

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3373-01
Bill No.: SB 839
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Department
Type: Original
Date: March 11, 2008

Bill Summary: Modifies adjustment to funds payable resulting from transfer of title to real property for certain school districts.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| | | | |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the additional language to this section of statute eliminates a penalty to a district that initially leases modular buildings and then later purchases or otherwise takes title to such buildings. There is no increase in the cost of the state school foundation formula.

Under current language, if a penalty occurred, such penalty would be subtracted from the foundation formula payment due the district, thus very slightly reducing the cost of the formula. By eliminating the penalty, the state is foregoing the possibility of a very small amount of revenue to offset the cost of the foundation formula. No estimate can be made of this minimal potential offset to district's formula payment.

According to officials from the **Kingston K-14 School District (Kingston)**, if this proposed legislation is not passed as a one time exception for their district, then at the end of a lease, they will have to dismantle fifteen modular buildings and possibly move them to the east coast. The cost to separate the modular trailers, have wheels installed, install a tongue and hitch on each unit, and disconnect the electrical and sewer will be significant. Adding in the high cost of fuel, the total cost to move the trailers could exceed \$500,000 for the district. If the proposed legislation is approved, The Kingston district would be able to avoid most if not all of the cost to move the trailers by selling them to the highest bidder. The Kingston district could use the money to purchase other buildings or to build a permanent type building. The district had to agree to lease the 15 buildings for 11 years. The lease ends in 2014, which is beyond the scope of this fiscal note.

| | | | |
|---|-------------------------|----------------|----------------|
| <u>FISCAL IMPACT - State Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| <u>FISCAL IMPACT - Local Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

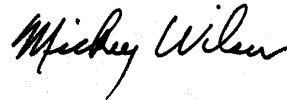
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Kingston K-14 School District



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Director
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