

FISCAL NOTE

Bill #: HB 41

Title: Revise laws governing dedicated revenue and statutory appropriation

Primary

Sponsor: John Witt

Status: Enrolled Bill

Sponsor signature _____ Date _____

Chuck Swysgood, Budget Director _____ Date _____

Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
General Fund	\$(744,000)	\$(1,320,000)
State Special - school technology fund	\$744,000	\$1,320,000
Revenue:		
General Fund	\$(743,300)	\$(1,319,300)
State Special - school technology fund	\$744,000	\$1,320,000
- Department of Livestock	(\$700)	(\$700)
Net Impact on General Fund Balance:	\$700	\$700

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. HB 41 creates two new accounts – a “guarantee account” in the general fund (a/e 01101), and a “school technology account” in the State Special Revenue Fund.
2. DNRC will deposit monies defined in section 20-9-341/342 and 20-9-343(3)(a)(ii) into the guarantee account and the school technology account, respectively.
3. The Board of Investment will invest cash balances in the two accounts in STIP and investment earnings for both accounts will be deposited in the guarantee account.
4. The Office of Public Instruction will distribute the amounts deposited in the guarantee account by DNRC and the Board of Investments to schools in June as BASE aid. The balance of the annual amount owed to schools for BASE aid will be paid from the general fund account 01100. The fund balance in the guarantee account at fiscal year end will be zero.

(continued)

5. This bill requires that income from timber sales above 18 million board feet from school trust lands be deposited in a new state special revenue account. Funds in this account would be statutorily appropriated for school technology. Under current law, this revenue is deposited in the general fund to be used for the same purpose. This revenue is projected in HJR2 to be \$744,000 in fiscal 2002 and \$1,320,000 in FY03.
6. Revised revenues projections not incorporated into HJR2 are listed below. These revenues are received in the following years under the provisions of 20-9-343(3)(a)(i) and deposited in the school technology account will equal:
 - a. FY2001 - \$1,250,000 (see Note in assumption number 6 below)
 - b. FY2002 - \$1,600,000
 - c. FY2003 - \$800,000
7. The Office of Public Instruction will distribute the amount deposited in the school technology account to schools in the fiscal year following the year the revenue is received for the purposes defined in 20-9-533. The amount distributed to schools each year by September 1 will equal the cash balance in the account as of the prior fiscal year end. [Note – The amount to be distributed to schools from the school technology account in FY 2002 is being deposited in the general fund during FY 2001. That amount will be transferred from the general fund to the school technology account in July 2001 for distribution to schools by September 2001, as authorized by a language appropriation in HB2.]
8. OPI payments from the school technology account are statutorily appropriated.
9. This bill requires that all other interest and income earned from school trust lands be deposited into a subfund of the state general fund for public schools. Under current law, this revenue is deposited into the general fund to be used for public schools. This revenue is projected to be \$41,877,000 in fiscal 2002 and \$42,280,000 in fiscal 2003.
10. This bill requires that revenue from the sale of property forfeited in connection with livestock theft or transportation of stolen livestock be deposited in the general fund. Under current law, this revenue is deposited in a state special revenue fund for training Department of Livestock personnel. These receipts have averaged \$700 per year.
11. The figures shown in this note are based on the revenue included in HJR2. The actual amount of revenue reduction and statutory appropriation will be as listed in #6 above, however the incremental base revenue increases have not been added to HJR2. These amounts would be \$800,000 in FY2001, \$856,000 in FY2002, and a reduction of \$520,000 in FY2003.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
General Fund	\$(744,000)	\$(1,320,000)
State Special - school technology fund	\$744,000	\$1,320,000

Revenues:

General Fund (01)	\$(743,300)	\$(1,319,300)
State Special - school technology fund	\$744,000	\$1,320,000
- Department of Livestock	(\$700)	(\$700)

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	\$700	\$700
State Special - school technology fund	\$0	\$0
- Department of Livestock	(\$700)	(\$700)

TECHNICAL NOTES:

Department of Natural Resources

1. Section 9 provides coordination instructions for House Bill 41 and Senate Bill 495. The fiscal note comments and computations for Senate Bill 495 are all premised on the ability to fund the trust administration account as provided in 77-1-108 and –109, MCA. Legislative Fiscal Division has requested confirmation from Greg Petesch, Legislative Services Division Code Commissioner. The department anticipates the Code Commissioner will re-confirm that there is no conflict with 77-1-108 and –109, MCA. The department therefore assumes that House Bill 41 and Senate Bill 495, as amended, will not affect funding of the trust administration account from royalty revenue and other proceeds.