



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill # HB0039

Title: Revise school finance laws to correct implementation problems

Primary Sponsor: McChesney, Bill

Status: As Amended on the House Floor

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
Expenditures:				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Rev (02) (Schl Facility & Tech Acct)	\$0	\$0	\$0	\$0
State Special Rev (02) (Guarantee Acct)	\$0	\$0	\$0	\$0
State Special Rev (02) (State Schl O&G Impact Acct)	\$0	\$0	\$0	\$0
State Special Rev (02) (County Schl O&G Impact Fund)	\$0	\$0	\$0	\$0
Revenue:				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Rev (02) (Schl Facility & Tech Acct)	\$55,107	\$55,107	\$55,107	\$55,107
State Special Rev (02) (Guarantee Acct)	\$0	\$0	\$0	\$128,584
State Special Rev (02) (State Schl O&G Impact Acct)	(\$9,184)	(\$9,184)	(\$9,184)	\$0
State Special Rev (02) (County Schl O&G Impact Fund)	(\$45,923)	(\$45,923)	(\$45,923)	\$0
Net Impact-General Fund Balance:	\$0	\$0	\$0	\$0

Description of fiscal impact: HB 39, as amended, changes the distribution of school district unreserved fund balances to the state and counties. Monies that are allocated to the State School Oil and Gas Impact Account and the County School Oil and Gas Impact Fund under current law will be allocated to the School Facility and Technology Account under HB 39. There is no impact on the state general fund.

FISCAL ANALYSIS

Assumptions:

Office of Public Instruction (OPI)

1. HB 39, Section 1, amends the statute on multi-district cooperatives to include provisions specifying terms for school districts to exit multidistrict cooperative agreement; sets the maximum length of an agreement to three years; and prohibits transfers from school district retirement and debt service funds, or non-budgeted

funds other than compensated absence liability fund to a multi-district cooperative. This change is not projected to have a state fiscal impact.

2. Section 2, as amended, eliminates the current law distribution of excess school district fund balance payments to the State School Oil and Gas Impact Account and the County School Oil and Gas Impact Fund in 20-9-104. In FY 2013, school districts paid \$183,691 to the state under the provisions of 20-9-104(6), of which 70% was allocated to the guarantee account, 5% was allocated to the State School Oil and Gas Impact Account, and 25% is allocated to the County School Oil and Gas Impact Fund. HB 39, as amended, continues the allocation of 70% of the monies to the guarantee account, but redirects 30% of the monies to the School Facility and Technology Account.
3. The portion of Section 2, 20-9-104, MCA, that becomes effective July 1, 2016, is amended in HB 39 to continue requiring school districts with unreserved fund balance in excess of 15% of the school district's maximum general fund budget to remit the excess 70% to the state special revenue Guarantee Account and 30% to the state special revenue School Facility and Technology Account. Under current law, school districts were not required to remit excess funds to the state after June 30, 2016. For the purposes of this fiscal note, the revenue received after July 1, 2016, is considered new revenue in the Guarantee Account and School Facility and Technology Account.
4. Section 3 amends 20-9-208, MCA, to prohibit transfers from the school districts' retirement fund and debt service fund to other district funds. This change is not projected to have a state fiscal impact.
5. Section 4 amends 20-9-235, MCA, to prohibit the payment of state transportation reimbursements to a school district's investment account. This change is not projected to have a state fiscal impact.
6. Section 5 clarifies the laws related to the County School Oil and Natural Gas Impact Fund. These changes are not projected to have a state fiscal impact.
7. Section 6 amends 20-9-534, MCA, to use current year BASE budget information for the purpose of calculating the school technology allocation. This change is not projected to have a state fiscal impact.

Department of Revenue (DOR)

8. HB 39, as amended, changes the distribution of any unreserved fund balance in excess of 15% of a school district's maximum general fund budget. This will alter the distribution mechanism by the Department of Revenue and will not create an administrative cost.
9. Section 5 of the bill states that within 120 days following the end of the fiscal year, the Department of Revenue shall determine if the criteria for distribution of the County School Oil and Natural Gas Impact Fund have been met. This includes the average price for a barrel of oil as reported in the Wall Street Journal for west Texas intermediate crude oil price per barrel during a calendar quarter, have been met.

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
<u>Fiscal Impact:</u>				
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Rev (02) (Schl Facility & Tech Acct)	\$0	\$0	\$0	\$0
State Special Rev (02) (Guarantee Acct)	\$0	\$0	\$0	\$0
State Special Rev (02) (State Schl O&G Impact Acct)	\$0	\$0	\$0	\$0
State Special Rev (02) (County Schl O&G Impact Fund)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0

<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Rev (02) (Schl Facility & Tech Acct)	\$55,107	\$55,107	\$55,107	\$55,107
State Special Rev (02) (Guarantee Acct)	\$0	\$0	\$0	\$128,584
State Special Rev (02) (State Schl O&G Impact Acct)	(\$9,184)	(\$9,184)	(\$9,184)	\$0
State Special Rev (02) (County Schl O&G Impact Fund)	(\$45,923)	(\$45,923)	(\$45,923)	\$0
TOTAL Revenues	\$0	\$0	\$0	\$183,691

<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Rev (02) (Schl Facility & Tech Acct)	\$55,107	\$55,107	\$55,107	\$55,107
State Special Rev (02) (Guarantee Acct)	\$0	\$0	\$0	\$128,584
State Special Rev (02) (State Schl O&G Impact Acct)	(\$9,184)	(\$9,184)	(\$9,184)	\$0
State Special Rev (02) (County Schl O&G Impact Fund)	(\$45,923)	(\$45,923)	(\$45,923)	\$0

Technical Notes:

Department of Revenue (DOR)

1. Section 5, as amended, directs the county treasurer to allocate 80% of the money proportionally to affected school districts. However, there is no money for the county treasurer’s to distribute because there is no appropriation authority for the state to distribute funds from the state special revenue County School Oil and Gas Impact Fund to the counties.

Sponsor’s Initials

Date

Budget Director’s Initials

Date