



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2021 Biennium

Bill #	HB0643	Title:	Extend state lands reimbursement block grant for schools
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Primary Sponsor:	Knudsen, Rhonda	Status:	As Introduced
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|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" 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 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
Expenditures:				
General Fund	\$54,809	\$52,738	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$54,809)</u>	<u>(\$52,738)</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 643 revises school funding laws related to state lands reimbursement block grants by extending the sunset date and provides a \$100,000 appropriation for each year of the 2021 biennium. There would be an offsetting guaranteed tax base aid (GTB) general fund reduction. The state general fund cost of HB 643 would be \$107,547 for the 2021 biennium.

FISCAL ANALYSIS

Assumptions:

1. SB 95, 2017 regular session, created a \$100,000 state lands reimbursement block grant to each school district in a county with greater than 20% of the county's land area composed of state school trust lands (20-9-640, MCA).
2. SB 2, 2017 special session, eliminated school block grants (20-9-630, MCA) and the appropriation for block grants was reduced to \$0 from HB 2 for FY 2018 and FY 2019.
3. HB 3 in the 2019 Legislative session has been amended to include \$100,000 for this purpose for FY 2019.
4. Currently, one district is eligible for the distribution of the state lands reimbursement block grant.
5. Districts eligible to receive the state lands reimbursement block grant must allocate the block grant to the district's general fund BASE budget as an anticipated revenue.

6. The anticipation of this revenue may result in lowered BASE mills which would reduce the district's general fund guaranteed tax base aid by \$45,941 in FY 2020 and \$47,262 in FY 2021.
7. HB 643 provides an appropriation of \$100,000 for each year of the 2021 biennium and should be recognized in HB 2 as a separate line item. Distribution of this block grant would reduce K-12 BASE aid for the amount of the GTB savings.

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Local Assist (State Lands Block Grant)	\$100,000	\$100,000	\$0	\$0
Local Assist (GTB)	(\$45,191)	(\$47,262)	\$0	\$0
TOTAL Expenditures	<u>\$54,809</u>	<u>\$52,738</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$54,809	\$52,738	\$0	\$0
TOTAL Funding of Exp.	<u>\$54,809</u>	<u>\$52,738</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$54,809)	(\$52,738)	\$0	\$0

Effect on County or Other Local Revenues or Expenditures:

1. Qualifying districts may have a reduction in property taxes estimated of approximately \$55,000 per year.
- 2.

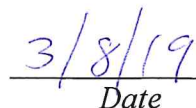
Technical Notes:

1. Section 20-9-640(2), MCA, states, "Each year, 70% of each district's block grant must be distributed in November and 30% of each district's block grant must be distributed in May at the same time that guaranteed tax base aid is distributed." This may conflict with HB 127 which adjusts the payment of guaranteed tax base aid to December.


Sponsor's Initials


Date


Budget Director's Initials


Date