

FISCAL NOTE
Requested by Legislative Council
02/05/2019

Amendment to: Engrossed HB 1380

- 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					\$15,100,000	
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			
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 1380 limits the dollar increases in property tax levied to 3% and limits the increase deducted from the funding formula to 3%. This limit does not apply to school districts until after school year 2021.

- 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.*

HB 1380 would reduce the maximum increase of the contribution from property tax to the integrated funding formula from 12% to 3% after the 2021 school year. The bill allows the voters to authorize a temporary increase to exceed the 3% limit. The deduction from the formula would be adjusted for any increase the voters authorize.

The actual impact of HB 1380 will depend on the actions of the local school district and any voter approval that may be sought.

The department does not currently collect enough data to know the total effect on school districts.

This bill would include the dollars levied for tuition and the miscellaneous fund into the 3% increase limit. Currently the miscellaneous levy authority is capped at 12 mills and a school district is able to levy the amount to cover tuition expenses they are required to pay.

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.*

The 3% limitation will apply to school districts after year 2021 and will limit the increase in local funding from property taxes.

HB 1180 effectively shifts an estimated \$15.1 million from local sources to state sources required to fund the K-12 formula.

Adjusting the maximum increase in property tax contribution from 12% to 3% will increase the state share of the funding formula until all school districts are at 60 mills and taxable valuation is growing at a rate of less than 3%.

- 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.*

Name: Adam Tescher

Agency: Department of Public Instruction

Telephone: 701-328-3291

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