

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2032

2007 SENATE EDUCATION

SE 2032

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2032

Senate Education Committee

Check here for Conference Committee

Hearing Date: January 10, 2007

Recorder Job Number: 837

Committee Clerk Signature

Minutes:

Doug Johnson, North Dakota Council of Educational Leaders, appeared before the Senate Education Committee to provide information on SB 2032. (Written materials attached) Senate Bill 2032 was originally assigned to the Senate Education Committee but was then moved to the Senate Finance and Taxation Committee. Because the bill concerns educational funding, the Senate Education Committee wanted to learn more about it.

Mr. Johnson said the materials he distributed came from Anita Thomas' presentation to the interim Finance and Tax Committee.

Senator Flakoll asked what affect the bill, in its current form, would have on equity. (meter 21:27)

Mr. Johnson said there will be some impact on equity; he is not sure how much. His biggest concern is it does not provide any additional dollars, it just moves the dollars from property tax to the state to be paid by the surplus at this time and there is no way to recapture that.

Senator Flakoll asked if the bill contains any provision for the consolidation of schools, particularly if a consolidation crosses some borders. Is there a provision for blending? (meter 23:32)

Mr. Johnson said there is not a provision as he reads the bill.

Senator Flakoll said current law has a six year provision for a blending of districts.

Senator Flakoll asked what the plan is if adequate funds are not available. What is the procedure that would have to be enacted in a worst case scenario?

Mr. Johnson said there is no provision; it is taking \$75 million from the surplus. Should there be a decrease in the surplus, there would have to be an increase in the next biennium to cover that loss because the districts are capped at 165 mills.

Senator Gary Lee asked if this proposal is based on other states' methods.

Mr. Johnson said in watching the interim committee's work, they looked at other states but he doesn't think this is based on another state. They also looked at how to handle property tax of non residents, property tax exemptions.

Senator Gary Lee asked if this changes the relationship between the school districts and the counties and the state. (meter 26:27)

Mr. Johnson said the bill only impacts school districts, not counties.

Chairman Freborg said in order for this bill to work, it with the commissions report, we are obligated now for another \$155 million per session to education.

Mr. Johnson said that would be his assumption. This is only obligating the budget surplus dollars; there is no provision for the next biennium. The bill does not provide a sunset clause.

Chairman Freborg asked what is considered surplus dollars.

Mr. Johnson said he thinks it is the dollar amounts they were discussing in July of 2006, about \$450 million.

Chairman Freborg asked in a worst case scenario, if we came back with no budget surplus, what would happen.

Mr. Johnson said if there were no surplus dollars, for districts that were already at 165 mills, they would have no way of raising additional funds. They would have to make cuts.

Senator Flakoll asked if the school districts frozen at 165 under this bill?

Mr. Johnson said that is correct.

Senator Flakoll asked what would be the effect on districts with unlimited mills.

Mr. Johnson said it is his understanding that they would be frozen at that level.

Senator Flakoll asked if a district is dropped from 185 to 165 mills and frozen at this level and their property values increase 12%, what is the effect.

Mr. Johnson said in that case the school district would maintain. He is concerned about what would happen if property values decline. If you go back to the 80's, when oil went bust, and property values fell, under this bill, those districts would have no where to go.

Senator Flakoll asked if a district is at 165 and property values drop, what is the solution besides a special session.

Mr. Johnson said the only recourse would be a special session or, as he experienced in the 80's, a 10% cut in staff for three years in a row.

Chairman Freborg asked if anyone has considered putting something in the bill that would automatically kick in if property values declined?

Mr. Johnson said the interim committee discussed it and, as he recalls, decided if it was needed, it could be added during the session.

Chairman Freborg thanked Mr. Johnson for the information.

*Moved to
Senate Finance
+ Tax*

2007 SENATE FINANCE AND TAXATION

SB 2032

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032**

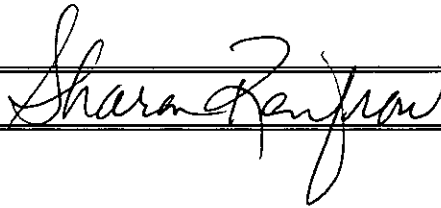
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 17, 2007

Recorder Job Number: # 1284

Committee Clerk Signature



Minutes:

Sen. Urlacher called the committee to order and opened the hearing on SB 2032.

John Walstad: from Legislative Council appeared to explain the bill and handed out a 13 page handout on Adjusted Mill Levy Cap and a handout on Property tax relief bill draft examples. At the time the committee was gathering information about property taxes, school taxes and school funding, the committee looked into a lot of issues. While doing this, a couple of significant things happened. One was there began to be reports of a growing surplus in the state general revenue, as those reports continued to be fore greater and greater surplus amounts, the committee gave up on looking state level tax increases to property tax relief because it appeared there was adequate money already available at the state level. The other significant thing that happened during this was that the Governor appointed a commission on education funding. That commission was looking at ways to enhance equity of funding for schools. The committee determined that the appropriate course of action would be to provide property tax relief not interfere if possible in recommendations that might come from the governor's commission about school equity funding issues and to provide property tax relief by reducing school district property tax revenues.

Measure 6 in 1980 the voters approved a part of measure 6 that was a statement of intent that the state should provide 70% of the cost of elementary and secondary education funding.

Much of what was in measure 6 is no longer in the law but that statement of intent is still in the law that the intent of the legislature and the people that the legislature fund 70% of elementary and secondary education. The legislature has never done that and has never been close to that but the legislature used to be closer to 70% level than the state is now.

Sen. Cook: what are the school districts now that they have another mill levy, can you tell me?

Answer: I believe Bismarck is unlimited, Williston and Grand Forks, 3 districts, those districts would continue to use that unlimited authority, it would not end that.

Sen. Cook: the effective date is taxable year beginning after Dec 31, 2006 is that workable?

Answer: it should be workable.

Sen. Cook: the actual mill levies would be going down in some school districts if this would pass and curious about how the pool of money goes from the state and school districts. When does the school district get the money that they deem to offset that mill levy?

Answer: these dollars replace property tax dollars. Property tax dollars will begin to flow in, in February of 2008 and this payment, the first allocation I believe was set for April 15th, so I don't think there will be too much of a delay, the school districts will still be getting a substantial influx of property tax revenue beginning in February or even January. I don't think it will throw us a cash flow problem, I think it will arrive timely so it is useable.

Sen. Oehlke: Page 3, talks about mill levies, what would a school district typically have an excess mill levy for? Building or something like that?

Answer: There can be a number of things that voters can approve extended levy authority for but what is referred to is excess levy authority is that thing I was pointing out about voter

approval on page 8. The amount that can be taxed onto a general fund levy upon voter approval. So if the voters do approve a 5% increase, that's 5% increase will not be counted in the fill rate for that district that goes into the formula for determining property taxes.

Sen. Anderson: going back to being able to increase the levy by vote up to 5%. I'm just curious why does it take a higher percentage of schools that are under 4000 than over 4000?

Answer: I wish I knew the answer to this, that provision is in current law within regard to approving in our limited levy (?) and for smaller population districts we need a higher percentage voter approval for an unlimited levy than you do in higher population districts.

Sen. Urlacher: It was accepted as existing law.

Sen. Horne: It's to provide monies to school districts so they can in turn to levy less and than that would reduce property taxes in the district, is that the process?

Sen. Urlacher: it's a switch from obligations away from the local to the state on an equal basis.

Sen. Horne: is there insurances built in?

Mr. Walstad: the bill does not deal with that.

Rep. Haas: I served on the Interim Tax Committee and I speak in favor of this bill. The share of the cost of k-12 education has been increasing at the local level and the burden goes directly to property taxes and the share of the profit k-12 education at the state level has been decreasing. The philosophical question directly related to the constitution of the state of ND which clearly states that education k-12 education is a state responsibility. Why is the state's share decreasing and the burden on property taxes increasing? Handed out amendments.

This bill takes the DPI reference out and puts the flat 5% in and the final change is on the back of the amendment with concern about how are we going to know what kind of affect this has on our tax bill when we get it in December. So the section on the back page says that

the county auditor or the county treasurer of the tax payer must include the statement that says state paid school district property taxes will be. An itemized statement on the tax bill that shows the actual dollar amount of tax relief that resulted on your tax bill as a result of this part of a million dollars.

Sen. Cook: When you say about the equity with these amendments, you're talking about the adjustment factor? Yes Do you believe the constitutional responsibility of the state of ND is to provide funding to bus students to school? That issue has been adjudicated and no it is not.

Rep. Herbel: appeared in support stating this attacks the property tax issue. Property tax has been an enormous issue from the pulpit and it think we need to address it now.

Sen. Cook: If we take the equity issue out of this bill because it's being addressed in the commissions bill, then why do we still have a situation where some people depend upon school district relief, could they get more relief than someone else?

Rep. Herbel: it probably had something to do with what effort they were levying to begin with. If you look at the print out, you will see that not every school has to drop their mill levy the same amount.

Sen. Horne: Does SB 2032 provide property tax relief and SB 2200 is designed more to provide a more plunging and more equitable funding for school districts around the state, so one provides tax relief and the other one is more equitable school funding, is that what we're doing here?

ANSWER: yes

Sandy Clark: NDFB appeared on their behalf stating they support property tax relief but are not prepared to support this bill in its entirety

Kayla Pulvermacher: ND Farmers Union appeared in support with written testimony. (See attached)

Don Moore: a former senator on behalf of himself appeared in support of the bill and the amendment.

Adjourned.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2032

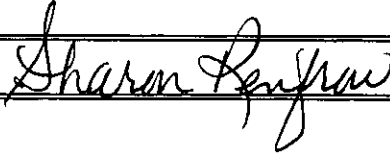
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 17, 2007

Recorder Job Number: # 1323

Committee Clerk Signature



Minutes: Afternoon

Sen. Urlacher called the committee to order and opened the hearing for opposition on SB 2032 because of scheduling conflicts.

Bev Nielsen: ND School Board Association appeared in opposition with written testimony.
(See attached)

Sen. Urlacher: You're saying the statistics aren't available to move forward until we go through that procedure if opposing?

Answer: our position is that if during the next interim of commission can establish what we think is an adequate program of education for the state, determine what that costs then decide how much of that what the state will pay then we will know how much the locals will be expected to pay and I think we can better look at how much a limitation on their capping authority is appropriate. We just think it's a little premature.

Doug Johnson: ND Council of Educations Leaders appeared in opposition with written testimony. (See attached)

Sen. Cook: what's your position on the state mandated school consolidation, school district consolidation?

Answer: we have not taken a position one way or the other.

Sen. Cook: if the state is going to take on more responsibility to define an adequate education, I agree that having every high school child have access to classes like physics and chemistry and foreign language would certainly constitute an adequate education. At what point do we understand that maybe we have to have more than 10 kids in a class out there in some of our rural high schools in order to efficiently deliver that adequate education. And if we're going to deliver more, we have a right to start insisting on some school district consolidation.

Answer: I think that is one of the issues that as SB 2200 goes through and is discussed and the future as we look at adequacy some of the things we are going to have to look at is not necessarily consolidation but how do we take care of these smaller school populations.

Sen. Tollefson: equity seems to be and is a problem for many of the smaller schools. Several of our rural districts surrounding Minot could be consolidated into the Minot school districts and would take care of their equity problem. That probably is true around the state to various degrees. Do you think that's a possibility?

Answer: I have found that the current effort that has been made with joint power agreements in developing education associations is going to help solve that problem will probably laid that to happen on a voluntary basis by those school districts. It's a tough call on what that process is going to be. What's best for the kids in that district.

Sen. Horne: under your proposal we would look at equity formulas this session, deal with adequacy in 2009 and then do some tax studies in 2011 so it would be in the year 2013 before we get tax relief?

Answer: it may mean looking at new ways of developing dollars to generate getting us to adequate education. Where those dollars come from is going to be the work of your

Page 3

Senate Finance and Taxation Committee

Bill/Resolution No. SB 2032

Hearing Date: January 17, 2007

committee and the House Finance & Tax Committee and ultimately the whole State

Legislature. Will that be property tax relief? We hope so.

Closed the hearing.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032**

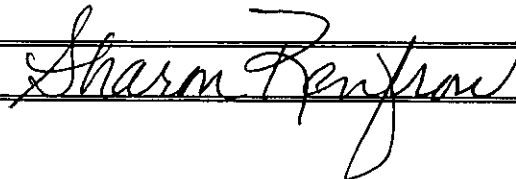
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 31, 2007

Recorder Job Number: # 2474 & # 2477

Committee Clerk Signature



Minutes:

Sen. Urlacher called the committee to order for action on SB 2032.

Sen. Urlacher: explained what the bill does and what it intends to do stating this is an interim bill and deferred to Sen. Cook for amendments.

Sen. Cook: explained the amendments stating they do 4 things. First they raise the appropriation from 74 million to 100 million plus, second they remove the part of this bill that had a modifier in there for equity, school funding equity, third they reference they growth that school districts are allowed to reference CPI, it takes it out and makes it a 5% growth and lastly they get a statement on everybody's tax statement that makes reference to the deduction in the tax statement because of the state paid school district property tax relief tax and with that I would move the amendments.

Sen. Cook: I move the amendments 0402 except the part that deals with the caps on page 8 and 9, seconded by Sen. Triplett.

Voice Vote; 7-0-0 amendments pass

Sen. Cook: I move the amendments on page 8 and 9 which deals with the caps and puts at a flat 5%, seconded by Sen. Oehlke.

Sen. Triplett: don't feel we need caps.

Roll call Vote: 4-3-0, amendment passes.

Sen. Cook: what we are doing here is basically using school districts funding formulas as a means of offering property tax relief and it will the way it is written unless your school district is below 111 mils. My only concern with this is that the amount of relief varies by school district.

Sen. Horne: what do the school people think about this bill?

Sen. Urlacher: it was in interim committee and it had very thorough research, whatever it took to make it functional bill. There was a tremendous amount of input.

Sen. Cook: is there anything we can do as to determining how much money a school district gets to try to reduce some of the to bring it closer together so that everybody is a little bit closer rather than certain districts getting the help.

John Walstad: Legislative Council stating the first step in the process is to make a list of what everybody's mil rate was, their general fund mil rate and then subtract 111 mils from that and any levy under 111 mils, that school district is out of the relief allocation and for those just over 111 mils marginally, they are only going to get relief for the number of mils above 111. So if you're at 141 you're only going to have 30 mils of your taxes going into the pot to determine how the allocation is made. In interim committee took the position that the allocation relief should be targeted to those areas where property taxes have been above average and that's what it does. That means the allocations are unequal, it's built into the way the bill is structured.

Sen. Triplett: the unequal allocation is virtually required in order to address the perception that there is already inequity in the system, right?

John: yes, that was the interim committee's premise in structuring this thing this way that some people in the State are paying a pretty light property tax burden and the relief should be targeted to the people who are getting hammered.

Sen. Triplett: I think your right, there is too much of a difference, you can't get to a point of equality without _____, its got to be unequal to some degree, but the question is what the degree is, right?

Sen. Cook: yes, one of the problems we always have is the little thing called the school funding bill. There's winners and losers and everybody looks at a print out. Now we've got 3 bills that deal with education funding, we're gonna have our normal education bill, we're going to have a Governor's bill on commission which is to deal with the equity issue and we're going to have this one. Someone is going to say, what if we took all the money and ran it through the education bill and run another one of those print-outs and we are right back to where we were with winners and losers. We're going to have to be able to fight that if we want property tax relief.

Sen. Cook: made a Motion for **DO PASS as Amended and Refer to Appropriations**, seconded by Sen. Tollefson.

Sen. Triplett: I think in the end I will vote for this bill although I still have issues with the caps so will vote no on this bill now.

Roll call vote: 5-2-0 Sen. Cook will carry the bill.

2477

Sen. Cook: I Move we Reconsider our Action in which we passed SB 2032, seconded by Sen. Tollefson.

Voce vote: 7-0-0

Consideration of amendments from John Walstad

Sen. Cook: made a Motion to Move the Amendments, seconded by Sen. Horne

Voice vote: 7-0-0 Amendments passed

Sen. Cook: made a **Motion for DO PASS as Amended and Refer to Appropriations**,
seconded by Sen. Tollefson.

Roll call vote: 5-2-0 Sen. Cook will carry the bill.

FISCAL NOTE
Requested by Legislative Council
04/26/2007

Amendment to: Reengrossed
SB 2032

1A. **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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$120,850,000)			
Expenditures			\$3,604,000			
Appropriations			\$3,604,000	\$1,100,000		

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

SB 2032 Second Engrossment with Conference Committee Amendments creates two new income tax credits for property taxes paid. The bill also reduces the "marriage penalty" and expands the Homestead credit program for the elderly and disabled.

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 1 expands the homestead credit program for the elderly and disabled. Section 5 creates a targeted tax credit of up to \$300 to offset the marriage penalty for married-filing-joint taxpayers. Sections 6 and 7 create two new income tax credits equal to ten percent of property tax liabilities, up to \$1000. Unused credits may be carried forward for 5 years or, in certain cases, rebated to the taxpayer for use in paying the ensuing year's property tax liability.

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.*

The tax credit to offset the marriage penalty provided in Section 5 of the bill is expected to reduce state general fund revenues by an estimated -\$8.85 million during the 2007-09 biennium. The new Homestead and Commercial Property Income tax credits equal to ten percent of qualifying property taxes paid is expected to reduce state general fund revenues by an estimated -\$112 million during the 2007-09 biennium.

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.*

Meeting the expanded provisions of the elderly and disabled Homestead Credit program will increase state general fund expenditures by an estimated \$3.604 million during the 2007-09 biennium.

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 is also included in the executive budget or relates to a continuing appropriation.*

There is an appropriation of \$3.604 million from the general fund for funding the expanded homestead tax credit

program for elderly and disabled. Additionally there is an appropriation of \$1.1 million to the tax department for implementing this Act.

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	04/26/2007

FISCAL NOTE

Requested by Legislative Council

04/24/2007

Amendment to: Reengrossed
 SB 2032

1A. 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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$100,850,000)			
Expenditures			\$3,604,000			
Appropriations			\$3,604,000			

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

SB 2032 Second Engrossment with Conference Committee Amendments creates an income tax credit for property taxes paid. The bill also reduces the "marriage penalty" and expands the Homestead credit program.

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 1 expands the homestead credit program for the elderly and disabled. Section 5 creates a targeted tax credit of up to \$300 to offset the marriage penalty for married-filing-joint taxpayers. Section 6 creates a new Homestead Income tax credit of up to \$1000 equal to ten percent of the residential and agricultural property taxes paid.

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.*

The tax credit to offset the marriage penalty provided in Section 5 of the bill is expected to reduce state general fund revenues by an estimated -\$8.85 million during the 2007-09 biennium. The new Homestead Income tax credit equal to ten percent of qualifying property taxes paid is expected to reduce state general fund revenues by an estimated -\$92 million during the 2007-09 biennium.

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.*

Expenditures on the expanded provisions of the existing Homestead Credit program will increase state general fund expenditures by an estimated \$3.604 million during the 2007-09 biennium.

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 is also included in the executive budget or relates to a continuing appropriation.*

There is an appropriation of \$3.604 million from the general fund for funding the expanded homestead tax credit program for elderly and disabled.

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	04/24/2007

FISCAL NOTE

Requested by Legislative Council

04/19/2007

Amendment to: Reengrossed
SB 2032

1A. **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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$16,188,000)			
Expenditures				\$83,604,000		
Appropriations				\$83,604,000		

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
					\$0			

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

SB 2032 Second Engrossment with House Amendments - Majority Report allocates \$80 million in property tax relief funds - based on 2006 actual levies, reduces the "marriage penalty" and expands the Homestead credit program.

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 1 of SB 2032 Second Engrossment with House Amendments - Majority Report will allocate \$80 million to property taxing districts in the 2007-09 biennium, a reduction of 5.9% based on 2006 levies. Section 2 expands the existing Homestead Credit program for low income elderly and disabled homeowners and renters. Section 11 removes a portion of the marriage penalty.

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.*

Section 11 of the bill updates all of the Form ND-1 tax brackets to the 2007 level. Additionally the section broadens the lowest "married filing separate" bracket to equal the lowest "single" bracket and broadens the lowest "married filing joint" bracket to equal twice the lowest "single" bracket.

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.*

Expenditures from the permanent oil tax trust fund are estimated to increase by \$80 million for payments to counties for property tax reduction, and \$3.604 million for payments to counties and renters for the expanded homestead credit provisions.

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 is also included in the executive budget or relates to a continuing appropriation.*

There are two appropriations from the permanent oil tax trust fund contained in Sections 13 and 14 of the bill.

Name: Kathryn L. Strombeck	Agency: Office of Tax Commissioner
Phone Number: 328-3402	Date Prepared: 04/19/2007

FISCAL NOTE
 Requested by Legislative Council
 03/30/2007

Amendment to: Reengrossed
 SB 2032

1A. **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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$94,205,000		
Appropriations				\$94,205,000		

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
					\$0			

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

SB 2032 Second Engrossment with House Amendments allocates school district property tax relief funds with a continuing appropriation from the permanent oil tax trust fund.

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.*

Based on the most recent available information from Department of Public Instruction, SB 2032 Second Engrossment with House Amendments will reduce school district property taxes by \$94,205,000 in the 2007-09 biennium, and the permanent oil tax trust fund will reimburse the school districts for that amount.

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.*

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 is also included in the executive budget or relates to a continuing appropriation.*

There is a continuing appropriation from the permanent oil tax trust fund contained in Section 9 of the bill.

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	04/02/2007

