

HOUSE BILL NO. 242

1/17 Introduced
1/17 Referred to Education & Cultural Resources
1/21 Fiscal Note Requested
1/26 Fiscal Note Received
2/18 Hearing
Died in Committee

HOUSE BILL NO. 242

INTRODUCED BY *Connelly, Maden, Harrington, Vincent, Williams, Speight, J. Harrington, Ryan, Kutz, Schlegel, Hansen, Home, Kennedy, Harty, Darko, Shubin, J. Brown, HART, Lang*

A BILL FOR AN ACT ENTITLED: "AN ACT TO CREATE A GUARANTEED TAX BASE PROGRAM TO PROMOTE MORE EQUITABLE FINANCING OF SCHOOL DISTRICT GENERAL FUND BUDGET NEEDS BEYOND FOUNDATION AND PERMISSIVE PROGRAM SUPPORT BY PROVIDING STATE AID TO ANY SCHOOL DISTRICT WITH A TAXABLE VALUATION PER PUPIL THAT IS LESS THAN THE STATE AVERAGE TAXABLE VALUATION PER PUPIL; AMENDING SECTIONS 20-3-106, 20-5-305, 20-5-312, AND 20-9-141, MCA; AND PROVIDING AN EFFECTIVE DATE."

WHEREAS, most Montana school districts depend on the district's property wealth to generate revenue, through the voted levy, for school general fund budget needs beyond foundation and permissive program support; and

WHEREAS, there is a wide disparity in the property wealth available to Montana school districts; and

WHEREAS, this disparity in property wealth has resulted in inequities in taxpayer burdens and per-student expenditures among districts; and

WHEREAS, there is clear evidence that high property wealth districts have lower tax rates and higher expenditures per student than do lower property wealth districts; and

WHEREAS, Article X, section 1, of the Montana Constitution reflects the concern of Montana citizens for equality of educational opportunity for students; and

WHEREAS, Article X, section 8, of the Montana Constitution reflects a desire for local control of elementary and secondary schools and this desire extends to approval of locally determined general fund budget needs through the voted levy process.

THEREFORE, it is the intent of this act to provide more equitable financing of school district general fund budget needs beyond foundation and permissive program support by guaranteeing state aid for a portion of the discrepancy between the amount of revenue raised on the district taxable valuation at the mill levy chosen by the district board of trustees and the amount the same mill levy would raise if applied to the state average taxable valuation per pupil.

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

NEW SECTION. Section 1. Short title. [Sections 1 through 5] may be cited as the "Guaranteed Tax Base Program Act of 1985".

NEW SECTION. Section 2. Creation of program. There is a guaranteed tax base program to be administered by the superintendent of public instruction in accordance with [section 5]. Under the program, any district that qualifies



1 under the provisions of [section 4] may receive state aid to
2 the extent allowable by the provisions of that section.

3 NEW SECTION. Section 3. Definitions. As used in
4 [sections 1 through 5], unless the context clearly indicates
5 otherwise, the following definitions apply:

6 (1) "District taxable valuation per ANB" means the
7 taxable valuation of a district divided by the district ANB
8 count used to calculate the district's current year
9 foundation program schedule amount.

10 (2) "Guaranteed budget amount" means that portion of
11 the voted amount of a district which does not exceed the
12 guaranteed budget maximum calculated in the guaranteed tax
13 base formula.

14 (3) "Guaranteed budget level percentage" means the
15 percentage of general fund budgets above the foundation and
16 permissive support programs that will be guaranteed to all
17 districts under the guaranteed tax base program.

18 (4) "Guaranteed tax base aid" means the amount of
19 state aid determined under the guaranteed tax base formula
20 and provided to help finance the voted amount of districts
21 that qualify for the guaranteed tax base program.

22 (5) "Nontax revenue" means federal impact aid, state
23 impact aid, tuition earnings, interest earnings, and all
24 other direct income from nontax sources, except state and
25 county equalization aid, that accrue to the general fund of

1 a district each school fiscal year beginning on or after
2 July 1, 1985.

3 (6) "State average taxable valuation per ANB" means
4 the total state taxable valuation divided by either the
5 total state elementary ANB count or by the total state high
6 school ANB count used to calculate either the elementary
7 school districts' or high school districts' foundation and
8 permissive program schedule amounts.

9 (7) "Voted amount" means that portion of the general
10 fund budget in excess of the foundation and permissive
11 amounts for a district as established by the schedules in
12 20-9-315 through 20-9-321 and which excess is authorized
13 under the provisions of 20-9-353.

14 NEW SECTION. Section 4. Guaranteed tax base formula.

15 (1) Whenever the trustees of any district adopt, under the
16 provisions of 20-9-353, a general fund budget that includes
17 financing from a voted amount, the following calculations
18 may be used to determine the amount of state aid available
19 under the guaranteed tax base program:

20 (a) To qualify to participate in the guaranteed tax
21 base program, an elementary district's taxable valuation per
22 ANB must be less than the state average taxable valuation
23 for elementary schools districts and a high school
24 district's taxable valuation per ANB must be less than the
25 state average taxable valuation for high school districts.

1 (b) For districts that qualify for the guaranteed tax
 2 base program under subsection (1)(a), determine the ratio of
 3 the district taxable valuation per ANB to the state average
 4 taxable valuation per ANB by dividing the district taxable
 5 valuation per ANB by the state average taxable valuation per
 6 ANB for the type of district.

7 (c) To determine the guaranteed budget maximum for
 8 such district, multiply the foundation and permissive
 9 program amounts for such district, as established by the
 10 schedules in 20-9-316 through 20-9-320, by the guaranteed
 11 budget level percentage of 50%.

12 (d) To determine the district share maximum, multiply
 13 the ratio calculated in subsection (1)(b) by the amount
 14 calculated in subsection (1)(c) and add 70% of the amount of
 15 any nontax revenue that accrued to the district during the
 16 prior school fiscal year.

17 (e) To determine the district share percent, divide
 18 the district share maximum calculated in subsection (1)(d)
 19 by the guaranteed budget maximum calculated in subsection
 20 (1)(c), but if the district share maximum exceeds the
 21 guaranteed budget maximum, the district share percent is
 22 100%.

23 (f) To determine the state share percent, subtract the
 24 district share percent from 100%.

25 (g) To determine the guaranteed tax base aid amount,

1 multiply the state share percent calculated in subsection
 2 (1)(f) by the guaranteed budget amount.

3 (2) Guaranteed tax base aid provided to any district
 4 under this section is earmarked to finance the guaranteed
 5 budget amount of that district jointly with the district
 6 according to the district share percent and the state share
 7 percent as determined in subsections (1)(e) and (1)(f). If
 8 the actual general fund expenditures for such district are
 9 lower than the total amount budgeted, the state portion of
 10 financing for the guaranteed budget amount shall revert in
 11 proportion to the state share percent calculated in
 12 subsection (1)(f). If a district receives more guaranteed
 13 tax base aid than it is entitled to, the county treasurer
 14 shall, upon request of the superintendent of public
 15 instruction, return the overpayment to the state in the
 16 manner prescribed by the department of administration.

17 NEW SECTION. Section 5. Duties of superintendent of
 18 public instruction under guaranteed tax base program. The
 19 superintendent of public instruction shall administer the
 20 guaranteed tax base program by:

21 (1) providing each school district, by June 1 of each
 22 year, with the state average taxable valuation per ANB as
 23 defined in [section 3] for use in calculating the guaranteed
 24 tax base aid available under the guaranteed tax base program
 25 for the ensuing school fiscal year;

1 (2) requiring each district that qualifies for and
2 participates in the guaranteed tax base program to report to
3 the county superintendent all budget and accounting
4 information required to implement the program formula
5 outlined in [section 4];

6 (3) requiring each county superintendent to submit to
7 the superintendent of public instruction by September 1 all
8 the district reports required in subsection (2);

9 (4) keeping a record in his office of the full and
10 complete data concerning appropriations available for the
11 guaranteed tax base program and the entitlements for such
12 aid of the districts that qualify for the program;

13 (5) distributing the guaranteed tax base aid amount to
14 each qualified district from the appropriation by the
15 legislature for that purpose. The payment shall be made at
16 the same time as the first distribution of state
17 equalization aid is made after January 1 of the fiscal year.
18 If the appropriation is not sufficient to finance the state
19 aid requirements of all the districts, reported according to
20 subsections (2) and (3), each district is entitled to
21 receive a prorated amount.

22 Section 6. Section 20-3-106, MCA, is amended to read:

23 "20-3-106. Supervision of schools -- powers and
24 duties. The superintendent of public instruction has the
25 general supervision of the public schools and districts of

1 the state, and he shall perform the following duties or acts
2 in implementing and enforcing the provisions of this title:

3 (1) resolve any controversy resulting from the
4 proration of costs by a joint board of trustees under the
5 provisions of 20-3-362;

6 (2) issue, renew, or deny teacher certification and
7 emergency authorizations of employment;

8 (3) negotiate reciprocal tuition agreements with other
9 states in accordance with the provisions of 20-5-314;

10 (4) serve on the teachers' retirement board in
11 accordance with the provisions of 2-15-1010;

12 (5) approve or disapprove the orders of a high school
13 boundary commission in accordance with the provisions of
14 20-6-311;

15 (6) approve or disapprove the opening or reopening of
16 a school in accordance with the provisions of 20-6-502,
17 20-6-503, 20-6-504, or 20-6-505;

18 (7) approve or disapprove school isolation within the
19 limitations prescribed by 20-9-302;

20 (8) generally supervise the school budgeting
21 procedures prescribed by law in accordance with the
22 provisions of 20-9-102 and prescribe the school budget
23 format in accordance with the provisions of 20-9-103 and
24 20-9-506;

25 (9) establish a system of communication for

1 calculating joint district revenues in accordance with the
2 provisions of 20-9-151;

3 (10) approve or disapprove the adoption of a district's
4 emergency budget resolution under the conditions prescribed
5 in 20-9-163 and publish rules for an application for
6 additional state aid for an emergency budget in accordance
7 with the approval and disbursement provisions of 20-9-166;

8 (11) generally supervise the school financial
9 administration provisions as prescribed by 20-9-201(2);

10 (12) prescribe and furnish the annual report forms to
11 enable the districts to report to the county superintendent
12 in accordance with the provisions of 20-9-213(5) and the
13 annual report forms to enable the county superintendents to
14 report to the superintendent of public instruction in
15 accordance with the provisions of 20-3-209;

16 (13) approve, disapprove, or adjust an increase of the
17 average number belonging (ANB) in accordance with the
18 provisions of 20-9-313 and 20-9-314;

19 (14) distribute state equalization aid in support of
20 the foundation program in accordance with the provisions of
21 20-9-342, 20-9-346, and 20-9-347;

22 (15) estimate the statewide equalization level for the
23 foundation program in accordance with the provisions of
24 20-9-348;

25 (16) distribute state impact aid in accordance with the

1 provisions of 20-9-304;

2 (17) provide for the uniform and equal provision of
3 transportation by performing the duties prescribed by the
4 provisions of 20-10-112;

5 (18) approve or disapprove an adult education program
6 for which a district proposes to levy a tax in accordance
7 with the provisions of 20-7-705;

8 (19) request, accept, deposit, and expend federal
9 moneys in accordance with the provisions of 20-9-603;

10 (20) authorize the use of federal moneys for the
11 support of an interlocal cooperative agreement in accordance
12 with the provisions of 20-9-703 and 20-9-704;

13 (21) prescribe the form and contents of and approve or
14 disapprove interstate contracts in accordance with the
15 provisions of 20-9-705;

16 (22) approve or disapprove the conduct of school on a
17 Saturday or on pupil-instruction-related days in accordance
18 with the provisions of 20-1-303 and 20-1-304;

19 (23) recommend standards of accreditation for all
20 schools to the board of public education and evaluate
21 compliance with such standards and recommend accreditation
22 status of every school to the board of public education in
23 accordance with the provisions of 20-7-101 and 20-7-102;

24 (24) collect and maintain a file of curriculum guides
25 and assist schools with instructional programs in accordance

1 with the provisions of 20-7-113 and 20-7-114;
 2 (25) establish and maintain a library of visual, aural,
 3 and other educational media in accordance with the
 4 provisions of 20-7-201;
 5 (26) license textbook dealers and initiate prosecution
 6 of textbook dealers violating the law in accordance with the
 7 provisions of the textbooks part of this title;
 8 (27) as the governing agent and executive officer of
 9 the state of Montana for vocational education, adopt the
 10 policies prescribed by and in accordance with the provisions
 11 of 20-7-301;
 12 (28) consider applications for the designation of a
 13 postsecondary vocational-technical center in accordance with
 14 the provisions of 20-7-311;
 15 (29) establish a fund for the handling of postsecondary
 16 vocational-technical center fees in accordance with the
 17 provisions of 20-7-333;
 18 (30) supervise and coordinate the conduct of special
 19 education in the state in accordance with the provisions of
 20 20-7-403;
 21 (31) administer the traffic education program in
 22 accordance with the provisions of 20-7-502;
 23 (32) administer the school food services program in
 24 accordance with the provisions of 20-10-201, 20-10-202, and
 25 20-10-203;

1 (33) review school building plans and specifications in
 2 accordance with the provisions of 20-6-622;
 3 (34) prescribe the method of identification and signals
 4 to be used by school safety patrols in accordance with the
 5 provisions of 20-1-408; and
 6 (35) administer the guaranteed tax base program in
 7 accordance with the provisions of {sections 1 through 5};
 8 and
 9 {35}{36} perform any other duty prescribed from time to
 10 time by this title, any other act of the legislature, or the
 11 policies of the board of public education."
 12 Section 7. Section 20-5-305, MCA, is amended to read:
 13 "20-5-305. Elementary tuition rates. Whenever a pupil
 14 of an elementary district has been granted approval to
 15 attend a school outside of the district in which he resides,
 16 under the provisions of 20-5-301 or 20-5-302, such district
 17 shall pay tuition to the elementary district where the pupil
 18 attends school on the basis of the rate of tuition
 19 determined by the attended district. The rate of tuition
 20 shall be determined by:
 21 (1) totaling the actual expenditures from the district
 22 general fund, the debt service fund, and, if the pupil is a
 23 resident of another county, the retirement fund;
 24 (2) subtracting from the amount determined in
 25 subsection (1):

1 (a) the amount allowed by 20-9-316 through 20-9-321
 2 that represents the foundation program as prescribed by
 3 20-9-303;

4 (b) the state financing of the district permissive
 5 levy; and

6 (c) the guaranteed tax base aid amount determined in
 7 [section 4]; and

8 ~~{2}~~(3) dividing the amount determined in subsection
 9 ~~{1}~~ (2) above by the ANB of the district for the current
 10 fiscal year, as determined under the provisions of 20-9-311;
 11 and.

12 ~~{3}--subtracting--the--total--of--the--per-ANB---amount~~
 13 ~~allowed--by--20-9-316--through--20-9-321--that--represents--the~~
 14 ~~foundation--program--as--prescribed--by--20-9-303--plus--the~~
 15 ~~per-ANB--amount--determined--by--dividing--the--state--financing--of~~
 16 ~~the--district--permissive--levy--by--the--ANB--of--the--district,~~
 17 ~~from--the--amount--determined--in--subsection--{2}--above."~~

18 Section 8. Section 20-5-312, MCA, is amended to read:

19 "20-5-312. Reporting, budgeting, and payment for high
 20 school tuition. (1) At the close of the school term of each
 21 school fiscal year, the trustees of each high school
 22 district shall determine the rate of tuition for the current
 23 school fiscal year by:

24 (a) totaling the actual expenditures from the district
 25 general fund, the debt service fund, and, if the pupil is a

1 resident of another county, the retirement fund;

2 (b) subtracting from the amount determined in
 3 subsection (1)(a):

4 (i) the amount allowed by 20-9-316 through 20-9-321
 5 that represents the foundation program as prescribed by
 6 20-9-303;

7 (ii) the state financing of the district permissive
 8 levy; and

9 (iii) the guaranteed tax base aid amount determined in
 10 [section 4]; and

11 ~~{b}~~(c) dividing the amount determined in subsection
 12 (1){a}{b} above by the ANB of the district for the current
 13 fiscal year, as determined under the provisions of 20-9-311;
 14 and.

15 ~~{c}--subtracting--the--total--of--the--per-ANB---amount~~
 16 ~~allowed--by--20-9-316--through--20-9-321--that--represents--the~~
 17 ~~foundation--program--as--prescribed--by--20-9-303--plus--the~~
 18 ~~per-ANB--amount--determined--by--dividing--the--state--financing--of~~
 19 ~~the--district--permissive--levy--by--the--ANB--of--the--district,~~
 20 ~~from--the--amount--determined--in--subsection--{1}{b}--above.~~

21 (2) Before July 15, the trustees shall report to the
 22 county superintendent of the county in which the district is
 23 located:

24 (a) the names, addresses, and resident districts of
 25 the pupils attending the schools of the district under an

1 approved tuition agreement;

2 (b) the number of days of school attended by each
3 pupil;

4 (c) the amount, if any, of each pupil's tuition
5 payment that the trustees, in their discretion, shall have
6 the authority to waive; and

7 (d) the rate of current school fiscal year tuition, as
8 determined under the provisions of this section.

9 (3) When the county superintendent receives a tuition
10 report from a district, he shall immediately send the
11 reported information to the superintendent of each district
12 in which the reported pupils reside.

13 (4) When the district superintendent receives a
14 tuition report or reports for high school pupils residing in
15 his district and attending an out-of-district high school
16 under approved tuition agreements, he shall determine the
17 total amount of tuition due such out-of-district high
18 schools on the basis of the following per-pupil schedule:
19 the rate of tuition, number of pupils attending under an
20 approved tuition agreement, and other information provided
21 by each high school district where resident district pupils
22 have attended school.

23 (5) The total amount of the high school tuition, with
24 consideration of any tuition waivers, for pupils attending a
25 high school outside the county of residence shall be

1 financed by the county basic special tax for high schools as
2 provided in 20-9-334. In December, the county superintendent
3 shall cause the payment by county warrant of the high school
4 tuition obligations established under this section out of
5 the first moneys realized from the county basic special tax
6 for high schools. The payment shall be made to the county
7 treasurer of the county where each high school entitled to
8 tuition is located. The county treasurer shall credit such
9 tuition receipts to the general fund of the applicable high
10 school district, and the tuition receipts shall be used in
11 accordance with the provisions of 20-9-141.

12 (6) For pupils attending a high school outside their
13 district of residence but within the county of residence,
14 the total amount of the tuition, with consideration of any
15 tuition waivers, must be paid during the ensuing school
16 fiscal year. The trustees of the sending high school
17 district shall include the tuition amount in the tuition
18 fund of the preliminary and final budgets. This budgeted
19 tuition amount is not subject to the budget adjustment
20 provisions of 20-9-132. The county superintendent shall
21 report the net tuition fund levy requirement for each high
22 school district to the county commissioners on the second
23 Monday of August, and a levy on the district shall be made
24 by the county commissioners in accordance with 20-9-142.
25 This levy requirement shall be calculated by subtracting

1 from the total expenditure amount authorized in the final
 2 tuition fund budget the sum of the cash balance in the
 3 tuition fund at the end of the immediately preceding school
 4 fiscal year plus any other anticipated money that may be
 5 realized in the tuition fund. The trustees shall pay by
 6 warrants drawn on the tuition fund the tuition amounts owed
 7 to each district included in the county superintendent's
 8 notification. Payments shall be made whenever there is a
 9 sufficient amount of cash available in the tuition fund but
 10 no later than the end of the school fiscal year for which
 11 the budget is adopted. However, if the trustees of either
 12 the sending or receiving high school feel the transfer
 13 privilege provided by this subsection is being abused they
 14 may appeal to the county superintendent of schools who shall
 15 hold a hearing and either approve or disapprove the
 16 transfer."

17 Section 9. Section 20-9-141, MCA, is amended to read:

18 "20-9-141. Computation of general fund net levy
 19 requirement by county superintendent. (1) The county
 20 superintendent shall compute the levy requirement for each
 21 district's general fund on the basis of the following
 22 procedure:

23 (a) Determine the total of the district's nonisolated
 24 school foundation program requirement to be met by a
 25 district levy as provided in 20-9-303, the district's

1 permissive levy amount as provided in 20-9-352, and any
 2 additional levies authorized by the electors of the district
 3 under the provisions of 20-9-353, except that the total of
 4 the permissive and additional levies shall not exceed the
 5 total amount of the final general fund budget less the
 6 foundation program.

7 (b) Determine the total of the moneys available for
 8 the reduction of the property tax on the district for the
 9 general fund by totaling:

10 (i) anticipated federal moneys received under the
 11 provisions of Title I of Public Law 81-874 or other
 12 anticipated federal moneys received in lieu of such federal
 13 act;

14 (ii) anticipated tuition payments for out-of-district
 15 pupils under the provisions of 20-5-303, 20-5-307, 20-5-312,
 16 and 20-5-313;

17 (iii) general fund cash reappropriated, as established
 18 under the provisions of 20-9-104;

19 (iv) anticipated state impact aid received under the
 20 provisions of 20-9-304;

21 (v) anticipated motor vehicle fees and reimbursement
 22 under the provisions of 61-3-532 and 61-3-536;

23 (vi) anticipated guaranteed tax base aid as determined
 24 under the provisions of [section 4];

25 ~~(vii)~~ (vii) anticipated interest to be earned by the

1 investment of general fund cash in accordance with the
2 provisions of 20-9-213(4); and

3 ~~(vii)~~(viii) any other revenue anticipated by the
4 trustees to be received during the ensuing school fiscal
5 year which may be used to finance the general fund.

6 (c) Subtract the total of the moneys available to
7 reduce the property tax required to finance the general fund
8 that has been determined in subsection (1)(b) from the total
9 levy requirement determined in subsection (1)(a).

10 (2) The net general fund levy requirement determined
11 in subsection (1)(c) shall be reported to the county
12 commissioners on the second Monday of August by the county
13 superintendent as the general fund levy requirement for the
14 district, and a levy shall be made by the county
15 commissioners in accordance with 20-9-142."

16 NEW SECTION. Section 10. Codification instruction.
17 Sections 1 through 5 are intended to be codified as an
18 integral part of Title 20, chapter 9, and the provisions of
19 Title 20 apply to sections 1 through 5.

20 NEW SECTION. Section 11. Effective date. This act is
21 effective July 1, 1985.

-End-

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN 158-85

Form BD-15

In compliance with a written request received January 21, 19 85, there is hereby submitted a Fiscal Note for H.B. 242 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). 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:

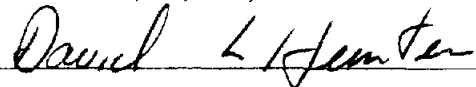
House Bill 242 would create a guaranteed tax base program to promote more equitable financing of school district general fund budget needs beyond the foundation and permissive program support presently provided by the state. This additional state aid would be provided to school districts whose taxable valuation per pupil is less than the state average taxable valuation per pupil.

ASSUMPTIONS:

1. All school districts within the state will increase their district general fund budget per ANB (Average Number Belonging) by 7 percent for FY 1986 and 7 percent for FY 1987. The increase in total budgets from FY 85 levels to FY 86 and FY 87 will be 7.55 and 16.08 percent respectively.
2. No foundation program schedule increases are made.
3. All other budget data for FY 85 will remain constant.
4. Funding is provided through the state equalization account.

FISCAL IMPACT:

<u>Expenditures:</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>Biennium</u>
Guaranteed Tax Base Support			
Present Law	\$ -0-	\$ -0-	-0-
Proposed Law	\$ <u>30,798,000</u>	\$ <u>33,551,000</u>	<u>\$64,349,000</u>
Increased Cost	\$ 30,798,000	\$ 33,551,000	\$64,349,000



BUDGET DIRECTOR
Office of Budget and Program Planning

Date: JAN 26, 1985
HB 242

FISCAL IMPACT: (continued)

Revenues: Because of the Governor's proposed changes in school equalization revenue, the effects of both current and proposed allocation processes are detailed here:

1. Impact without incorporation of Governor's revenue proposals:

	<u>FY 86</u>	<u>FY 87</u>	<u>Biennium</u>
Equalization Revenue	\$261,281,000	\$270,614,000	\$531,895,000

Costs:

	<u>FY 86</u>	<u>FY 87</u>	<u>Biennium</u>
Current Public School Schedule	\$272,332,000	\$274,659,000	\$546,991,000
Guaranteed Tax Base	30,798,000	33,551,000	64,349,000
TOTAL	<u>\$303,130,000</u>	<u>\$308,210,000</u>	<u>\$611,340,000</u>

General Fund Required:

Cost	\$303,130,000	\$308,210,000	\$611,340,000
Available Revenue	261,281,000	270,614,000	531,895,000
Total Gen. Fund Needed	<u>\$ 41,849,000</u>	<u>\$ 37,596,000</u>	<u>\$ 79,445,000</u>

2. Impact with Governor's proposals to increase the allocation of local impact Coal Tax Revenues and U.S. Oil and Gas Royalties to the public school equalization account.

	<u>FY 86</u>	<u>FY 87</u>	<u>Biennium</u>
Equalization Revenue	<u>\$271,240,000</u>	<u>\$280,410,000</u>	<u>\$551,650,000</u>

Costs:

Current Public School Schedules	\$272,332,000	\$274,659,000	\$546,991,000
Guaranteed Tax Base	30,798,000	33,551,000	\$ 64,349,000
TOTAL	<u>\$303,130,000</u>	<u>\$308,210,000</u>	<u>\$611,340,000</u>

General Fund Required:

Cost	\$303,130,000	\$308,210,000	\$611,340,000
Available Revenue	271,240,000	280,410,000	551,650,000
Total Gen. Fund Needed	<u>\$ 31,890,000</u>	<u>\$ 27,800,000</u>	<u>\$ 59,690,000</u>

Any increase to the public school schedules would require additional general fund under either revenue assumption.

AFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

1. The amount of additional state aid estimated under this proposal would be distributed to school districts whose taxable valuation per pupil is less than the state average for all districts. This, in effect, would provide some property tax relief to those districts, because the state would assume some of the cost of meeting the voted levy amounts needed to support the district's general fund budget which is above present foundation and permissive support levels.
2. Recipient school districts represent 39% of the total number of school districts and contain 76% of the total number of students presently enrolled in the state's elementary and high schools.
3. Some school districts may be encouraged to increase their present spending levels if the state shares in the added costs incurred beyond the foundation program and permissive support levels.

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

N/A.