



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0265: Provide Over-BASE levy authority consistent with inflation adopted by the legislature**

Primary Sponsor: Luke Muszkiewicz Status: As Introduced

- Included in the Executive Budget Needs to be included in HB 2 Significant Local Gov Impact
- Significant Long-Term Impacts Technical Concerns Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
General Fund (01)	\$0	\$0	\$0	\$0
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact

HB 265 changes laws relating to school district over-BASE levies allowing permissive levies and increases to funding for areas previously requiring a vote of the electorate. There is no state fiscal impact for HB 265 however, there could be an increase to local school property taxes of \$5.4 million FY 2026 and \$11.3 million in FY 2027 and growing in future years if school districts took advantage of HB 265.

FISCAL ANALYSIS

Assumptions

Office of Public Instruction

1. HB 265 applies to school budgeting and elections pertaining to school fiscal years beginning fiscal year 2026.
2. Section 1 of HB 265 describes the permissible budget amount a district may adopt. Under current statute a district may adopt the greater of either the calculated current maximum general fund budget limit or the prior year adopted budget including any increases to certain general fund funding components. This section also strikes language describing the proposition for increasing a district general fund levy. Equivalent language is added to section 20-9-353, MCA.
3. The bill, in section 2. changes 20-9-353, MCA, to allow the trustees of a school district to adopt an over-BASE budget that includes an over-BASE levy amount up to the amount of an over-BASE levy previously authorized by the electors of the district or imposed by the district in any of the previous 5 years with that amount increased by the same inflationary adjustment provided by the legislature to the basic and per-ANB entitlement amounts provided in section 20-9-306, MCA, for the ensuing school fiscal year.

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(continued)

- 4. Section 2 further clarifies that if the trustees propose to adopt an over-BASE budget that requires an over-BASE levy in excess of the permissible amount calculated, the excess amount must be submitted to a vote of the qualified electors of the district.
- 5. HB 265 changes 20-9-353, MCA, by striking language requiring district trustees to submit a proposition to the electors of the district, to increase the levy over any previously adopted, permissible levy authority and to include language replacing the amendment proposal of stuck language from section 20-9-308, MCA, in this act.
- 6. For the purposes of this fiscal note, it will be assumed a 3.0% inflationary increase proposed in HB 15 to the 2025 Legislature for FY 2026 through FY 2029. It is further assumed that increases to over-BASE levies will not occur during this period.

Effect on County or Other Local Revenues or Expenditures

Office of Public Instruction

- 1. The table below provides and estimates potential local school property tax impact associated with HB 265.

	FY2026	FY2027	FY2028	FY2029
Statewide district general fund levy increase	\$5,386,894	\$11,263,196	\$14,944,313	\$12,072,344

NOT SIGNED BY SPONSOR 1/29/25

 Sponsor's Initials Date



 Budget Director's Initials 1/27/2025
 Date