

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING PROVIDING STATE MATCHING MONEY FOR PROPERTY TAX REVENUE COLLECTED BY SCHOOL DISTRICTS.

Prime Sponsors: Sens. Zenzinger and Rankin
Representative McCluskie

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Phone: 303-866-3481
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Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund Impact

New Cash Fund

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/18/22.

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

The Education Committee Report (04/21/22) 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.

The fiscal note identifies a need for \$65,383,457 cash funds from the Mill Levy Override Match Fund to fully fund the distributions anticipated in the bill. However, the fiscal note does not specify an original source for those funds. This (JBC Staff) analysis assumes that the introduced bill requires an appropriation of \$65,383,457 from the General Fund *to* the Mill Levy Override Match Fund and an appropriation of that amount of reappropriated funds *from* the cash fund.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment
L.003/J.002	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

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 \$130,808,152 to the Department of Education for FY 2022-23, including \$65,424,695 General Fund and \$65,383,457 reappropriated funds from the Mill Levy Override Match Fund (which consists of General Fund appropriated to the cash fund). This provision also states that the appropriation is based on the assumption that the Department will require an additional 0.5 FTE to implement the act.

L.003 and J.002

Bill Sponsor amendment **L.003** (attached) transfers \$20.0 million from the General Fund to the Mill Levy Override Match Fund for appropriation to support the bill in FY 2022-23. Staff has prepared amendment **J.002** (attached) to add a provision appropriating a total of \$20,041,238 to the Department of Education for FY 2022-23, including \$41,238 General Fund and \$20,000,000 cash funds from the Mill Levy Override Match Fund. This provision also states that the appropriation is based on the assumption that the Department will require an additional 0.5 FTE to implement the act.

If the Committee adopts amendment L.003 then it should adopt amendment J.002 and should not adopt amendment J.001.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2022-23 based on the March 2022 Legislative Council Staff revenue forecast. The budget package includes two set-asides:

1. \$40.0 million General Fund for bills that create ongoing obligations; and
2. \$900.0 million General Fund for bills that create one-time obligations in FY 2022-23.

The \$40.0 million *appropriations* set-aside includes an additional \$6.0 million General Fund to provide a 15.0 percent General Fund reserve for those appropriations. The \$900.0 million *obligations* set-aside does not include an additional amount for a General Fund reserve and, assumes, but does not require, that obligations be addressed through statutory transfers rather than appropriations.

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JBC Staff Analysis

Therefore *appropriations* from the \$900.0 million set-aside require an additional 15.0 percent to maintain the statutory General Fund reserve.

Fully funding the bill in FY 2022-23 would require an estimated \$65,424,695 General Fund, only \$41,238 of which is clearly one-time funding. If intended as an ongoing appropriation, the remaining \$65,383,457 would: (a) utilize the entire \$40.0 million set aside and (b) require other General Fund appropriations for existing programs to be reduced by \$29,190,976 in order to maintain a 15.0 percent statutory General Fund reserve.

Sponsor amendment L.002 would reduce the General Fund requirement to \$20,041,238 for FY 2022-23, including the transfer of \$20.0 million to the Mill Levy Override Match Fund and the additional (one-time) appropriation of \$41,238. If intended on an ongoing basis, the \$20.0 million annual impact would reduce the \$40.0 million set aside by that amount.