

SB 96 - The legislation reduces the taxes assessed on class eight business equipment by providing a tax rate of 1.5% on the first \$10 million of taxable market value and 3% for all taxable market value in excess of \$10 million. It also exempts the first \$250,000 in market value of this property owned by a taxpayer, beginning in TY 2014. Reimbursement through a transfer of general fund is provided to the university system for loss of the 6-mill levy revenue. The legislation is effective on passage and approval and applies to property tax years beginning after December 31, 2013.

In addition, the legislature created the potential for the following on-going general fund transfers:

HB 354 – The legislation provides for the potential of the following three new transfers from the general fund to the fire suppression account (money in the account cannot exceed \$100 million):

- The transfer of any unexpended and unencumbered balance of the Governor’s emergency appropriation at the end of each biennium
- By August 15 following the end of each fiscal year, an amount equal to the balance of unspent general fund appropriated in that year in excess of 0.5% of the total general fund appropriated for that fiscal year, must be transferred (\$1.0 million is shown on the chart)
- Certain corporation license tax revenue deposited in the general fund must be transferred in the following manner:
 - By August 15, 2013, funds in excess of \$152 million collected for FY 2013
 - By August 15, 2014, funds in excess of \$152.2 million collected for FY 2014
 - By August 15, 2015, funds in excess of \$157.5 million collected for FY 2015

This legislation is effective on passage and approval.

APPROPRIATIONS BY SOURCE OF AUTHORITY – OTHER LEGISLATION

The legislature approved other legislation that increases general fund by an additional \$493.5 million. The following figure illustrates.

Other Appropriation Legislation -- General Fund	
Feed bill	\$ 9,231,000
Supplemental appropriations	118,799,000
State employee pay plan	59,100,000
Infrastructure Assistance	103,176,000
Pension Legislation	127,574,000
K-12	48,764,000
Other Bills	<u>\$ 26,839,000</u>
Total	\$ 493,483,000

BILLS ADDRESSING MAJOR BUDGET ISSUES

SB 175

In comparing K-12 education funding from the 2013 biennium to the 2015 biennium, it is necessary to examine HB 2 in conjunction with SB 175. SB 175 changed school law in a number of ways. The bill:

- Applies statutory inflation - 0.89% in FY 2014 and 2.08% in FY 2015 to per-ANB entitlements only; funding is in HB 2
- Increases the basic entitlements and creates multiple basic entitlements per district
- Creates new data for achievement payment of \$10 per ANB in FY 2014, \$15 per ANB in FY 2015 and \$20 per ANB in FY 2016 and beyond
- Creates a data task force