

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3019-01
BILL NO.: SB 785
SUBJECT: Education, Elementary and Secondary: Recalculated Levy
TYPE: Original
DATE: January 25, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
State School Moneys	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)
Total Estimated Net Effect on <u>All</u> State Funds	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$2,000,000	\$2,000,000	\$2,000,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Tax Commission** assume the proposal would result in no fiscal impact to the agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume there would be no additional increased state or local cost from making the reassessment add-on permanent. However, there would be no decrease in cost in the future since the add-on would not be removed in some future year.

Regarding the change in Line 14, for FY 01, approximately 125 districts would benefit from this change at an approximate state cost of \$2 million. A similar fiscal impact is assumed for FY 2002 and 2003.

It is assumed that the additional state cost will be to the State Schools Moneys Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
STATE SCHOOL MONEYS FUND			
<u>Cost-Department of Elementary and Secondary Education (DESE)</u>			
State Aid	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
SCHOOL DISTRICTS			
<u>Income-School Districts</u>			
State Aid	<u>\$2,000,000</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>

FISCAL IMPACT - Small Business

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

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DESCRIPTION

In the calculation of school district state aid, the proposal would remove the exceptions regarding tax rate adjustments due to reassessment.

An increase in the payment amount of line 14 (a) of the school foundation formula would be made by DESE if needed to ensure that a school district would receive no less total revenue from lines 14 (a) and 14 (b) than the district would receive if it levied an operating levy no greater than \$2.75 per one hundred dollars assessed valuation.

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
State Tax Commission



Jeanne Jarrett, CPA
Director
January 25, 2000