

Fiscal Estimate Narratives

DPI 3/16/2010

LRB Number	09-4419/1	Introduction Number	AB-0840	Estimate Type	Original
Description The school district revenue limit adjustment for declining enrollment					

Assumptions Used in Arriving at Fiscal Estimate

Currently, if a school district's enrollment declines, for one year only its revenue limit is increased by the amount of additional revenue that would have been allowed had there been no decline in enrollment.

This bill extends the declining enrollment revenue adjustment to two years. Under the bill, in the first year of an enrollment decline, a school district's revenue limit is increased by 100 percent of the allowable revenues that the decline would have generated. In the second year, the district receives a revenue adjustment equal to 50 percent of the first-year adjustment.

State Fiscal Effect: This bill does not affect state school aids. There will be some cost to the department of calculating and monitoring the use of the additional revenue limit authority provided under the bill. It is assumed these costs will be absorbed.

Local Fiscal Effect: If this bill were effective for the 2010-11 school year, it is estimated that 276 districts would be eligible for approximately \$35 million in additional revenue limit authority provided under the bill. This would be local school property tax levy authority in 2010-11. It is not known how many districts would choose to levy for some or all of their additional revenue authority, thus the fiscal effect is indeterminate.

Long-Range Fiscal Implications

The number of affected districts and the amount of additional revenue limit authority allowed under the bill will change annually.