LEGAL SERVICES

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MEMORANDUM April 4, 2011

SUBJECT: Sectional summary, authority for additional appropriations for education and community revenue sharing based on oil prices (CSSB 97(FIN), Work Order No. 27-LS0625\E)

TO: Senator Lyman Hoffman
Co-Chair of the Senate Finance Committee
Attn: Tim Grussendorf

FROM: Dennis C. Bailey
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. Allows the legislature to appropriate additional money for education based on a calculation using the price of oil. The additional money shall be distributed using the adjusted average daily membership. The calculation is based on the amount that the actual price of oil exceeds the price of oil necessary to fund adjusted operating budget expenditures. For each dollar the actual price exceeds the adjusted projected price, the legislature may appropriate an additional $5,000,000.

Section 2. Adjusts the limit on the amount the legislature may appropriate to the community revenue sharing fund.

Section 3. Adjusts the formula for calculating the basic community revenue sharing payment to include additional amounts appropriated the legislature based on the price of oil.

Section 4. Allows the legislature to appropriate additional money for community revenue sharing payments based on a calculation using the price of oil. The calculation is based on the amount that the actual price of oil exceeds the price of oil necessary to fund adjusted operating budget expenditures. For each dollar the actual price exceeds the adjusted projected price, the legislature may appropriate an additional $5,000,000.

Section 5. Provides for a July 1, 2012 effective date.

DCB:ljw
11-219.ljw

Goal: Increase Community Revenue Sharing when there is a GF Surplus

Dollars in millions unless otherwise noted

1 Enter price of oil from March through June in Plan sheet to determine avg price for the year (highlighted in col A)

2 Enter supplemental spending in Plan sheet to determine FY11 surplus

3 The numbers chosen for 1 and 2 determine the breakeven price of oil

4 Enter the spread between breakeven and trigger price of oil

5 Enter the amount of supplemental revenue sharing for each dollar the avg price exceeds the trigger price

$110.00	1,153.2		$ 2.00	5.00					
$92.74									
A	B	C	D	E	F	G	H	I	J
Average Price of Oil for the Fiscal Year	Surplus after Supplemental Spending shown above (from 2-year Plan)	Breakeven Price of Oil (depends on spending shown in 2-year plan)	Trigger Price (enter amount above Breakeven Price)	Supplemental Revenue Sharing (enter $million for each dollar avg price is above trigger price)	Base Revenue Sharing under Current Law	Total Revenue Sharing Available under Proposed Trigger	Supplemental Revenue Sharing as a Percent of Surplus	Basic Amount of Revenue Sharing under Proposed	Increase in Basic Amount (from Current Law)
$ 75	(1,591.8)	$ 87	$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
$ 76	(1,482.0)	$ 87	$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
$ 77	(1,372.2)	$ 87	$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
$ 78	(1,262.4)	$ 87	$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
$ 79	(1,152.6)	$ 87	$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
$ 80	(1,042.8)	$ 87	$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
$ 81	(901.4)	$ 87	$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
$ 82	(760.0)	$ 87	$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
$ 83	(618.6)	$ 87	$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
$ 84	(477.2)	$ 87	$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
$ 85	(335.8)	$ 87	$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
$ 86	(184.2)	$ 87	$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
$ 87	(32.6)	$ 87	$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
$ 88	119.0	$ 87	$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
$ 89	270.6	$ 87	$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
$ 90	422.2	$ 87	$ 89	5.0	60.0	65.0	1.2%	0.416	0.032
$ 91	585.2	$ 87	$ 89	10.0	60.0	70.0	1.7%	0.448	0.064
$ 92	748.2	$ 87	$ 89	15.0	60.0	75.0	2.0%	0.480	0.096
$ 93	911.2	$ 87	$ 89	20.0	60.0	80.0	2.2%	0.512	0.128
$ 94	1,074.2	$ 87	$ 89	25.0	60.0	85.0	2.3%	0.544	0.160
$ 95	1,237.2	$ 87	$ 89	30.0	60.0	90.0	2.4%	0.576	0.192
$ 96	1,411.6	$ 87	$ 89	35.0	60.0	95.0	2.5%	0.608	0.224
$ 97	1,586.0	$ 87	$ 89	40.0	60.0	100.0	2.5%	0.640	0.256
$ 98	1,760.4	$ 87	$ 89	45.0	60.0	105.0	2.6%	0.672	0.288
$ 99	1,934.8	$ 87	$ 89	50.0	60.0	110.0	2.6%	0.704	0.320
$ 100	2,109.2	$ 87	$ 89	55.0	60.0	115.0	2.6%	0.736	0.352