

JBC STAFF FISCAL ANALYSIS  
 SENATE APPROPRIATIONS COMMITTEE

CONCERNING THE ADMINISTRATION OF THE EXEMPT STATUS OF PROPERTY FOR PROPERTY TAX PURPOSES.

|                 |                                       |   |  |
|-----------------|---------------------------------------|---|--|
| Prime Sponsors: | Senator TAPIA<br>Representative VIGIL | JBC Analyst:<br>Phone:<br>Date<br>Prepared: | Carolyn<br>Kampman<br>303-866-2061<br>February 11,<br>2009 |
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Summary of Amendments Made to the Bill After the February 4, 2008 Legislative Council Staff Revised Fiscal Note Was Prepared (Amended by the Senate Finance Committee 01/20/09)

None.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

|   |          |                          |                 |                          |                  |
|---|----------|--------------------------|-----------------|--------------------------|------------------|
| <input checked="" type="checkbox"/> XXX | Concurs* | <input type="checkbox"/> | Does Not Concur | <input type="checkbox"/> | Updated Analysis |
|---|----------|--------------------------|-----------------|--------------------------|------------------|

\*The Legislative Council Staff Revised Fiscal Note dated February 4, 2009, indicates that the expenditures identified in the fiscal note could be incurred from the General Fund, the State Education Fund (SEF), or a combination of both. The annual Long Bill appropriation for the State Share of Districts' Total Program Funding does include both General Fund and SEF moneys. This Long Bill appropriation is intended to comply with existing law, including the constitutional requirement to increase the statewide base per pupil funding amount (a constitutionally authorized use of SEF).

A bill that changes existing law in a way which increases the state share of funding for school finance may include an appropriation from the SEF if the General Assembly determines that it is a constitutionally authorized use of SEF moneys (e.g., expanding the availability of preschool programs). The General Assembly's practice to date, for bills that reduce local property tax revenues and thus increase the state share of school finance funding, has been to include a General Fund (rather than a SEF) appropriation.

Amendments/Appropriation Status

The bill does not currently include an appropriation clause. Staff has prepared amendment J.001 (attached) to appropriate \$16,820 General Fund to the Department of Education for the State Share of Districts' Total Program Funding for FY 2009-10.

Bill Sponsor Amendments

Sponsor amendment L.003 (attached) would require an entity, in order to qualify for an exemption pursuant to S.B. 09-42, to make a payment in lieu of taxes (PILT) to the affected school district. Based on information provided by the Division of Property Taxation (within the Department of Local Affairs) and the School Finance unit (within the Department of Education), this amendment would eliminate the impact on state expenditures identified in the Legislative Council Staff Revised Fiscal Note. If L.003 is adopted, J.001 should not be adopted.

Points to Consider

1. The general appropriations bill for FY 2009-10 has not yet been introduced. Legislative Council Staff is currently projecting that General Fund revenues will fall short of funding existing FY 2008-09 operating appropriations, and these appropriations will need to be reduced (or revenues increased) by \$632 million. Once these appropriation reductions are made, revenues will only be sufficient to support a \$29 million (0.4 percent) increase in General Fund operating appropriations in FY 2009-10. This bill would appropriate \$16,820 General Fund for FY 2009-10, thereby limiting General Fund revenues available for other state operations. [Sponsor amendment L.003 would eliminate the General Fund impact of this bill.]