

**FISCAL NOTE**

	FY 2022	FY 2023	FY 2024
<b>NON-ADMINISTRATIVE IMPACT</b>			
Anticipated Revenue increase			
School Foundation Program Permanent Account	\$0	\$49,900,000	\$50,900,000

Source of revenue increase:

This bill imposes four (4) mills on the nonmineral assessed valuation to be deposited into a newly created School Foundation Program Permanent Account (account). The estimated revenue from the four (4) mills to be distributed to the account is approximately \$49,900,000 in fiscal year 2023 and \$50,900,000 in fiscal year 2024, based upon estimated nonmineral assessed valuations in the January 2021 Consensus Revenue Estimating Group forecast.

The investment earnings from the account are distributed to the account until the balance equals \$2,000,000,000. Once the account's balance is equal to or exceeds \$2,000,000,000, the investment earnings are distributed to the School Foundation Program Account.

The fiscal impact related to credits against any sales and use tax provided by this bill is indeterminable.

Assumptions:

The bill provides a credit against any sales and use tax liability for any mineral producer that pays the four (4) mills on nonmineral assessed valuation. The tax credit can be applied within two years following payment of the four (4) mills on nonmineral assessed valuation. The estimated tax credit and subsequent decrease in sales and use tax revenue is indeterminable. The Department of Revenue is unable to identify the amount of sales and use tax credits mineral producers would be eligible for.

The Treasurer's Office projects yields in FY22 through FY24 to be around 2.64% for permanent funds. Yield is defined as the interest and dividend income from the investment. Over the long term, total returns for permanent funds are expected to be 4.5%. This is in accordance with the State's Investment Policy. Total return is defined as growth in the value of the investment, including both yield and realized & unrealized gains. It is assumed investment earnings would begin to accrue after FY 2024.

Prepared by: Matthew Willmarth, LSO Phone: 777-7881  
 (Information provided by Teri Lucero, 777-5220 and Brian Judkins, 777-5235, Department of Revenue)