

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6537

BILL NUMBER: HB 1212

DATE PREPARED: Dec 2, 1999

BILL AMENDED:

SUBJECT: School funding formula.

FISCAL ANALYST: Chuck Mayfield

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill equalizes target property tax rates for school general funds. It provides that local property tax levies statewide for school corporations will increase the same as the statewide average for civil units. The bill provides that the state tuition support appropriation is to be allocated among all school corporations using an equal state tuition support amount per ADM. It also provides an additional amount equal to 50% of the target revenue per ADM (state and local) for each special education and at-risk pupil. The bill repeals conflicting provisions.

Effective Date: January 1, 2001.

Explanation of State Expenditures: The bill changes the school formula so all schools receive the same state dollars per ADM for regular instruction. The bill takes the state appropriation and divides by the total statewide adjusted ADM. Each school's state regular tuition support is the product of the state appropriation per adjusted ADM times the school's adjusted ADM. The school property target tax rate equals the statewide average tuition support levy rate time the statewide average assessed growth quotient. The following table shows the projected CY 2001 school formula under current law and this bill.

	Proposed Change	Current Law	Difference
State Regular	\$2,720,898,719	\$2,741,701,934	(\$20,803,214)
Local Levy	\$1,718,324,731	\$1,672,137,163	\$46,187,568
Auto & Bank	\$207,906,938	\$207,906,938	\$0
Total Regular	\$4,647,130,388	\$4,621,746,035	\$25,384,354
Special Education	\$382,025,635	\$339,176,499	\$42,849,136
Vocational Education	\$61,793,293	\$61,793,293	\$0
At Risk Grant	\$30,837,358	\$47,928,282	(\$17,090,934)
Prime Time	\$112,951,502	\$112,515,430	\$436,072
Honors Grant	\$12,468,075	\$12,468,075	\$0
Growing School Adj.	\$0	\$5,329,975	(\$5,329,975)
Total Revenue	\$5,247,206,251	\$5,200,957,599	\$46,248,653
Total State	\$3,320,974,582	\$3,320,913,497	\$61,085
General Fund Tax Rate	\$2.9725	\$2.8926	\$0.0799

The bill increases property taxes by about \$46.2 million for CY 2001. The corresponding increase in state Property Tax Replacement Credits would be about \$4.6 million (½ of \$46.2 million times 20%) for FY 2001 and \$9.2 million (20% of \$46.2 million) for FY 2002. Property Tax Replacement Credits are paid from the Property Tax Replacement Fund and supplemented by the General Fund.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: The bill would increase local school revenue by about \$46.2 million for CY 2001. The increase revenue is from property taxes. The statewide rate would increase by about \$0.0799. The following table shows the impact on local schools.

	Number of Schools with Decrease	Number of Schools with Increase
Property Tax Levies	33	261
State Tuition Support	186	108
Total Revenue	172	122

State Agencies Affected: Department of Education.

Local Agencies Affected: Local School Corporations.

Information Sources: Department of Education Databases.