

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4475-01
Bill No.: HB 1818
Subject: Elementary and Secondary Education; Taxation and Revenue - Property
Type: Original
Date: January 31, 2020

Bill Summary: This proposal removes increases in the amount received from fines for school purposes from the calculation of local effort for school districts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	\$0	\$0 to (Could exceed \$2,093,973)	\$0 to (Could exceed \$2,093,973)
Total Estimated Net Effect on General Revenue	\$0	\$0 to (Could exceed \$2,093,973)	\$0 to (Could exceed \$2,093,973)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Local Government	\$0	\$0 to Could exceed \$2,093,973	\$0 to Could exceed \$2,093,973

FISCAL ANALYSIS

ASSUMPTION

Officials from **Department of Elementary and Secondary Education (DESE)** assume this proposal would increase the formula call by \$2,093,973, starting in FY 2021, when looking at FY 2020 foundation formula call and have a slight increase each year thereafter.

Upon further inquiry, **DESE** stated the estimate is the difference between FY18 and FY05 fines and then difference between the foundation formula call with the increase in fine revenue and the foundation formula call without the increase in fine revenue.

Oversight assumes the fine revenue collected varies from year to year; therefore, Oversight will show a range of impact of \$0 (no difference between current year fine revenue and FY 05 fine revenue) to a cost to General Revenue due to an increased call to the foundation formula as estimated by DESE.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, school districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

Oversight will reflect DESE’s estimated impact, but will assume the impact will not occur until FY 2022.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE			
<u>Cost</u> - increased call to the foundation formula	<u>\$0</u>	\$0 to (Could exceed <u>\$2,093,973</u>)	\$0 to (Could exceed <u>\$2,093,973</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	\$0 to (Could exceed <u>\$2,093,973</u>)	\$0 to (Could exceed <u>\$2,093,973</u>)

FISCAL IMPACT - Local Government

FY 2021
(10 Mo.)

FY 2022

FY 2023

SCHOOL DISTRICTS

<u>Revenue</u> - increase in state aid	<u>\$0</u>	\$0 to Could exceed <u>\$2,093,973</u>	\$0 to Could exceed <u>\$2,093,973</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>\$0</u>	\$0 to Could exceed <u>\$2,093,973</u>	\$0 to Could exceed <u>\$2,093,973</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill modifies the definition of "local effort" with regards to school funding, by removing fines from the calculation, in every fiscal year beginning on or after July 1, 2021.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education



Julie Morff
Director
January 31, 2020



Ross Strope
Assistant Director
January 31, 2020