



Budget Update April 5, 2011

Late this morning the legislature and governor's office reached consensus on a budget and school finance. The JBC took quick action and closed the long bill (voted on final numbers) so that the bill can be introduced today (4/5) at 4pm. The compromise includes 18-20 other pieces of legislation that are already in the legislative process in one stage or another.

THE DEAL:

- \$250M cut to K-12 funding, reduced from Governor's proposed \$332M
- Higher education funding to remain at \$500M general fund increase where it has been all along since figure setting
- State Education Fund will have a \$120-\$125M reserve plus any revenue earned through SB Tax Amnesty Bill (estimated \$20-30M)
- Vendor fees remain for 3 fiscal years and are anticipated to generate \$20M revenue annually (down from \$65M)
- Maintain a 4% reserve for the state
- Will use \$71M in severance taxes to balance the budget
- Software sales tax exemption will be reinstated for one year, estimated to cost \$24M in revenue but actual figures are hard to estimate
- Restores tax credits on agricultural products and compounds, such as bull semen and fertilizer, costing the state about \$3.7 million but paid for by cash funds
- Tobacco rebates will continue to fund Amendment 35 health programs for 2 yrs at \$31M
- SB 76 as introduced, providing continuation of 2% shift to state employees will remain, flexibility for school districts and municipalities will not occur.

The long bill and the School Finance Act will be introduced and heard in tandem in the Senate. The standing committee for hearing will be Appropriations, instead of Education as is the usual assignment. Some Senators, notably Sen. Keith King, was upset about this change. He wants to introduce an amendment that would allow for local districts to pass mill levy overrides that would underwrite their portion of school finance funding not provided by the state. Those local funds would then be run through the school finance act factors for additional state funding. This was not a popular idea in the Senate this morning, and he was told to seek a separate bill if we considered pursuing that. Leadership is required to sign any authorization for late bills.

THE SCHEDULE

Any of the information listed below is subject to change, but the best information provided is what is being used at this time:

4/6-4/12 Senate long bill timeframe

- Caucuses will meet all day Wednesday to educate members on the contents of the long bill
- Appropriations may begin Wednesday to meet to consider the other 18-20 bills needed for the deal. These bills will go on the consent calendar where there is no discussion or amendments allowed; Appropriations will continue on Thursday to hear remaining bills, school finance, and the long bill.
- Friday 2nd Reading in the Senate on all Bills
- Monday 3rd Reading in the Senate on all bills, and introduction of the bills in the House.

4/12-4/25 House long bill timeframe

- The House still needs to decide if they are going to have the package of bills move through Appropriations only or the regular standing committees and Appropriations.
- Floor work will happen on all bills at some point during this time frame.

4/26-4/27 JBC will meet for conference committee if needed to reconcile differences between chambers

4/28 Deadline for final approval in by both Chambers

4/29 or 4/30 Long Bill sent to Governor for signature, which provides enough time for the legislature to override any line item vetos prior to the end of session.