

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING A REDUCTION IN 2023 RESIDENTIAL PROPERTY TAXES.

Prime Sponsors: Sens. Fenberg and Hansen	JBC Analyst: Andrea Uhl
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**Appropriation Items of Note**

**Appropriation Required, Amendment in Packet**

**General Fund Impact**

**Fiscal Impact of Bill as Amended to Date**

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 11/18/23.

<b>XXX</b>	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The Senate passed amendments to the bill on Third Reading (11/19/23) and the House Transportation, Housing, & Local Government Committee Report (11/19/23) includes amendments to the bill, however, Legislative Council Staff and JBC Staff agree that the committee amendments do not change the fiscal impact of the bill.

**Amendments in This Packet for Consideration by Appropriations Committee**

<b>Amendment</b>	<b>Description</b>
J.001	Staff-prepared appropriation amendment

**Current Appropriations Clause in Bill**

The bill requires but does not contain an appropriation clause.

**Description of Amendments in This Packet**

**J.001** Staff has prepared amendment **J.001** (attached) to add a provision appropriating a total of \$34,659 General Fund to the Department of Local Affairs for FY 2023-24. This provision

also states that the appropriation is based on the assumption that the Department will require an additional 0.5 FTE to implement this act.

**Points to Consider***General Fund Impact*

This bill requires a General Fund expenditure via a warrant issued by the State Treasurer estimated at \$50.6 million (but not to exceed \$54.0 million) and a \$34,659 General Fund appropriation to the Department of Local Affairs in FY 2023-24, reducing the amount of General Fund available for other purposes in FY 2023-24 or FY 2024-25 by the same amount.

The FY 2024-25 transfer of \$146.0 million General Fund into the State Education Fund included in this bill will reduce the amount of General Fund available for other purposes in FY 2024-25 by the same amount.

*FY 2023-24 General Fund Reserve.* The required General Fund reserve for the fiscal year ending June 30, 2024 is 15.0 percent of FY 2023-24 General Fund appropriations. Based on the September 2023 economic forecasts, both OSPB and LCS anticipate the General Fund reserve for the fiscal year ending June 30, 2024 to exceed the statutorily required reserve. OSPB anticipates an excess reserve of \$183.7 million and LCS anticipates an excess reserve of \$1.5 million.

*Future Budget Processes/School Finance*

The bill requires the State to backfill decreases in local school finance revenues in FY 2023-24 as a result of the changes in the bill, estimated at \$145.4 million in FY 2023-24. This amount can be paid from the General Fund, the State Education Fund, the State Public School Fund, or any combination of the three. However, as discussed in the Legislative Council Staff Revised Fiscal Note (11/18/23), current data indicates that the local share will be \$262.1 million higher than anticipated in the original (2023 Session) appropriation for FY 2023-24. Therefore, if this bill reduces the local share of school finance by \$145.4 million in the current year, the existing appropriation for school finance would still exceed the requirements of current law by \$116.7 million. The General Assembly makes mid-year adjustments to total program funding during the supplemental budget process each January to align total program funding with actual data. The mid-year adjustment will allow the General Assembly to align the final appropriation with actual data for the local share, pupil counts, and at-risk pupil counts.