

Fiscal Estimate Narratives

DPI 1/19/2022

LRB Number	21-5553/1	Introduction Number	AB-0846	Estimate Type	Original
Description legalizing recreational marijuana, granting rule-making authority, making an appropriation, and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes several change to current law that would result in a newly created segregated (SEG) revenue stream for the state (tax revenue on the sale of marijuana) and appropriates the SEG funds for various purposes. This fiscal estimate focuses on the bill's impact on the Sparsity Aid program.

The bill would replace GPR funding with the newly created SEG revenue for the Sparsity Aid program, beginning in FY23.

Under current law, school districts are eligible for Sparsity Aid if they meet two criteria: 1) fewer than 10 members per square mile ("sparse" district); and 2) fewer than 1,000 members. Districts that are sparse and have 745 or fewer members are eligible to receive up to \$400 per members (tier 1 aid), and sparse districts with 746 up to 1,000 members are eligible to receive up to \$100 per member (tier 2 aid). The second tier of aid was created under 2021 Act 58 (the 2021-23 biennial budget). The total estimated cost for providing aid under these parameters was \$27,962,400 in FY22 and \$27,983,800 in FY23 at the time the 2021-23 biennial budget was being deliberated, as reflected in the Chapter 20 appropriations schedule under 2021 Act 58.

The bill provides a total of \$34,853,800 SEG in FY23 for Sparsity Aid, which mirrors the amounts provided by the Governor in his proposed 2021-23 biennial budget. That amount was based on proposed changes to the Sparsity Aid that were proposed by the Governor (tier 2 eligibility being available to all sparse districts over 745, no limit on membership). Under Act 58, a district that is sparse but has 1,000 or more members is not eligible for Sparsity Aid.

Local Impact:

The bill would have no impact on school district Sparsity Aid eligibility; rather, it would change the funding source of this state aid.

State Impact:

The bill would have no impact on DPI's operational costs.

Long-Range Fiscal Implications