

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/18/2021**

Bill/Resolution No.: SB 2267

- 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.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$708,800,000			
Appropriations						

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

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
Counties			
Cities			
School Districts		\$708,800,000	
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).*

SB 2267 eliminates the deductions of property tax and other local in lieu of revenue from the Foundation Aid Formula and eliminates the districts' ability to increase taxes greater than 12% if they are deducted below 60 mills in the formula.

- 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.*

Section 3 of SB 2267 repeals section 15.1-27-04.3 of North Dakota Century Code. This section increases school districts deduct in the funding formula if they are deducted below 60 mills. Repealing this section of code would decrease the local share of the Foundation Aid payment and increase the state share by \$14.8 million. School districts would no longer be able to levy the additional amount that is allowed in NDCC 57-15-14.2.

Section 1 of SB 2267 removes the deduction of property taxes and other local in lieu of property taxes from the Foundation Aid Formula. This would result in a state aid increase of an additional \$694 million.

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.*

With the elimination of the deduction of property taxes and other in lieu of property taxes in the Foundation Aid Formula, the state would have to increase its share of the Foundation Aid Formula to ensure the school districts receive the appropriate amount of funding set in NDCC 15.1-27.

School districts would still be allowed to levy property taxes in section 2 with the exception of the the adjustment in NDCC 15.1-27-04.3 as this would no longer be needed with the elimination of the property tax deduction.

- 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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