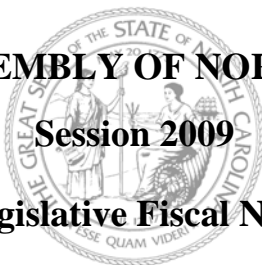


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 352 (First Edition)

SHORT TITLE: Lottery School Capital Fund Formula.

SPONSOR(S): Representatives Allred and Randleman

FISCAL IMPACT					
	Yes ()	No (x)	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES					
Local School Administrative Units			See Assumptions and Methodology		
EXPENDITURES					
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Local School Administrative Units, Department of Public Instruction					
EFFECTIVE DATE: Bill becomes effective when it becomes law					

BILL SUMMARY: Amends GS 115C-546.2(d) to change the school capital construction distribution formula in the State Lottery Act. Current law allocates 65% of the lottery proceeds deposited in the Public School Building Capital Fund (PSBCF) among all 115 local education agencies (LEAs) based on average daily membership (ADM) as certified annually by the State Board of Education and allocates the remaining 35% to LEAs located in counties with an effective tax rate that is greater than 100% of the state average effective tax rate. This bill allocates 100% of lottery proceeds deposited in the PSBCF among all LEAs based on ADM.

ASSUMPTIONS AND METHODOLOGY: Under GS 18C-164, 40% of the net revenues from the State Education Lottery Fund are allocated to the Public School Building Capital Fund (PSBCF) for school construction. In FY 2009-10, this amount is estimated at \$147,228,083. **H352 does not change the amount of lottery revenue earmarked for school construction; this bill changes how those funds are distributed among LEAs.**

Current Law

Under current law, 65% of the \$147,228,083, or \$95,698,254 million, of estimated lottery proceeds for school construction would be distributed among all 115 LEAs based on ADM. Allotted ADM for LEAs in FY 2009-10 is currently estimated at 1,426,792; therefore, all LEAs would receive \$67.07 per ADM from this block of funds. The remaining 35%, or \$51,529,829, would be distributed among LEAs located in specified counties with an effective tax rate that is greater than 100% of the state average effective tax rate. In FY 2008-09, the most recent year for which we have this data, 62 LEAs meet this criterion. ADM in eligible LEAs totals 1,025,211; therefore, each eligible LEA would receive an additional \$50.26 per ADM.

Proposed Law

Under this bill, all of the \$147,228,083 of estimated lottery proceeds for school construction would be distributed among all 115 LEAs based on ADM (\$103.19 per ADM).

Table A (see attached) compares the estimated lottery distributions for school construction by LEA under current law and this bill.

SOURCES OF DATA: Department of Public Instruction

TECHNICAL CONSIDERATIONS: The basis for the FY 2009-10 projected public school construction lottery proceeds reflect a consensus estimate between the Office of State Budget and Management, the Lottery Commission and the Fiscal Research Division. This estimate is subject to both the General Assembly's FY 2009-10 appropriations decisions and the actual realization of net lottery proceeds at the level estimated in this analysis. Both issues could impact the actual FY 2009-10 school construction proceeds and result in a distribution different than in Table A.

Additionally, under current law a LEA's eligibility for the 35% funding stream is contingent on multiple factors that are updated later in the year. This analysis uses the data that determined FY 2008-09 LEA eligibility. As such, actual eligibility for certain LEAs in FY 2009-10 may ultimately differ from the projection in Table A.

FY 2009-10 Estimated Lottery Distribution Comparison: Current Law vs. H352

LEA#	LEA NAME	Estimated Distribution				
		Current Law			H352	Difference
		65%	35%	100%		
	to all LEAs	to Eligible LEAs	Total	Total	Total	
010	Alamance County	1,501,347	-	1,501,347	2,309,765	808,418
020	Alexander County	374,599	-	374,599	576,306	201,707
030	Alleghany County	103,426	-	103,426	159,116	55,690
040	Anson County	262,119	196,426	458,545	403,259	(55,286)
050	Ashe County	215,570	-	215,570	331,647	116,077
060	Avery County	149,437	-	149,437	229,903	80,466
070	Beaufort County	481,781	-	481,781	741,201	259,420
080	Bertie County	195,851	146,767	342,618	301,310	(41,308)
090	Bladen County	344,551	258,199	602,750	530,078	(72,672)
100	Brunswick County	790,045	-	790,045	1,215,454	425,409
110	Buncombe County	1,717,924	-	1,717,924	2,642,959	925,035
111	Asheville City	247,832	-	247,832	381,280	133,448
120	Burke County	928,952	-	928,952	1,429,156	500,204
130	Cabarrus County	1,886,543	1,413,738	3,300,281	2,902,374	(397,907)
132	Kannapolis City	348,307	261,014	609,321	535,856	(73,465)
140	Caldwell County	872,745	654,018	1,526,763	1,342,685	(184,078)
150	Camden County	127,504	95,549	223,053	196,161	(26,892)
160	Carteret County	552,944	-	552,944	850,683	297,739
170	Caswell County	209,802	157,222	367,024	322,773	(44,251)
180	Catawba County	1,163,973	-	1,163,973	1,790,728	626,755
181	Hickory City	298,271	-	298,271	458,878	160,607
182	Newton-Conover City	190,552	-	190,552	293,158	102,606
190	Chatham County	515,853	386,570	902,423	793,620	(108,803)
200	Cherokee County	237,906	-	237,906	366,009	128,103
210	Chowan County	159,968	-	159,968	246,104	86,136
220	Clay County	95,444	-	95,444	146,837	51,393
230	Cleveland County	1,100,724	824,860	1,925,584	1,693,421	(232,163)
240	Columbus County	456,561	342,138	798,699	702,402	(96,297)
241	Whiteville City	164,797	123,495	288,292	253,533	(34,759)
250	Craven County	977,915	-	977,915	1,504,484	526,569
260	Cumberland County	3,572,540	2,677,190	6,249,730	5,496,216	(753,514)
270	Currituck County	270,167	-	270,167	415,642	145,475
280	Dare County	328,721	-	328,721	505,725	177,004
290	Davidson County	1,378,806	-	1,378,806	2,121,240	742,434
291	Lexington City	204,168	-	204,168	314,105	109,937
292	Thomasville City	171,571	-	171,571	263,955	92,384
300	Davie County	441,738	331,030	772,768	679,597	(93,171)
310	Duplin County	589,297	441,608	1,030,905	906,611	(124,294)
320	Durham Public	2,137,394	1,601,720	3,739,114	3,288,298	(450,816)
330	Edgecombe County	485,537	363,851	849,388	746,979	(102,409)
340	Forsyth County	3,455,969	2,589,834	6,045,803	5,316,875	(728,928)
350	Franklin County	567,901	425,574	993,475	873,694	(119,781)
360	Gaston County	2,157,650	1,616,899	3,774,549	3,319,461	(455,088)
370	Gates County	128,511	-	128,511	197,709	69,198
380	Graham County	78,475	-	78,475	120,730	42,255
390	Granville County	588,157	440,753	1,028,910	904,857	(124,053)
400	Greene County	224,022	167,877	391,899	344,649	(47,250)

FY 2009-10 Estimated Lottery Distribution Comparison: Current Law vs. H352

LEA#	LEA NAME	Estimated Distribution				
		Current Law			H352	Difference
		65%	35%	100%		
	to all LEAs	to Eligible LEAs	Total	Total	Total	
410	Guilford County	4,767,434	3,572,619	8,340,053	7,334,514	(1,005,539)
420	Halifax County	287,002	215,074	502,076	441,542	(60,534)
421	Roanoke Rapids City	196,522	147,270	343,792	302,341	(41,451)
422	Weldon City	64,591	48,403	112,994	99,370	(13,624)
430	Harnett County	1,266,929	949,411	2,216,340	1,949,122	(267,218)
440	Haywood County	524,506	-	524,506	806,932	282,426
450	Henderson County	896,556	-	896,556	1,379,317	482,761
460	Hertford County	212,820	159,483	372,303	327,416	(44,887)
470	Hoke County	523,634	392,401	916,035	805,590	(110,445)
480	Hyde County	41,987	-	41,987	64,596	22,609
490	Iredell County	1,407,848	-	1,407,848	2,165,920	758,072
491	Mooresville City	363,666	-	363,666	559,486	195,820
500	Jackson County	244,546	-	244,546	376,224	131,678
510	Johnston County	2,150,540	1,611,572	3,762,112	3,308,523	(453,589)
520	Jones County	80,487	60,315	140,802	123,826	(16,976)
530	Lee County	647,650	485,336	1,132,986	996,385	(136,601)
540	Lenoir County	624,443	467,945	1,092,388	960,682	(131,706)
550	Lincoln County	803,795	-	803,795	1,236,607	432,812
560	Macon County	294,179	-	294,179	452,583	158,404
570	Madison County	176,199	-	176,199	271,075	94,876
580	Martin County	261,985	196,326	458,311	403,053	(55,258)
590	McDowell County	432,684	-	432,684	665,667	232,983
600	Mecklenburg County	8,995,808	6,741,278	15,737,086	13,839,704	(1,897,382)
610	Mitchell County	144,675	-	144,675	222,577	77,902
620	Montgomery County	291,228	-	291,228	448,043	156,815
630	Moore County	823,380	-	823,380	1,266,738	443,358
640	Nash-Rocky Mount	1,171,217	877,687	2,048,904	1,801,872	(247,032)
650	New Hanover County	1,614,431	-	1,614,431	2,483,740	869,309
660	Northampton County	171,839	128,773	300,612	264,368	(36,244)
670	Onslow County	1,585,657	-	1,585,657	2,439,472	853,815
680	Orange County	469,976	352,190	822,166	723,040	(99,126)
681	Chapel Hill-Carrboro	787,429	590,084	1,377,513	1,211,429	(166,084)
690	Pamlico County	97,255	-	97,255	149,623	52,368
700	Pasquotank County	408,269	-	408,269	628,107	219,838
710	Pender County	550,396	-	550,396	846,762	296,366
720	Perquimans County	116,303	-	116,303	178,928	62,625
730	Person County	354,611	265,739	620,350	545,556	(74,794)
740	Pitt County	1,558,291	1,167,752	2,726,043	2,397,371	(328,672)
750	Polk County	164,730	-	164,730	253,430	88,700
760	Randolph County	1,250,899	-	1,250,899	1,924,460	673,561
761	Asheboro City	307,728	-	307,728	473,427	165,699
770	Richmond County	522,829	391,797	914,626	804,352	(110,274)
780	Robeson County	1,569,425	1,176,096	2,745,521	2,414,501	(331,020)
790	Rockingham County	938,610	703,376	1,641,986	1,444,016	(197,970)
800	Rowan-Salisbury	1,385,379	1,038,175	2,423,554	2,131,352	(292,202)
810	Rutherford County	629,071	-	629,071	967,802	338,731
820	Sampson County	570,249	427,333	997,582	877,306	(120,276)

FY 2009-10 Estimated Lottery Distribution Comparison: Current Law vs. H352

LEA#	LEA NAME	Estimated Distribution				
		Current Law			H352	Difference
		65%	35%	100%		
	to all LEAs	to Eligible LEAs	Total	Total	Total	
821	Clinton City	208,125	155,965	364,090	320,193	(43,897)
830	Scotland County	444,287	332,940	777,227	683,519	(93,708)
840	Stanly County	626,187	469,252	1,095,439	963,365	(132,074)
850	Stokes County	478,628	358,674	837,302	736,351	(100,951)
860	Surry County	580,779	435,224	1,016,003	893,507	(122,496)
861	Elkin City	81,090	60,768	141,858	124,755	(17,103)
862	Mount Airy City	108,456	81,275	189,731	166,855	(22,876)
870	Swain County	129,986	-	129,986	199,979	69,993
880	Transylvania County	250,515	-	250,515	385,408	134,893
890	Tyrrell County	39,707	29,755	69,462	61,087	(8,375)
900	Union County	2,629,235	1,970,296	4,599,531	4,044,977	(554,554)
910	Vance County	500,360	374,959	875,319	769,784	(105,535)
920	Wake County	9,470,210	7,096,786	16,566,996	14,569,554	(1,997,442)
930	Warren County	174,656	-	174,656	268,702	94,046
940	Washington County	131,596	98,615	230,211	202,455	(27,756)
950	Watauga County	297,130	-	297,130	457,124	159,994
960	Wayne County	1,287,520	964,842	2,252,362	1,980,801	(271,561)
970	Wilkes County	657,443	492,675	1,150,118	1,011,451	(138,667)
980	Wilson County	833,508	624,614	1,458,122	1,282,320	(175,802)
990	Yadkin County	400,891	300,420	701,311	616,756	(84,555)
995	Yancey County	164,394	-	164,394	252,914	88,520
Total Allocation		\$ 95,698,258	\$ 51,529,827	\$ 147,228,083	\$ 147,228,083	-
LEAs receiving allocation		115	62	115	115	
Per ADM Allocation		\$67.07	\$50.26		\$103.19	

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Signed Copy Located in the NCGA Principal Clerk's Offices