# FISCAL NOTE
## HOUSE BILL NO. 1369
## LC# 25.0716.04000
**02/25/2025**

## 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** | | | $99,968,096 | $75,000,000 | | |
| **Appropriations** | | | | $75,000,000 | | |

## 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).*

HB 1369 updates the school district foundation aid formula, increases the bid threshold for public improvements, and provides a transfer to the school district revolving loan fund.

## 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 1 increases the per pupil payment 2% for 2025-26 and another 2% for 2026-2027. The cost of this change is estimated at $91,968,096. The new per pupil amounts are $11,293 and $11,519.
Section 1 also eliminates the veterans' and homestead credit from the in lieu of property tax deduction. This will help align the Department of Public Instruction's property tax collection with the Tax Department's property tax collection. There is no expected fiscal impact of this change as the veterans' and homestead credits taxable valuation will be

included with the district taxable valuation.
Section 2 changes the average daily membership calculation to the greater of the previous year's average daily membership or a three-year average, whichever is greater. The estimated impact of this change is $8 million.
Section 3 increases the bid threshold for public improvements from $200,000 to $250,000. There may be some cost savings to political subdivisions with this change.
Section 4 eliminates the 12% cap for school district general fund levies. There is no fiscal impact as NDDPI does not project any district growth greater than 12%. This aligns the language for the property tax contribution and the school districts' ability to levy property tax.
Section 5 transfers $75 million from the Foundation Aid Stabilization Fund to the School Construction Revolving Loan Fund for the purpose of providing low interest loans to school districts.

## 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.*

## 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 increase expenditures in HB 1369 are a result of an increase in the per pupil payment of 2% each year and the change in the average daily membership calculations.

## 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.*

The appropriation for the Integrated Formula payment is in HB 1013. The cost to continue is a negative $9,312,607. The $99,968,096 is compared to the cost to continue the existing law. The appropriation for the revolving loan fund of $75 million comes from the Foundation Aid Stabilization Fund.

## Contact Information

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