

Fiscal Estimate Narratives
DPI 1/31/2005

LRB Number 05-1593/2	Introduction Number SB-17	Estimate Type Original
Subject Carrying forward a school district's unused revenue limit authority		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, if a school district's revenue in any school year is less than the amount of revenue that the school district is allowed under the revenue limit formula, the school district's revenue limit in the succeeding school year is increased by 75 percent of the difference between its actual revenue and the amount of revenue allowed. This bill allows a school district to carry forward 100 percent of the difference instead of 75 percent.

The actual current law total revenue limit carryover from 2002-03 to 2003-04 (the most current data available) was approximately \$2.8 million for 61 affected districts. If this bill had been in effect and all districts were allowed 100 percent carryover, the amount would have been approximately \$3.7 million, an increase of \$900,000.

State Fiscal Effect

This bill would have no state fiscal effect since the state general equalization aid appropriation is not dependent on the amount of school district revenue limit authority.

Local Fiscal Effect

Any additional revenue limit authority permitted under this bill could be, but is not required to be, used by school districts. To the extent that school boards utilize the additional authority, school property taxes could increase. However, some districts that levied the maximum amount allowed under revenue limits in any given year and do not receive a carryover adjustment might not have levied the maximum amount if the district would not have lost 25% of any underlevy. To the extent that districts choose not to levy the maximum because they would no longer lose 25% of any underlevy under the provisions of this bill, school property taxes could decrease compared to current law.

It is not possible to determine how many school districts might generate additional revenue limit authority under the bill in any given year, nor how many of those districts would then choose to utilize the additional revenue limit authority. Thus, the local fiscal effect is indeterminate.

Long-Range Fiscal Implications