

Fiscal Estimate Narratives

DPI 12/12/2017

LRB Number	17-2115/1	Introduction Number	AB-0729	Estimate Type	Original
Description revenue limit adjustment for certain school district workforce development improvements					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a school district revenue limit adjustment for workforce development improvements to support vocational or technical education.

Current law generally limits the total amount of revenue per pupil a school district may receive from general school aids and property taxes in a school year to the amount of revenue received per pupil in the previous school year. Current law provides several exceptions to the revenue limit. Under one such exception, a school district may pass a resolution and submit the resolution to the electors of the school district in a referendum election. If a majority of the electors of the school district votes to approve the referendum, the revenue limit of the school district is increased as specified in the referendum question.

Under this bill, a school board that receives a petition and that adopts a resolution to initiate workforce development improvements may increase its revenue limit by the amount the school district spends on the improvements in a school year, including amounts spent for debt service on a bond, note, or state trust fund loan used to finance the improvements. The term of the bond, note, or trust fund loan may not exceed 20 years. The petition must be filed jointly by the president of a local chamber of commerce or a chamber of commerce that serves the geographic area encompassing any portion of the school district and the executive director of a regional workforce development board.

Local:

This bill appears similar to the statutes which govern the revenue limit adjustment available to school districts for undertaking energy efficiency measures and allows school boards that adopt a resolution to undertake a project to initiate workforce development improvements to increase its revenue limit by the amount the school district spends to initiate workforce development improvements in a school year. The term of a bond or note issued or statute trust fund loan obtained to finance a project may not exceed 20 years and a resolution adopted by a school board under this subdivision is valid for each school year in which the school board pays the debt service on the bond, note, or state trust fund loan.

If the bill is enacted, the total levy authority as a result school districts utilizing this exemption may increase, depending on how many school districts make use of the exemption. The experience with the energy efficiency exemption has been that the exemption amount statewide has grown in each year. Because the Department cannot predict usage of the proposed revenue limit exemption by school districts, and because many other factors affect districts' final tax levies (membership, future per pupil adjustment amounts, other exemptions used by districts – e.g., referenda), it is not possible to project the net tax levy impact that would result from creating this revenue limit exemption. Therefore, the local fiscal impact of this bill is indeterminate.

State:

Because this revenue limit exemption is borne by the property tax levy, there is no fiscal effect on the state's general fund as a result of this bill.

Long-Range Fiscal Implications