

FISCAL NOTE
Requested by Legislative Council
01/13/2017

Bill/Resolution No.: SB 2206

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$242,057,732	\$275,000,000	\$275,000,000	\$275,000,000
Appropriations			\$242,057,732	\$275,000,000	\$275,000,000	\$275,000,000

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill requires the funding of county social services be transferred from the county to the state. Section 10 of SB 2206 maintains the credit against payments in lieu of taxes paid by electric transmission and distribution companies.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 3 of SB 2206 requires a change in the payment methodology used by the Department of Human Services (Department) to reimburse counties for economic assistance and social service programs for calendar years after December 31, 2017 continuing the property tax relief previously provided to counties.

Section 5 of HB 1075 transfers \$275,000,000 from the general fund to the County Social Service Financing Fund. Subsection 4 of HB 1072 contains \$275,000,000 appropriation authority to pay counties for county social service expenditures using the new payment methodology. The Department’s Optional Adjustment Request related to this new payment methodology was included in the 17-19 Executive Budget, therefore \$32,942,268 in general fund authority was removed from the Department’s 17-19 Executive Budget for payments anticipated to be made to the counties from January 1, 2018 thru June 30, 2019.

If SB 2206 does not pass the Department of Human Services would need \$32,942,268 in general fund authority added to HB 1072 for the 17-19 biennium to maintain the payment methodology to counties for the reimbursement of economic assistance and social service programs.

The base level Department budget (HB1012) and OMB budget (HB 1015) do not contain the new payment methodology used in constructing the 2017-2019 budget for county social service financing, therefore funding to accommodate the change in payment methodology proposed in SB 2206 would need to be added to HB 1012 and HB 1015.

2015 SB 2144 eliminated the county social services emergency levy (Levy 1222). Levy 1222 was available if the number of mills needed to fund county social services exceeds 20 mills. A Human Service Grant was added to 2015 SB 2206 for counties that had historically used the emergency levy. Therefore authority to use Levy 1222 would need to be restored to the counties if the bill does not pass, or language would need to be added to a bill to

implement the Human Service Grant program.

Section 10 of SB 2206 maintains the credit against payments in lieu of taxes paid by electric transmission and distribution companies. There is no fiscal impact associated with this section.

The 19-21 biennium amounts reflected above provides funding for the new payment methodology with no inflationary increases or other formula changes for both CY 2020 and CY 2021.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Section 5 of HB 1075 transfers \$275,000,000 from the general fund to the County Social Service Financing Fund. Subsection 4 of HB 1072 contains \$275,000,000 appropriation authority to pay counties for county social service expenditures using the new payment methodology. The Department's Optional Adjustment Request related to this new payment methodology was included in the 17-19 Executive Budget, therefore \$32,942,268 in general fund authority was removed from the Department's 17-19 Executive Budget for payments anticipated to be made to the counties from January 1, 2018 thru June 30, 2019.

If SB 2206 does not pass the Department of Human Services would need \$32,942,268 in general fund authority added to HB 1072 for the 17-19 biennium to maintain the payment methodology to counties for the reimbursement of economic assistance and social service programs.

The base level Department budget (HB1012) and OMB budget (HB 1015) do not contain the new payment methodology used in constructing the 2017-2019 budget for county social service financing, therefore funding to accommodate the change in payment methodology proposed in SB 2206 would need to be added to HB 1012 and HB 1015.

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Section 10 of SB 2206 maintains the credit against payments in lieu of taxes paid by electric transmission and distribution companies. There is no fiscal impact associated with this section.

The 19-21 biennium amounts reflected above provides funding for the new payment methodology with no inflationary increases or other formula changes for both CY 2020 and CY 2021.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Included in the Department's 17-19 Executive Budget Recommendation (HB 1072) is other fund appropriation authority of \$275,000,000 for property tax relief payments to the counties and included in OMB's Executive Budget Recommendation (HB 1075) is appropriation authority to transfer \$275,000,000 from the general fund to the County Social Service Financing Fund. The Department's and OMB's base level budgets HB 1012 and HB 1015 do not contain the new payment methodology used in constructing the 2017-2019 budget for county social service financing, therefore funding to accommodate the change in payment methodology proposed in SB 2206 would need to be added to HB 1012 and HB 1015.

For the 19-21 biennium without consideration of inflationary increases or other formula changes, the Department and OMB would need other fund and general fund authority respectively, of \$275,000,000 to continue the property tax relief payments.

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