

# FISCAL NOTE

**Bill #:** SB0218

**Title:** Allow inactive tuition funds to be closed; Transferred into misc. programs fund

**Primary Sponsor:** Don Ryan

**Status:** As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
<b>Expenditures:</b>		
General Fund	25,000	25,000
<b>Net Impact on General Fund Balance:</b>	<b>(\$25,000)</b>	<b>(\$25,000)</b>

<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. Under current law (20-9-201), fund balances in obsolete funds that do not have a cash or fund balance deficit must be transferred to a district's general fund.
2. Balances transferred to the general fund from obsolete funds are used to reduce the district's general fund BASE levy and, if the district is eligible, to reduce state guaranteed tax base aid payments to the district.
3. For the last two fiscal years, 127 school districts reported fund balances totaling \$854,570 in Tuition Funds that reported no expenditures for the same two-year period. Although current law requires obsolete funds to be deposited to the district general fund, these fund balances would not be transferred to the district general fund in this biennium.

4. In FY2002 and FY 2003, districts will transfer Tuition Fund balances totaling \$50,000 to the Miscellaneous Programs Fund.
5. On average statewide, for every \$1 levied to fund district BASE budgets, the state provides \$1 in guaranteed tax base aid.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Local Assistance	\$25,000	\$25,000
<u>Funding:</u>		
General Fund (01)	\$25,000	\$25,000
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$25,000)	(\$25,000)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

School district general fund costs and property taxes would increase approximately the same amount as the state general fund or \$25,000 per year.

LONG-RANGE IMPACTS:

A school district's Tuition Fund is financed with a permissive (non-voted) property tax levy, whereas the Miscellaneous Programs Fund is financed from sources other than property tax levies. Under current law, the cash balance in an obsolete Tuition Fund is transferred to the district's general fund, reducing the district's general fund BASE levy. Under SB 218, the balance will be transferred to a district's Miscellaneous Programs Fund; as a result, no reduction in district property tax levies will occur when obsolete Tuition Funds are closed.