

1 *House* BILL NO *413*  
 2 INTRODUCED BY *Menahan - G. K. Johnson - Lynch*  
 3 *Lubini andud & others Dept*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CREATE A STATE  
 5 RESERVE FUND THAT WILL PROVIDE INTEREST FREE FUNDS TO SCHOOL  
 6 DISTRICTS FOR CAPITAL OUTLAY; AND AMENDING SECTIONS 75-7104,  
 7 75-7107, AND SECTIONS 75-7110 THROUGH 75-7115, R.C.M. 1947."

8  
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Purpose and definition of capital outlay  
 11 reserve fund. (1) A state reserve fund for capital outlay,  
 12 hereafter referred to as the "reserve", is created for the  
 13 purpose of providing the elementary and high school  
 14 districts of the state with interest free funds for capital  
 15 outlay. Funds from the reserve shall be used to:

- 16 (a) sell general obligation bonds for the capital
- 17 outlay needs of the school districts,
- 18 (b) pay for the interest incurred by the sale of such
- 19 bonds,
- 20 (c) assume responsibility for the retirement of all
- 21 interest due on outstanding bonded indebtedness incurred by
- 22 all school districts prior to fiscal year 1975-76.

23 (2) All other funds remaining in the reserve shall be  
 24 invested.

25 Section 2. Creation of funds. The director of the

1 department of revenue shall annually set a levy, not to  
 2 exceed three (3) mills, on all of the property of the state  
 3 to produce a maximum of seven million dollars (\$7,000,000),  
 4 except that for each of the fiscal years 1975-1980, a levy  
 5 not to exceed five (5) mills shall be set to produce a  
 6 maximum of ten million dollars (\$10,000,000). The proceeds  
 7 of this levy shall be deposited to the reserve fund.

8 Section 3. Financial obligations of the reserve.

9 (1) The state shall assume immediate responsibility for the  
 10 retirement of all interest due on outstanding bonded  
 11 indebtedness incurred by the elementary and high school  
 12 districts prior to fiscal year 1975-76. However, a school  
 13 district may continue to finance capital outlay by issuing  
 14 their own bonds but the state shall not be obligated to  
 15 retire any interest due on such bonded indebtedness.

16 (2) A maximum of ten million dollars (\$10,000,000) in  
 17 general obligation bonds may be sold each year to provide  
 18 for the capital outlay needs of the elementary and high  
 19 school districts. Interest incurred by the sale of such  
 20 bonds shall be paid by the reserve fund.

21 (3) If reserve funds are available, a minimum of eight  
 22 million dollars (\$8,000,000) shall be made available to the  
 23 school districts with approved applications for capital  
 24 outlay funds.

25 (4) All remaining funds shall be invested by the

1 state, in accordance with state investment policy, and all  
2 interest accrued for such investment shall become a part of  
3 the reserve.

4 Section 4. Limitations of the reserve fund. (1) The  
5 maximum amount of funds in the reserve shall not exceed  
6 twenty-five million dollars (\$25,000,000). Reserve funds in  
7 excess of such amount shall be deposited to the earmarked  
8 revenue fund, state equalization aid account, for the  
9 support of the school foundation program.

10 (2) Total bonded indebtedness of the reserve shall not  
11 exceed fifty million dollars (\$50,000,000).

12 Section 5. Limitations for receipt of funds by the  
13 school districts. (1) A school district may not receive  
14 any funds from the reserve for any purpose other than  
15 capital outlay.

16 (2) A school district may not receive any funds in  
17 excess of the limitations on bonded indebtedness as defined  
18 in section 75-7104.

19 (3) A school district may not be eligible to receive  
20 funds from the reserve unless the receipt and repayment of  
21 such funds has been authorized by the qualified electors of  
22 the district at an election called for the purpose of  
23 considering a proposition to receive and repay such funds in  
24 accordance with this act.

25 (4) A school district may not receive any funds from

1 the reserve unless an application for funds has been  
2 approved by the office of the superintendent of public  
3 instruction.

4 Section 6. Rules and criteria to be provided by the  
5 office of the superintendent of public instruction. The  
6 office of the superintendent of public instruction shall  
7 provide written rules that establish procedures to be  
8 followed and the criteria to be met by the school districts  
9 for the receipt of funds from the reserve. In the event  
10 that the applications for funds exceed the amount of reserve  
11 funds available in any fiscal year, the office of the  
12 superintendent of public instruction may determine who shall  
13 receive the available funds.

14 Section 7. Repayment of reserve funds by the school  
15 districts. (1) A school district shall repay, to the  
16 reserve, all of the funds received for the purpose of  
17 capital outlay within thirty (30) years by levying no more  
18 than ten (10) mills per year on all of the taxable property  
19 of the school district, or the school district may repay the  
20 reserve within ten (10) years by levying no more than five  
21 (5) mills per year.

22 (2) If repayment by a combined elementary and high  
23 school district is to be made then a maximum of twelve (12)  
24 mills may be levied each year for a period not to exceed  
25 thirty (30) years.

1 (3) If a school district is unable to repay all of the  
 2 funds owed to the reserve within thirty (30) years the  
 3 reserve fund will retire the remaining debt owed. The  
 4 office of the superintendent of public instruction shall  
 5 establish criteria for determining whether a school district  
 6 will be financially able to retire the full amount of debt  
 7 within thirty (30) years; such determination must be made  
 8 prior to approval of the school districts application for  
 9 funds.

10 Section 8. Section 75-7104, R.C.M. 1947, is amended to  
 11 read as follows:

12 "75-7104. Limitations on amount of bond issue. (1) The  
 13 maximum amount for which each school district shall become  
 14 indebted by the issuance of bonds, including bonds issued  
 15 for the state reserve fund, and including all indebtedness  
 16 represented by outstanding bonds of previous issues and  
 17 registered warrants, is five percent (5%) of the assessed  
 18 value of the taxable property therein as ascertained by the  
 19 last completed assessment for state, county, and school  
 20 taxes previous to the incurring of such indebtedness. All  
 21 bonds issued in excess of such amount shall be null and  
 22 void, except as provided in subsection (2).

23 When the total indebtedness of a school district has  
 24 reached the five percent (5%) limitation prescribed in this  
 25 section, such school district shall have the power and

1 authority to pay all reasonable and necessary expenses of  
 2 the school district on a cash basis in accordance with the  
 3 financial administration provisions of this title.

4 Whenever bonds are issued for the purpose of refunding  
 5 bonds, any moneys to the credit of the debt service fund for  
 6 the payment of the bonds to be refunded shall be applied  
 7 towards the payment of such bonds and the refunding bond  
 8 issue shall be decreased accordingly.

9 (2) In the case of a school district within which a new  
 10 major industrial facility which seeks to qualify for  
 11 taxation as class seven (7) property under section 84-301,  
 12 R.C.M. 1947, is being constructed or is about to be  
 13 constructed, the school district may require, as a  
 14 precondition of the new major industrial facility qualifying  
 15 as class seven (7) property, that the owners of the proposed  
 16 industrial facility enter into an agreement with the school  
 17 district concerning the issuing of bonds in excess of the  
 18 five percent (5%) limitation prescribed in subsection one  
 19 (1). Under such an agreement, the school district may, with  
 20 the approval of the voters, issue bonds which exceed the  
 21 limitation prescribed in subsection one (1) by a maximum of  
 22 five percent (5%) of the estimated assessed value of the  
 23 taxable property of the new major industrial facility when  
 24 completed. The estimated assessed value of the taxable  
 25 property of the new major industrial facility shall be

1 computed by the department of revenue when requested to do  
2 so by a resolution of the board of trustees of the school  
3 district, and copy of the department's statement of  
4 estimated assessed value shall be printed on each ballot  
5 used to vote on a bond issue proposed under this subsection.

6 Pursuant to the agreement between the new major  
7 industrial facility and the school district, and as a  
8 precondition to qualifying as class seven (7) property, the  
9 new major industrial facility and its owners shall, in  
10 addition to such taxes as may be imposed by the school  
11 district on property owners generally pay so much of the  
12 principal and interests on the bonds provided for under this  
13 subsection as shall represent payment on an indebtedness in  
14 excess of the limitation prescribed in subsection one (1).  
15 After the completion of the new major industrial facility  
16 and when the indebtedness of the school district no longer  
17 exceeds the limitation prescribed in subsection one (1), the  
18 new major industrial facility shall be entitled, after all  
19 the current indebtedness of the school district has been  
20 paid, to a tax credit over a period of no more than twenty  
21 (20) years which credit shall, as a total amount, be equal  
22 to the amount by which the facility paid the principal and  
23 interest of the school district's bonds in excess of its  
24 general liability as a taxpayer within the district.

25 A major industrial facility is a facility, subject to

1 the taxing power of the school district, whose construction  
2 or operation will increase the population of the district so  
3 as to impose a significant burden upon the resources of the  
4 district and to require construction of new school  
5 facilities. A significant burden is an increase in ANB of at  
6 least twenty percent (20%) in a single year."

7 Section 9. Section 75-7107, R.C.M. 1947, is amended to  
8 read as follows:

9 "75-7107. Limitation of term and interest on bonds,  
10 and timing for redemption of bonds. ~~School--district--bonds~~  
11 Bonds issued by school districts shall not be issued for a  
12 term longer than twenty (20) years except that bonds issued  
13 to refund or redeem outstanding bonds shall not be issued  
14 for a term longer than ten (10) years unless the unexpired  
15 term of the bonds to be refunded or redeemed is in excess of  
16 ten (10) years in which case the refunding or redeeming  
17 bonds may be issued for such unexpired term. All bonds  
18 issued for a longer term than five (5) years shall be  
19 redeemable at the option of the school district on any  
20 interest payment date after one-half (1/2) of the term for  
21 which they were issued has expired and it shall be so stated  
22 on the face of the bonds. The interest shall not exceed  
23 seven per cent (7%) per annum and shall be payable  
24 semiannually."

25 Section 10. Section 75-7110, R.C.M. 1947, is amended

1 to read as follows:

2 "75-7110. Election required to authorize the issuance  
3 of school district bonds and the methods of introduction. A  
4 school district or the state shall not issue bonds for any  
5 purpose other than that provided in section 75-7109 unless  
6 the issuance of bonds or the receipt and repayment of state  
7 reserve funds has been authorized by the qualified electors  
8 of the school district at an election called for the purpose  
9 of considering a proposition to issue such bonds or to  
10 receive and repay such funds. A school district bond  
11 election or receipt and repayment election shall be called  
12 by a resolution as prescribed under the provisions of  
13 section 75-6406 when:

14 (1) the trustees, of their own volition, adopt a  
15 resolution to that effect; or

16 (2) the trustees have received a petition which asks  
17 that an election be held to consider a bond or receipt and  
18 repayment proposition and which has been validated under the  
19 provisions of section 75-7114."

20 Section 11. Section 75-7111, R.C.M. 1947, is amended  
21 to read as follows:

22 "75-7111. Additional requirements for trustees  
23 resolution calling bond or receipt and repayment election.  
24 In addition to the requirements for calling an election that  
25 are prescribed in sections 75-6406 and 75-6408, the

1 trustees' resolution calling a school district bond election  
2 shall:

3 (1) fix the exact amount of the bonds proposed to be  
4 issued or the amount of funds to be received and repayed,  
5 which may be more or less than the amounts estimated in a  
6 petition;

7 (2) fix the maximum number of years in which the  
8 proposed bonds, or reserve funds would be paid; and

9 (3) in the case of initiation by a petition, state the  
10 essential facts about the petition and its presentation."

11 Section 12. Section 75-7112, R.C.M. 1947, is amended  
12 to read as follows:

13 "75-7112. Form, contents and circularization of  
14 petition proposing school district bond or receipt and  
15 repayment election. Any petition for the calling of an  
16 election on the proposition of issuing school district bonds  
17 or on the receipt and repayment of state reserve funds  
18 shall:

19 (1) plainly state each purpose of the proposed bond  
20 issue or receipt of reserve funds and the estimated amount  
21 of the bonds or reserve funds that would be issued or  
22 received for each purpose;

23 (2) be signed by not less than twenty per cent (20%) of  
24 the school district electors qualified to vote under the  
25 provisions of section 75-6410 in order to constitute a valid

1 petition;

2 (3) be a single petition or it may be composed of more  
3 than one petition, all being identical in form, and after  
4 being circulated and signed they shall be fastened together  
5 to form a single petition when submitted to the county  
6 registrar;

7 (4) be circulated by any one or more qualified electors  
8 of the school district; and

9 (5) contain an affidavit of each registered elector  
10 circulating a petition attached to the portion of the  
11 petition he circulated. Such affidavit shall attest to the  
12 authenticity of the signatures and that the signers knew the  
13 contents of the petition at the time of signing it."

14 Section 13. Section 75-7113, R.C.M. 1947, is amended  
15 to read as follows:

16 "75-7113. Validation of petition and county  
17 registrar's certificate. The petitioners for a school  
18 district bond or receipt and repayment of reserve fund  
19 election shall submit their petition to the county registrar  
20 of the county where the school district is located for  
21 validation of the signatures on the petition. The county  
22 registrar shall examine the petition and shall attach or  
23 endorse thereon a certificate which shall state:

24 (1) the total number of electors of the school district  
25 who are, at the time, qualified to vote under the provisions

1 of section 75-6410;

2 (2) which and how many of the persons whose names are  
3 subscribed to the petition possess the qualifications to  
4 vote on a bond or receipt and repayment proposition; and

5 (3) whether the number of qualified signers established  
6 in subsection (2) is more or less than twenty per cent (20%)  
7 of the total number of qualified electors established in  
8 subsection (1).

9 After completing the examination, the county registrar  
10 shall immediately send the petition and his certificate to  
11 the school district. The county registrar shall not receive  
12 compensation for the examination of school district bond or  
13 receipt and repayment petitions."

14 Section 14. Section 75-7114, R.C.M. 1947, is amended  
15 to read as follows:

16 "75-7114. Trustees' consideration of validated  
17 petition proposing receipt and repayment or bond election.  
18 When a school district receives a school district bond  
19 petition from the county registrar, a meeting of the  
20 trustees shall be called for the consideration of the  
21 petition. The trustees shall be the judges of the adequacy  
22 of the petition and their findings shall be conclusive  
23 against the school district in favor of the innocent holder  
24 of bonds issued pursuant to the election called and held by  
25 reason of the presentation of such petition. The petition

1 shall be valid if the trustees find that it is in proper  
 2 form and bears the signatures of not less than twenty per  
 3 cent (20%) of the school district electors who are qualified  
 4 to vote under the provisions of section 75-6410."

5 Section 15. Section 75-7115, R.C.M. 1947, is amended  
 6 to read as follows:

7 "75-7115. Preparation and form of ballots for bond or  
 8 receipt and repayment election. The school district shall  
 9 cause ballots to be prepared for all bond or receipt and  
 10 repayment elections, and whenever bonds or reserve funds for  
 11 more than one purpose are to be voted upon at the same  
 12 election, separate ballots shall be prepared for each  
 13 purpose. All such ballots shall be substantially in the  
 14 following form:

15 OFFICIAL BALLOT

16 SCHOOL DISTRICT BOND ELECTION

17 INSTRUCTIONS TO VOTERS: Make an X or similar mark in  
 18 the vacant square before the words "BONDS--YES" if you wish  
 19 to vote for the bond issue; if you are opposed to the bond  
 20 issue make an X or similar mark in the square before the  
 21 words "BONDS--NO."

22 Shall the board of trustees be authorized to issue and  
 23 sell bonds of this school district in the amount of ....  
 24 dollars (\$....) bearing interest at a rate not more than  
 25 seven per cent (7%) per annum, payable semiannually, during

1 a period not more than .... years, for the purpose ....  
 2 (here state the purpose the same way as in the notice of  
 3 election).

BONDS -- YES.

BONDS -- NO.

5 OFFICIAL BALLOT

6 SCHOOL DISTRICT RECEIPT AND REPAYMENT OF

7 STATE RESERVE FUNDS ELECTION

8 INSTRUCTIONS TO VOTERS: Make an X or similar mark in  
 9 the vacant square before the words "RESERVE FUNDS -- YES" if  
 10 you wish to vote for the receipt and repayment of reserve  
 11 funds for capital outlay; if you are opposed to the receipt  
 12 and repayment of reserve funds make an X or similar mark in  
 13 the square before the words "RESERVE FUNDS -- NO".

14 Shall the board of trustees be authorized to receive  
 15 and repay funds from the state reserve fund for capital  
 16 outlay in the amount of .... dollars (\$....), payable  
 17 during a period not more than .... years, at the rate of  
 18 .... mills per year, for the purpose .... (here state the  
 19 purpose the same way as in the notice of election).

RESERVE FUNDS -- YES.

RESERVE FUNDS -- NO."

20 Section 16. Section 75-7116, R.C.M. 1947, is amended  
 21

1 to read as follows:

2 "75-7116. Notice of bond or receipt and repayment  
3 election by separate purpose. Any school district bond or  
4 receipt and repayment election shall be conducted in  
5 accordance with the school election provisions of this Title  
6 except that the election notice required therein shall be in  
7 substantially the following form:

8 NOTICE OF SCHOOL DISTRICT BOND ELECTION

9 Notice is hereby given by the trustees of School  
10 District No. .... of .... County, state of Montana, that  
11 pursuant to a certain resolution duly adopted at a meeting  
12 of the board of trustees of said school district held on the  
13 .... day of ....., A.D., 19.., an election of the registered  
14 electors of School District No. .... of .... County, state  
15 of Montana, will be held on the .... day of ....., A.D.,  
16 19.., at .... for the purpose of voting upon the question of  
17 whether or not the trustees shall be authorized to issue and  
18 sell bonds of said school district in the amount of ....  
19 dollars (\$....), bearing interest at a rate not more than  
20 seven per cent (7%) per annum, payable semiannually, for the  
21 purpose of .... (here state purpose). The bonds to be  
22 issued will be either amortization or serial bonds, and  
23 amortization bonds will be the first choice of the board of  
24 trustees. The bonds to be issued, whether amortization or  
25 serial bonds, will be payable in installments over a period

1 not exceeding .... (state number) years.

2 The polls will be open from .... o'clock ....m. and  
3 until .... o'clock ....m. of the said day.

4 Dated and posted this .... day of ....., A.D., 19...

5 .....

6 Chairman of School District No.

7 .... of .... County,

8 State of Montana

9 If the bonds proposed to be issued are for more than  
10 one purpose, then each purpose shall be separately stated in  
11 the notice together with the proposed amount of bonds  
12 therefor.

13 or

14 NOTICE OF SCHOOL DISTRICT RECEIPT AND

15 REPAYMENT OF STATE RESERVE FUNDS ELECTION

16 Notice is hereby given by the trustees of School  
17 District No. .... of .... County, state of Montana, that  
18 pursuant to a certain resolution duly adopted at a meeting  
19 of the board of trustees of said school district held on the  
20 .... day of ....., A.D., 19...., an election of the  
21 registered electors of School District No. .... of ....  
22 County, state of Montana, will be held on the .... day of  
23 ...., A.D., 19...., at .... for the purpose of voting upon  
24 the question of whether or not the trustees shall be  
25 authorized to receive and repay funds from the state reserve



1 fund for capital outlay for said school district in the  
2 amount of .... dollars (\$....), payable within .... (state  
3 number) years at the rate of .... mills per year for the  
4 purpose of .... (here state purpose).

5 The polls will be open from .... o'clock ....m. and  
6 until .... o'clock ....m. of the said day.

7 Dated and posted this .... day of ....., A.D., 19....

8 ....  
9 Chairman of School District No.  
10 .... of .... County,  
11 State of Montana

12 If the receipt of reserve funds are for more than one  
13 purpose, then each purpose shall be separately stated in the  
14 notice together with the proposed amount of funds therefor."

15 Section 17. Section 75-7117, R.C.M. 1947, is amended  
16 to read as follows:

17 "75-7117. Determination of approval or rejection of  
18 proposition at bond or receipt and repayment election. When  
19 the trustees canvass the vote of a school district bond or  
20 receipt and repayment election under the provisions of  
21 section 75-6423, they shall determine the approval or  
22 rejection of the school election bond-proposition in the  
23 following manner:

24 (1) determine the total number of electors of the  
25 school district who are qualified to vote under the

1 provisions of section 75-6410 from the list of electors  
2 supplied by the county registrar for such ~~school--bond~~  
3 election;

4 (2) determine the total number of qualified electors  
5 who voted at the school ~~bond~~ election from the tally sheet  
6 or sheets for such election;

7 (3) calculate the percentage of qualified electors  
8 voting at the school ~~bond~~ election by dividing the amount  
9 determined in subsection (2) by the amount determined in  
10 subsection (1); and

11 (4) when the calculated percentage in subsection (3) is  
12 forty per cent (40%) or more, the school election bond  
13 ~~proposition~~ shall be deemed to have been approved and  
14 adopted if a majority of the votes shall have been cast in  
15 favor of such proposition, otherwise it shall be deemed to  
16 have been rejected; or

17 (5) when the calculated percentage in subsection (3) is  
18 more than thirty per cent (30%) but less than forty per cent  
19 (40%), the school election bond-proposition shall be deemed  
20 to have been approved and adopted if sixty per cent (60%) or  
21 more of the votes shall have been cast in favor of such  
22 proposition, otherwise it shall be deemed to have been  
23 rejected; or

24 (6) when the calculated percentage in subsection (3) is  
25 thirty per cent (30%) or less, the school election bond

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1 ~~proposition~~ shall be deemed to have been rejected.

2       If the canvass of the vote establishes the approval and  
3 adoption of the school bond or receipt and repayment  
4 proposition, the trustees shall issue a certificate  
5 proclaiming the passage of such proposition and the  
6 authorization to issue bonds of the school district or to  
7 receive reserve funds for the purposes specified on the  
8 ballot for such school district ~~bond~~ election."

-End-

STATE OF MONTANA

REQUEST NO. 152-75

FISCAL NOTE

Form BD-15

In compliance with a written request received February 3, 19 75, there is hereby submitted a Fiscal Note for House Bill 413 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to create a state reserve fund that will provide interest free funds to school districts for capital outlay. The fund would be supported by a statewide mill levy not to exceed five mills for FY 75-80 and not to exceed three mills thereafter. The bill also amends sections relating to elections to authorize the issuance of school district bonds.

ASSUMPTIONS:

1. The effective date of this bill will be July 1, 1975.
2. Interest on outstanding bonds issued by school districts before July 1, 1975 will be \$3.60 million in fiscal year 1976 and will decrease by \$0.20 million each subsequent year.
3. A 5-mill state-wide levy will raise \$6.30 million in FY 76 and \$6.68 million in FY 77. (Statewide taxable valuation will be \$1.260 billion in FY 76 and \$1.335 billion in FY 77) Assume maximum five mills would be levied.
4. Approval will be given to school district capital outlay projects totaling \$9.00 million each year.
5. Administration costs will be 2/3% of the amount of approved capital outlay projects or \$60,000 each year.
6. Ten-year state general obligation bonds can be sold bearing an interest rate of 7% and \$9 million of such bonds will be sold each year until the reserve fund balance has exceeded \$20 million.
7. Reserve balance will earn interest at 8% per year.
8. School districts will repay loans from the reserve over 15 years.
9. All school districts will be able to repay loans from the reserve in full.
10. Administration costs will be paid from the reserve fund.

FISCAL IMPACT:

	FY 76	FY 77
Revenue:		
Revenue to reserve fund from five mill statewide levy	\$ 6.30 million	\$ 6.68 million
Net sales revenue from general obligation bonds	9.00 million	8.10 million
Interest on reserve fund balance		.16 million
Loans repaid by school districts		.60 million
Total estimated revenue under proposed law	\$15.30 million	\$15.54 million

CONTINUED

BUDGET DIRECTOR  
Office of Budget and Program Planning  
Date: \_\_\_\_\_

## FISCAL NOTE

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FISCAL IMPACT – continued	FY 76	FY 77
Expenditure:		
Personal Services	\$ .06 million	\$ .06 million
Operating Expenses	.63 million	1.20 million
Local Assistance	<u>12.60 million</u>	<u>12.40 million</u>
Total estimated expenditures under current law	<u>13.29 million</u>	<u>13.66 million</u>
Net Effect	<u>\$ 2.01 million</u>	<u>\$ 1.88 million</u>

## CONCLUSION:

Enactment of House Bill 413 would result in a net increase in revenues to the reserve fund of approximately \$3.89 million during the biennium. Statewide property taxes would increase by 5 mills each year.

## LOCAL IMPACT:

School district property tax requirements will decrease by the amount of the total interest on outstanding bonds; this amount is estimated at \$3.6 million.

## LONG-RANGE IMPACT:

The reserve fund established under House Bill 413, when projected to 1998, indicates that the state would pay out less for capital expenditures and interest than would be paid out by school districts under the current capital funding structure. After FY 74, expenditures from the fund would level off at approximately \$12.525 million per year while revenues would continue to increase. The statewide levy could eventually be eliminated, whereupon the reserve fund would become a revolving type fund.

## TECHNICAL NOTE:

No agency is designated to administer the reserve fund and specific provision has not been made for administration costs.

*Michael B. Bellings*

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: February 8, 1975