

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/25/2021**

Bill/Resolution No.: SB 2327

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$830,000,000	\$0	\$0	\$0
<b>Appropriations</b>	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2327 provides a grant to school districts to retire outstanding indebtedness. This bill also eliminates the ability for school districts to levy taxes and makes adjustments to the school funding formula.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 establishes a grant of \$1.15 billion to school districts to retire their debt.  
 Section 2 makes changes to the school district funding formula to eliminate any form of property taxes from the calculation. This would include resetting the baseline calculation which would put most school districts on a transition maximum adjustment. This change along with other changes to per pupil rates would result in a savings of \$320 million to the Integrated Formula appropriation.

This bill also eliminates the districts' ability to levy taxes. According to School Finance Facts published in February 2020 school districts levied just over \$510 million.  
 Section 7 requires school districts to transfer any money in their Special Reserve Fund into the General Fund. This may result in districts having too high of an ending fund balance which could also reduce their state aid payment. The actual impact on school districts would be significant, but is difficult to predict as there are many variables that impact school district tax levies and the state aid formula.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*
- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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