



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # SB0024

Title: Allow nonoperating school districts to retain oil and gas revenue

Primary Sponsor: Salomon, Daniel R

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 24 modifies section 20-9-310, MCA, for specific situations that pertain to non-operating school districts and the maximum retainable amount of oil and natural gas production taxes. There is no significant fiscal impact to the state special revenue guarantee account.

FISCAL ANALYSIS

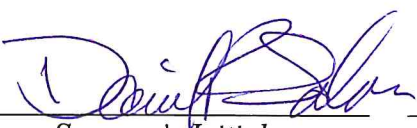
Assumptions:


- Section 20-9-310, MCA, permits school districts to retain oil and natural gas production taxes in an amount up to 130% of the district's maximum general fund budget limit as defined in 20-9-308, MCA.
- SB 24 modifies section 20-9-310, MCA, to include the following language: "For a district in non-operating status under 20-9-505, the maximum amount of oil and natural gas production taxes that a school district may retain is 130% of the school district's maximum budget in the district's most recent operating year, determined in accordance with 20-9-308." This modification would permit a district in non-operating status to retain oil and natural gas production taxes as the district would be able to apply the maximum general fund budget of its last operating year to the amount it may retain.

Fiscal Note Request – As Introduced

(continued)

3. A district in non-operating status is permitted to have a non-operating, miscellaneous programs & debt service funds open during the non-operating time period which may occur for a period up to three fiscal years.
4. Currently, a district in non-operating status is required to remit 100% of its oil and natural gas production taxes to the state special revenue guarantee account provided for in 20-9-622, MCA. A non-operating school district has no district general fund therefore no calculated maximum general fund budget limit.
5. At this time, there are no schools in non-operating status that would receive oil and natural gas productions taxes under this change in statute. However, should a district enter non-operational status it may be assumed that the number of ANB in the final year of operation would be low.
6. The calculation of maximum budget limitation includes a district's basic and per ANB entitlement, the five additional funding components, and 140% of its special education entitlement. In FY 2021 a district with 2 ANB generates a calculated maximum general fund budget of \$87,257 and the maximum retainable amount of oil and natural gas production taxes would be approximately \$113,434 if a full 130% were possible.
7. For purposes of this fiscal note, there is no cost to this bill.

 1-11-21
Sponsor's Initials Date

 1/8/21
Budget Director's Initials Date