

Fiscal Estimate Narratives

DPI 10/15/01

LRB Number	01-2763/2	Introduction Number	AB-535	Estimate Type	Original
Subject					
Creation of a revenue limit review board					

Assumptions Used in Arriving at Fiscal Estimate

Current law generally limits the annual amount of revenue (property taxes and general school aid) that a school district may receive in the 2000-01 school year to approximately \$220 per pupil. A school district may exceed this revenue limit if it submits a resolution to do so to the electors at a referendum and the electors approve the resolution. This bill creates a revenue cap review board which may grant school districts additional revenue limit authority under two new provisions.

The first provision would allow a school board to submit to the review board an unsuccessful referenda to exceed revenue limits for unanticipated costs. The review board would determine if a school district could be granted additional revenue limit authority for these unanticipated costs. The department is unable to determine which unsuccessful 2000-01 resolutions to exceed revenue limits were for unanticipated costs because districts are currently not required to submit such detailed information to the department.

For the purposes of this estimate, it is assumed that all nonrecurring operating referenda would have been proposed by school districts to offset unanticipated expenditures. If this provision were in effect in 2000-01, 14 school districts would have been eligible to apply to the review board for \$6.0 million in additional revenue limit authority. Statewide revenue limits or partial school revenues would increase by the total amount that the revenue cap review board would have allowed eligible school districts to exceed revenue limits (\$0.0 to \$6.0 million).

It is unknown which referenda to exceed revenue limits for unanticipated expenditures will fail in 2001-02. Furthermore, the amount of additional revenue limit authority a revenue cap review board would approve is also unknown; therefore the actual effect of this provision on future partial school revenues is unknown.

The second provision would allow a school district to apply to the review board for additional revenue limit authority if it holds an unsuccessful referenda and the district meets other specified criteria. To estimate this provision's possible fiscal effect, this fiscal note counts only failed recurring operating referenda since failed nonrecurring referenda have already been included in the estimate for the first provision.

The department estimates, if this provision would have been effect in the 2000-01 school year, that 21 school districts experiencing failed referenda would have met the criteria specified under this provision and have been eligible to apply to the review board for additional revenue limit authority. The total amount of additional revenue limit authority that could be requested would have been approximately \$3.4 million. Statewide revenue limits or partial school revenues would have increased by the total amount the revenue cap review board would allow eligible school districts to exceed revenue limits (\$0.0 to \$3.4 million).

It is unknown which debt service referenda to exceed revenue limits by eligible districts will fail in 2001-02. Furthermore, the amount of additional revenue limit authority that a revenue cap review board would approve is also unknown; therefore the actual effect of this provision on future partial school revenues is unknown.

State Fiscal Effect

If this bill had been law in the 2000-01 school year general school aids would be increased by an amount ranging from \$0 to about \$6.3 million ($\frac{2}{3} \times (\$6.0 \text{ million} + \$3.4 \text{ million})$) in 2001-02 order to maintain the state's two-thirds funding commitment.

It is estimated that the administrative costs of the convening the revenue cap review board could be absorbed by the department.

Local Fiscal Effect

If this bill had been law in the 2000-01 school year school districts would increase their school property tax

levies by an amount ranging from \$0 to about \$3.1 million ($\frac{1}{3} \times (\$6.0 \text{ million} + \$3.4 \text{ million})$).

Long-Range Fiscal Implications