



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # SB0305

Title: Revise and extend state lands reimbursement block grant for schools

Primary Sponsor: Lang, Mike

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	\$37,546	\$36,770	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$37,546)</u>	<u>(\$36,770)</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 305 revises school funding laws related to state lands reimbursement block grants by extending the sunset date and directs a \$75,000 reimbursement for each year of the 2023 biennium. There would be an offsetting guaranteed tax base aid (GTB) general fund reduction. The state general fund cost of SB 305 would be \$74,316 for the 2023 biennium.

FISCAL ANALYSIS

Assumptions:

- SB 305 extends the June 30, 2021 termination date for state lands reimbursement block grants to June 30, 2023 and decreases the payment from \$100,000 to \$75,000 per year.
- 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).
- 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.
- HB 3 in the 2019 Legislative session was amended to include \$100,000 for this purpose for FY 2019.

5. HB 643, 2019 session, extended the sunset for the state lands block grant and provided a \$100,000 appropriation for each year of the 2021 biennium.
6. Currently, only one district is eligible for the distribution of the state lands reimbursement block grant.
7. 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.
8. The anticipation of this revenue may result in lowered base mills which would reduce the district’s general fund guaranteed tax base aid by \$37,454 in FY 2022 and \$38,230 in FY 2023.
9. SB 305 directs the Office of Public Instruction to provide \$75,000 for each year of the 2023 biennium to the one school district qualifying as a district in a county with greater than 20% of the county’s land area composed of state school trust lands. There is no appropriation in this bill. Distribution of this block grant would reduce the amount of guaranteed tax base aid paid to this district.


	<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>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Local Assist (State Lands Approp)	\$75,000	\$75,000	\$0	\$0
Local Assist (Guarantee Tax Base Aid)	(\$37,454)	(\$38,230)	\$0	\$0
TOTAL Expenditures	<u>\$37,546</u>	<u>\$36,770</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$37,546	\$36,770	\$0	\$0
TOTAL Funding of Exp.	<u>\$37,546</u>	<u>\$36,770</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)	(\$37,546)	(\$36,770)	\$0	\$0

Effect on County or Other Local Revenues or Expenditures:

1. The qualifying district may have a reduction in property taxes estimated at approximately \$37,000 per year.

Technical Notes:

1. This bill has no appropriation.

 _____ Sponsor's Initials	<u>2/24/21</u> _____ Date	<u>KA</u> _____ Budget Director's Initials	<u>2/23/21</u> _____ Date
--	---------------------------------	--	---------------------------------