	Westhope 17	147,311	110,483	72,969	37,515	34%	38.04	112.03
05-054	Newburg-United 54	69,534	52,186	52,150	36	0%	-	61.79
06-001	Bowman Co 1	1,764,585	1,331,244	1,323,439	7,805	0%	-	84.88
06-033	Scranton 33	331,091	251,273	248,318	2,955	0%	-	88.22
07-014	Bowbells 14	382,713	289,079	287,035	2,044	0%	-	65.20
07-027	Powers Lake 27	902,733	680,805	548,975	131,830	19%	21.58	114.08
07-036	Burke Central 36	544,619	412,102	408,464	3,638	0%	-	78.29
08-001	Bismarck 1	2,731,062	2,430,993	1,622,751	808,242	21%	21.59	103.92
08-025	Naughton 25	2,622	2,287	1,966	321	0%	-	67.02
08-028	Wing 28	51,880	40,151	38,910	1,241	0%	-	73.77
08-033	Menoken 33	15,593	13,194	11,695	1,500	0%	-	55.26
08-035	Sterling 35	24,075	21,863	18,057	3,806	0%	-	54.52
08-039	Apple Creek 39	21,933	20,281	16,450	3,831	0%	-	112.48
08-045	Manning 45	13,988	13,405	10,491	2,914	0%	-	148.00
09-001	Fargo 1	2,563,585	2,406,494	1,922,688	483,806	0%	-	154.13
09-002	Kindred 2	120,649	107,920	61,892	46,028	32%	35.94	113.73
09-004	Maple Valley 4	73,426	67,866	55,069	12,796	0%	-	81.90
09-006	West Fargo 6	1,382,102	1,160,564	726,894	433,670	30%	38.62	129.27
09-007	Mapleton 7	23,689	22,430	10,076	12,354	43%	57.21	132.16
09-017	Central Cass 17	225,587	197,290	127,040	70,250	25%	24.99	100.31
09-080	Page 80	26,737	23,849	20,053	3,796	0%	-	71.85
09-097	Northern Cass 97	89,218	79,096	62,309	16,787	7%	7.02	102.02
10-019	Munich 19	11,380	10,837	8,535	2,302	0%	-	65.88
10-023	Langdon Area 23	54,636	52,428	40,977	11,451	0%	-	75.80
11-040	Ellendale 40	55,976	51,756	32,772	18,984	22%	20.97	95.59
11-041	Oakes 41	61,203	56,997	45,902	11,095	0%	-	79.91
12-001	Divide County 1	1,992,141	1,502,049	1,287,300	214,749	14%	12.73	91.97
13-016	Killdeer 16	2,601,871	1,958,683	1,951,403	7,280	0%	-	53.12
13-019	Halliday 19	147,338	111,994	110,504	1,490	0%	-	63.83
13-037	Twin Buttes 37	138,366	103,909	103,775	134	0%	-	0.00
14-002	New Rockford-Sheyenne 2	59,637	54,802	44,727	10,075	0%	-	85.73
15-006	Hazelton-Moffit-Braddock 6	28,962	24,369	21,721	2,648	0%	-	65.50
15-010	Bakker 10	5,009	3,961	3,757	204	0%	-	41.99
15-015	Strasburg 15	49,165	38,972	24,529	14,443	33%	31.75	94.84
15-036	Linton 36	41,515	38,306	31,136	7,170	0%	-	54.56
16-049	Carrington 49	86,854	79,923	41,605	38,318	36%	48.78	135.01
17-003	Beach 3	609,829	467,088	457,372	9,716	0%	-	45.07
17-006	Lone Tree 6	82,219	63,365	61,665	1,701	0%	-	68.05
18-001	Grand Forks 1	4,677,061	3,664,712	3,507,796	156,916	0%	-	97.36
18-044	Larimore 44	124,105	108,941	90,340	18,601	3%	2.88	97.88
18-061	Thompson 61	137,485	112,061	96,964	15,098	6%	5.25	88.02
18-125	Manvel 125	41,649	39,157	31,237	7,920	0%	-	102.02

School District Payments In-lieu of Property Taxes

		Mill Levy						
County District		Deducted From			One Year		Sinking and	
Number	School District	In Lieu Revenue	Formula Current	Formula HB 1370	Estimated Cost		Interest Levy	Total Levy
18-127	Emerado 127	40,970	40,097	30,728	9,369	0%	-	141.98
18-128	Midway 128	58,314	54,091	43,736	10,355	0%	-	87.69
18-129	Northwood 129	39,815	36,363	23,057	13,305	23%	21.71	95.28
19-018	Roosevelt 18	23,859	22,909	17,894	5,015	0%	-	80.66
19-049	Elgin-New Leipzig 49	47,119	45,483	35,339	10,144	0%	-	82.00
20-007	Midkota 7	39,039	35,968	29,279	6,688	0%	-	70.00
20-018	Griggs County Central 18	93,622	79,452	70,216	9,236	0%	-	98.26
21-001	Mott-Regent 1	46,477	43,594	24,829	18,765	29%	30.30	105.31
21-009	New England 9	529,360	405,099	397,020	8,079	0%	-	76.42
22-001	Kidder County 1	125,192	110,607	93,894	16,713	0%	-	86.64
23-003	Edgeley 3	33,930	31,098	20,553	10,545	19%	19.91	103.52
23-007	Kulm 7	27,805	24,760	15,533	9,227	26%	28.12	110.21
23-008	LaMoure 8	38,498	34,840	28,873	5,967	0%	-	81.49
24-002	Napoleon 2	27,411	24,914	20,558	4,356	0%	-	64.74
24-056	Gackle-Streeter 56	34,863	31,432	26,147	5,285	0%	-	81.95
25-001	Velva 1	181,683	145,956	120,650	25,307	11%	10.88	94.96
25-014	Anamoose 14	29,778	27,270	22,333	4,937	0%	-	48.66
25-057	Drake 57	99,029	77,922	74,272	3,650	0%	-	44.27
25-060	TGU 60	168,024	140,493	120,053	20,440	5%	4.78	100.99
26-004	Zeeland 4	25,716	21,184	19,287	1,897	0%	-	75.94
26-009	Ashley 9	32,176	30,131	24,132	6,000	0%	-	74.40
26-019	Wishek 19	157,456	127,478	118,092	9,386	0%	-	68.25
27-001	McKenzie Co 1	5,283,908	3,990,461	3,155,037	835,424	20%	11.40	55.92
27-002	Alexander 2	1,392,724	1,060,277	653,293	406,984	37%	33.40	89.17
27-014	Yellowstone 14	267,369	201,598	200,527	1,071	0%	-	46.83
27-018	Earl 18	20,259	15,297	15,194	102	0%	-	11.67
27-032	Horse Creek 32	70,506	53,148	52,879	269	0%	-	23.99
27-036	Mandaree 36	522,478	392,382	391,858	524	0%	-	4.99
28-001	Wilton 1	209,170	166,283	156,877	9,406	0%	-	80.75
28-004	Washburn 4	302,172	233,473	226,629	6,844	0%	-	61.92
28-008	Underwood 8	257,458	208,873	193,093	15,780	0%	-	84.36
28-050	Max 50	131,578	103,363	98,684	4,679	0%	-	80.39
28-051	Garrison 51	422,541	329,018	316,906	12,113	0%	-	91.34
28-072	Turtle Lake-Mercer 72	196,907	153,828	120,197	33,632	19%	13.42	72.11
28-085	White Shield 85	126,885	96,624	95,164	1,461	0%	-	53.35
29-003	Hazen 3	916,816	698,427	623,138	75,289	9%	5.76	61.43
29-027	Beulah 27	1,231,702	942,435	923,776	18,658	0%	-	72.50
30-001	Mandan 1	1,044,344	900,293	630,379	269,915	20%	20.10	102.98
30-004	Little Heart 4	6,465	5,806	4,849	957	0%	-	46.44
30-013	Hebron 13	177,260	136,357	132,945	3,412	0%	-	82.29
30-017	Sweet Briar 17	1,453	1,394	1,090	305	0%	-	45.22
30-039	Flasher 39	68,576	57,669	51,432	6,237	0%	-	121.83
30-048	Glen Ullin 48	202,771	158,315	152,078	6,236	0%	-	66.50
30-049	New Salem-Almont 49	354,305	272,584	265,729	6,855	0%	-	66.91
31-001	New Town 1	4,643,677	3,490,409	3,482,758	7,651	0%	-	38.19
31-002	Stanley 2	1,089,419	836,052	807,562	28,490	1%	0.80	68.79
31-003	Parshall 3	393,590	301,257	295,192	6,065	0%	-	69.15
32-001	Dakota Prairie 1	105,714	92,441	79,286	13,155	0%	-	70.83
32-066	Lakota 66	43,731	39,041	32,798	6,243	0%	-	89.08
33-001	Center-Stanton 1	457,097	352,364	342,823	9,541	0%	-	66.40
34-006	Cavalier 6	130,877	110,719	88,144	22,575	10%	10.42	102.14
34-019	Drayton 19	40,015	34,030	25,001	9,028	17%	21.00	125.80
34-043	St Thomas 43	21,346	20,403	16,009	4,393	0%	-	96.85
34-100	North Border 100	81,040	74,900	60,780	14,119	0%	-	65.76

School District Payments In-lieu of Property Taxes

		Mill Levy						
County District Number	School District	In Lieu Revenue	Deducted From Formula Current	Deducted From Formula HB 1370	One Year Estimated Cost		Sinking and Interest Levy	Total Levy
34-118	Valley-Edinburg 118	51,323	43,868	38,492	5,376	0%	-	79.73
35-001	Wolford 1	10,608	9,846	7,956	1,890	0%	-	95.00
35-005	Rugby 5	153,107	143,064	87,663	55,401	24%	28.00	118.35
36-001	Devils Lake 1	282,039	254,212	199,592	54,620	6%	5.30	93.92
36-002	Edmore 2	87,580	70,982	65,685	5,296	0%	-	106.29
36-044	Starkweather 44	13,890	13,126	10,418	2,708	0%	-	84.61
37-006	Ft Ransom 6	2,976	2,974	2,232	742	0%	-	67.76
37-019	Lisbon 19	39,360	39,360	29,044	10,316	2%	1.54	95.49
37-024	Enderlin Area 24	70,501	67,479	52,876	14,603	0%	-	76.78
38-001	Mohall-Lansford-Sherwood 1	406,341	316,243	284,518	31,725	7%	4.74	71.38
38-026	Glenburn 26	325,939	265,644	209,532	56,112	14%	15.08	105.56
39-008	Hankinson 8	133,120	128,510	88,998	39,512	11%	11.33	104.33
39-018	Fairmount 18	24,476	22,721	18,357	4,364	0%	-	92.00
39-028	Lidgerwood 28	32,996	31,232	22,938	8,294	7%	8.02	109.67
39-037	Wahpeton 37	277,613	259,013	122,824	136,189	41%	55.58	135.53
39-042	Wyndmere 42	26,450	24,641	19,838	4,803	0%	-	81.52
39-044	Richland 44	37,204	33,063	16,299	16,764	42%	50.19	120.69
40-001	Dunseith 1	32,938	29,947	24,703	5,244	0%	-	89.85
40-003	St John 3	198,578	154,849	148,933	5,916	0%	-	89.51
40-004	Mt Pleasant 4	463,983	356,920	347,987	8,933	0%	-	97.05
40-007	Belcourt 7	-	-	-	-	0%	-	-
40-029	Rolette 29	35,735	30,952	26,801	4,151	0%	-	105.05
41-002	Milnor 2	25,821	22,683	19,366	3,317	0%	-	95.00
41-003	North Sargent 3	51,583	49,093	38,687	10,406	0%	-	72.86
41-006	Sargent Central 6	57,944	50,620	36,170	14,450	17%	18.30	109.11
42-016	Goodrich 16	21,234	20,147	15,926	4,221	0%	-	59.30
42-019	McClusky 19	34,713	31,304	26,035	5,269	0%	-	72.98
43-003	Solen 3	30,718	24,153	23,039	1,114	0%	-	52.10
43-004	Ft Yates 4	13,040	9,901	9,780	121	0%	-	63.02
43-008	Selfridge 8	6,210	4,832	4,657	175	0%	-	55.30
44-012	Marmarth 12	83,318	62,805	62,488	317	0%	-	73.56
44-032	Central Elem 32	55,310	41,855	41,483	373	0%	-	23.03
45-001	Dickinson 1	2,808,673	2,144,571	1,532,673	611,898	27%	28.81	105.76
45-009	South Heart 9	822,598	618,398	317,587	300,811	49%	37.12	76.50
45-013	Belfield 13	578,187	434,625	433,640	985	0%	-	75.31
45-034	Richardton-Taylor 34	901,174	678,698	450,587	228,112	33%	46.00	138.00
46-010	Hope 10	45,418	37,797	34,063	3,734	0%	-	57.68
46-019	Finley-Sharon 19	33,211	30,102	24,908	5,194	0%	-	85.00
47-001	Jamestown 1	423,112	373,504	317,334	56,170	0%	-	99.01
47-003	Medina 3	44,396	38,272	33,297	4,975	0%	-	87.80
47-010	Pingree-Buchanan 10	73,183	58,684	54,887	3,796	0%	-	91.96
47-014	Montpelier 14	11,800	9,730	8,850	880	0%	-	73.31
47-019	Kensal 19	35,521	28,112	26,641	1,472	0%	-	58.55
48-010	North Star 10	22,581	21,784	16,936	4,848	0%	-	63.53
49-003	Central Valley 3	90,478	74,090	67,858	6,232	0%	-	72.99
49-007	Hatton Eielson 7	37,737	35,503	28,303	7,200	0%	-	83.66
49-009	Hillsboro 9	115,186	96,752	79,104	17,648	8%	7.00	83.00
49-014	May-Port CG 14	86,985	79,095	65,239	13,856	0%	-	87.14
50-003	Grafton 3	139,854	134,209	69,903	64,306	33%	48.00	143.90
50-005	Fordville-Lankin 5	15,102	13,575	11,326	2,248	0%	-	77.49
50-008	Park River Area 8	88,991	83,551	42,095	41,456	37%	43.71	118.36
50-020	Minto 20	28,866	26,198	10,687	15,511	51%	71.02	140.26
51-001	Minot 1	7,133,543	5,536,295	4,279,644	1,256,651	20%	22.22	111.05
51-004	Nedrose 4	75,329	71,793	30,120	41,672	47%	69.67	149.23

School District Payments In-lieu of Property Taxes

		Mill Levy						
County District Number	School District	In Lieu Revenue	Deducted From Formula Current	Deducted From Formula HB 1370	One Year Estimated Cost		Sinking and Interest Levy	Total Levy
51-007	United 7	128,079	111,145	96,059	15,085	0%	-	94.76
51-016	Sawyer 16	38,806	35,778	26,457	9,321	9%	9.87	108.53
51-028	Kenmare 28	173,335	136,611	130,001	6,610	0%	-	103.94
51-041	Surrey 41	67,170	58,613	50,377	8,235	0%	-	106.24
51-070	South Prairie 70	124,261	113,636	55,663	57,973	40%	55.29	137.29
51-161	Lewis and Clark 161	237,750	188,579	131,011	57,568	27%	33.39	125.87
52-025	Fessenden-Bowdon 25	15,940	14,223	11,955	2,267	0%	-	74.94
52-038	Harvey 38	91,567	87,044	68,676	18,368	0%	-	72.00
53-001	Williston 1	5,088,970	3,865,992	3,235,908	630,084	15%	18.94	124.46
53-002	Nesson 2	691,893	520,967	437,617	83,350	16%	11.45	73.08
53-006	Eight Mile 6	493,299	372,186	369,974	2,212	0%	-	50.97
53-008	New 8	1,386,092	1,049,608	1,039,569	10,039	0%	-	55.36
53-015	Tioga 15	1,312,692	990,649	788,028	202,622	20%	9.53	47.75
53-099	Grenora 99	564,181	425,033	278,688	146,345	34%	42.03	123.12
Grand Total		75,318,745	59,373,120	-	9,223,481			

Estimated Biennium Cost 18,446,962

** Changes all in lieu of property tax deductions to 75%

** Sinking and Interest Levies are not deducted