MTSBA Testimony on SB 260 Fiscal Note

Comparison of Fiscal Estimates for Concentric Circles, SB 175, 2013 Session vs. SB 260, 2015 Session

SB 260 extends the provisions for distributing oil and natural gas production taxes through the "concentric circles" mechanism until June 30, 2024. Monies that would have been distributed to the state special revenue guarantee account and other state special revenue accounts will instead go to the "concentric circle" schools and to a new grant program, which will be developed by the Office of Public Instruction in collaboration with school districts. The offset of decreased revenue to the state special revenue guarantee account must be paid by the state general fund beginning in FY 2017 at a cost of approximately $5.6 million per year.

Fiscal Year	2014	2015	2016	2017	2018	2019
SB 175, 2013 Session	$11,464,527	$10,859,551	$16,204,593	$16,428,077		
SB 260, 2015 Session			$0	$5,581,291	$5,548,417	$5,796,585
Change, $$				-$10,846,786		
Change, %				-66.03%		

Points on Fiscal:

1. **There is no projected impact in FY16 because SB 175 provided for distribution of concentric circle money through FY16.**
2. **The annual projection starting in FY17 is because SB 175 provided for termination of concentric circles after FY16**
3. **The drop in oil and gas prices has reduced revenue for school districts but has not reduced impacts.**
4. **There has been a significant drop in oil and natural gas prices. Whereas the fiscal note in SB 175 projected annual revenues of $16.4 million by FY17, the projection for annual revenues under SB 260 are now at $5.6 million, a 66% negative swing and a 50% drop in revenues from FY14.**

SENATE FINANCE & CLAIMS
Exhibit No. 2
Date 2/23/15
Bill No. SB 260