

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4481-01
Bill No.: HB 1817
Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education; Department of Natural Resources
Type: Original
Date: January 31, 2020

Bill Summary: This proposal excludes certain administrative penalties from the calculation of local effort in Iron County.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

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 5 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 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Natural Resources** and **Department of Elementary and Secondary Education (DESE)** each assume the proposal will have no fiscal impact on their respective organizations.

Upon further inquiry, **DESE** stated the fines paid into the Iron County school fund are from Doe Run mine and if those fines had to be included in the districts local effort calculation it would result in a lower foundation formula to those districts.

That being said, the last time these same fines where paid, this exact same law was in place to prevent the large fine amount from devastating the amount of foundation formula the district would receive. So the reply was in reference to the fact that last time these same fines where paid they were not included as part of the local effort deduction.

But there would officially be a lower formula call if this law where not in place, but at this time we do not have enough information in order to estimate that.

Oversight notes the following school districts appear to be located in Iron County:

- South Iron County R-I School Districts
- Arcadia Valley R-II
- Belleview R-III
- Iron County C-4 School District
- Lesterville R-IV
- Valley R-VI

Oversight assumes, if this proposal reduces the amount of fine revenue used in the calculation of local effort, this could increase the call to the foundation formula. Oversight will show a range of impact from \$0 (no change to the foundation formula if there is no increase in fine revenue as a result of the Administrative Order) to an unknown increased call to the foundation formula due to additional fine revenue not being include in the calculation of local effort.

Oversight received limited number of responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

ASSUMPTION (continued)

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.

<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 if the increase in specific fine revenue is not include in the calculation of local effort - §163.024	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
SCHOOL DISTRICTS			
<u>Revenue</u> - increase in state aid payments to impacted school districts - §163.024	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</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 prevents money received into the Iron County School Fund from the payment of penalty under the specified administrative order issued by the Department of Natural Resources to be included in the Iron County School calculation for local effort.

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
Department of Natural Resources



Julie Morff
Director
January 31, 2020



Ross Strobe
Assistant Director
January 31, 2020