

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6520

BILL NUMBER: HB 1110

NOTE PREPARED: Feb 12, 2013

BILL AMENDED: Feb 11, 2013

SUBJECT: Flexibility in Use of School Funds.

FIRST AUTHOR: Rep. McNamara

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill extends the authority for a school corporation to use money in its capital projects fund to pay the costs of insurance and utilities through 2015. It increases the amount of a school corporation's allowable expenditures from 3.5% to 4.5% of the school corporation's 2005 calendar year distribution. The bill provides that amounts available for expenditure exceeding 3.5% of the school corporation's 2005 calendar year distribution must be used to pay storm water fees charged to the school corporation.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) The maximum amount of CPF funding statewide that can be used for paying the costs of insurance and utilities is about \$204.5 M each year, or 3.5% of the school corporation's 2005 calendar year school formula revenue. Currently, this provision is only valid through CY 2013. This bill would allow schools to use CPF funds for insurance and utilities costs through CY 2015. In FY 2012, school expenditures from CPF for utilities and property insurance was about \$182.4 M.

The bill would also allow up to about \$58.4 M of the CPF to be used to pay storm water fees that are currently paid from the school General Fund. It is unknown how much school corporations currently spend on storm water fees. A school corporation would be able to increase their CPF levy above their current maximum rate

to raise the additional funds for storm water fees.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Local schools.

Information Sources: Department of Education Databases.

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