

HF116 - 0 - "Auth Sch Districts Renew Exp Referendums"

Chief Author: **Mike Freiberg**
 Committee: **Education Finance Division**
 Date Completed: **03/07/2019**
 Agency: **Education Department**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	50	95	130	
Total	-	-	50	95	130	
Biennial Total			50		225	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	-	-	-
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Melissa Lam Young Date: 3/7/2019 10:03:57 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	-	50	95	130
Total		-	-	50	95	130
Biennial Total				50		225
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	-	50	95	130
Total		-	-	50	95	130
Biennial Total				50		225
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This legislation will allow school districts to renew expiring referendum by board resolution if the per-pupil amount and the term of the renewal remain the same as the existing referendum.

- School boards will be allowed to pass a resolution after holding a meeting and allowing public testimony on the proposed renewal.
- The resolution must be adopted by June 15th of any calendar year and becomes effective 60 days after its adoption.
- The school board may renew an expiring referendum not more than two fiscal years before the referendum expires which is consistent with current legislation.
- A copy of the adopted resolution must be provided to the commissioner of education and the county auditor no later than September 1st of the calendar year in which the levy is certified.

Assumptions

Most districts seek to renew their expiring referendums, and most referendum renewal elections are successful. Over the last 4 years, all 56 renewal elections for expiring referendums were successful.

However, each year a few districts do not seek to renew their expiring referendums. Using a five year average (FY2015 through FY 2019), approximately \$440,000 in expiring referendum revenue was not restored because districts did not seek to renew the authority.

- It is assumed that under current law, the five year average level of nonrenewal will continue.
- It is assumed that under this bill, the local school board would opt to renew the expiring authority. This would add approximately \$440,000 in total referendum revenue each year.

- It is assumed that the state share of this added revenue would equal the state average share of all referendum revenue.

Expenditure and/or Revenue Formula

	FY 2021	FY 2022	FY 2023
Referendum Revenue	440,486	880,973	1,321,459
Referendum Aid	55,413	98,317	132,410
% Aid	0.1258	0.1116	0.1002
Referendum Levy	385,073	782,656	1,189,049
% Levy	87.42%	88.84%	89.98%
Appropriation -90% current	50,000	89,000	120,000
Appropriation - 10% final		6,000	10,000
Appropriation Total	50,000	95,000	130,000

Long-Term Fiscal Considerations

This would be ongoing.

Local Fiscal Impact

It is assumed that districts that would not have opted to renew their referendum revenue by voter approval would do so under the new legislation. This would increase the levy for those districts.

By allowing local school boards to pass a resolution to renew expiring referendum authority, school districts will reduce the cost of an election campaign, which includes the need to prepare first class mailing information to be sent to all the property owners in the district and the cost of postage for that mailing.

In addition, many school districts use an attorney to draft ballot language for an election and a financial advisor to prepare a table illustrating the cost to the taxpayer based on the referendum market value of their property, and will save on these cost as well.

References/Sources

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