

**Montana Taxpayers Comments**  
**In opposition of HB136**  
**By Nancy Schlepp**

When looking at this bill at first glance this seems like a school funding bill. However if you take a longer look, this isn't a tax policy bill; this is a revenue redistribution bill with the big winner being the State's General Fund. HB136 brings in more revenue than it spends, so it is essentially raising money for the general fund.

To explain this, please look at page 9 of the fiscal note. If you look at the 2012/13 interim these are the following increases:

(A) \$76 million is redistributed from oil and gas to the "State Special Rev (02) Teach Montana" while decreasing the same amount from the "General Fund (01) Quality Educator Pmt".

(B) \$17 million from "State Spec Rev (02) Schl Facility and Technology" is redistributed from the "General Fund (01) School Facility Reimbursement" through added language in 20-9-516 which was for major maintenance, energy efficiency, critical infrastructure, and emergency needs.

(C) Approx. \$9 million from a 2 year delay in power site rental payments going into the school facility and technology account.

TOTAL NEW MONEY FREED FROM GENERAL FUND= (A) + (B) + (C) =

**(D) \$102 MILLION**

The amount of TOTAL EXENDITURES for schools:

**(E) \$37 million INCREASE**

TOTAL NEW MONEY CREATED FOR THE GENERAL FUND= (D) - (E) =

**\$65 MILLION new money to the general fund.**

**Fiscal Note Request – As Introduced - Revised**

(continued)

	<u>FY 2012</u> <u>Difference</u>	<u>FY 2013</u> <u>Difference</u>	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Contracted Services (Dept. of Revenue)	\$300,000	\$0	\$0	\$0
Grants (Dept. of Commerce)	\$5,000,000	\$0	\$0	\$0
Personal Services (MSDB, Military Affairs, Corrections)	\$0	\$3,499	\$3,499	\$3,499
Local Assistance (Direct State Aid)	\$7,461,274	\$13,555,882	\$13,609,332	\$13,673,867
Local Assistance (Guaranteed Tax Base Aid)	\$4,209,681	\$6,837,573	\$6,885,938	\$7,048,703
Local Assistance (Retirement)	\$21,656	\$22,340	\$23,045	\$23,773
Local Assistance-K-12 BASE Aid	\$4,385,702	\$4,473,416	\$0	\$0
General Fund Expenditure Offset (Assump. #12)	(\$4,385,702)	(\$4,473,416)	\$0	\$0
<b>TOTAL Expenditures</b>	<b>\$16,992,611</b>	<b>\$20,419,294</b>	<b>\$20,521,814</b>	<b>\$20,749,842</b>

**Funding of Expenditures:**

General Fund (01)	\$12,606,909	\$15,945,878	\$20,521,814	\$20,749,842
State Spec Rev (02) CS Guarantee Acct	\$4,385,702	\$4,473,416	\$0	\$0
(B) State Spec Rev (02) Schl Facility & Technology	\$8,586,000	\$8,586,000	\$8,586,000	\$8,586,000
(A) State Spec Rev (02) Teach Montana	\$38,339,823	\$37,974,324	\$37,215,305	\$36,601,252
General Fund (01) Quality Educator Pmt	(\$38,339,823)	(\$37,974,324)	(\$37,215,305)	(\$36,601,252)
General Fund (01) Schl Facility Reimbursement	(\$8,586,000)	(\$8,586,000)	(\$8,586,000)	(\$8,586,000)
(B) <b>TOTAL Funding of Exp.</b>	<b>\$16,992,611</b>	<b>\$20,419,294</b>	<b>\$20,521,814</b>	<b>\$20,749,842</b>

Handwritten notes: #17 million, #76 million, (E) = \$37 million

**Revenues:**

General Fund (01)	\$0	\$0	\$0	\$0
(C) State Spec Rev (02) CS Guarantee Acct	\$4,385,702	\$4,473,416	\$0	\$0
State Spec Rev (02) Schl Facility & Technology	(\$4,385,702)	(\$4,473,416)	\$0	\$0
State Spec Rev (02) Teach Montana	\$38,474,488	\$37,839,659	\$37,215,305	\$36,601,252
<b>TOTAL Revenues</b>	<b>\$38,474,488</b>	<b>\$37,839,659</b>	<b>\$37,215,305</b>	<b>\$36,601,252</b>

Handwritten notes: approx, #9 million

**Net Impact to Fund Balance (Revenue minus Funding of Expenditures):**

General Fund (01)	\$34,318,914	\$30,614,446	\$25,279,491	\$24,437,410
State Spec Rev (02) CS Guarantee Acct	\$0	\$0	\$0	\$0
State Spec Rev (02) Schl Facility & Technology	(\$12,971,702)	(\$13,059,416)	(\$8,586,000)	(\$8,586,000)
State Spec Rev (02) Teach Montana	\$134,665	(\$134,665)	\$0	\$0

**Effect on County or Other Local Revenues or Expenditures:**

**Office of Public Instruction**

1. The increase to the quality educator payment, is fully funded by the state. The increase in these payments will not increase district property taxes, but there could be a small county retirement levy increase.
2. The cost of the basic and per-ANB entitlements is shared by the state and local taxpayers. Entitlements increase in this bill, therefore, the BASE budget and maximum general fund budget could increase depending on the change in student enrollments (which drives per-ANB funding). Statewide, local property taxes to fund the BASE budget could increase by \$6.0 million in FY 2012 and \$8.6 million in FY 2013.

(A) + (B) + (C) = (D) = \$102 million

(D) - (E) = \$65 million in new money to the general fund.