

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB454 creates the School Property Tax Stabilization Act.

On or before September 15, 2021, the Nebraska Department of Education (NDE) will determine the total school property tax stabilization payment to be paid to each eligible school district for the 2021-22 school fiscal year.

On or before June 30, 2022, and on or before June 30 of each year thereafter, NDE will determine the total school property tax stabilization payment to be paid to each eligible school district for the ensuing school fiscal year.

A school district is eligible for a school property tax stabilization payment if the school district property tax requirement exceeds seventy percent of the formula needs calculated for that school district for the school fiscal year for which a total school property tax stabilization payment is being calculated.

The school district property tax requirement for each school district will equal the formula needs calculated pursuant to §79-1007.11 minus the sum of the amount to be distributed pursuant to the Tax Equity and Educational Opportunities Support Act (TEEOSA) as certified pursuant to §79-1022 and other actual receipts as determined pursuant to §79-1018.01 for that school district for the school fiscal year for which a total school property tax stabilization payment is being calculated.

The school property tax stabilization base for an eligible school district will equal the amount by which the school district property tax requirement exceeds the difference of seventy percent of the formula needs minus the sum of the amount to be distributed pursuant to TEEOSA and other actual receipts for that school district.

The total school property tax stabilization payment to be paid to an eligible school district will equal the school property tax stabilization base for that school district multiplied by fifty percent.

The total school property tax stabilization payment calculated for each eligible school district will be certified to the Director of Administrative Services, the Auditor of Public Accounts, and each school district. The amounts certified will be divided and distributed in ten, as nearly as possible, equal monthly school property tax stabilization payments on the last business day of each month beginning in September of the school fiscal year for which such school property tax stabilization payments were certified and ending in June of such school fiscal year, except that a school district that would receive monthly school property tax stabilization payments of less than one thousand dollars will receive the total school property tax stabilization payment on the last business day of December during such school fiscal year.

Agricultural land and horticultural land will be valued at the following percent's of its' actual value for the purpose of school district taxation purposes:

- FY 2021-22: 65%
- FY 2022-23 and after: 55%

An acceptable range is the percentage of variation from a standard for valuation as measured by an established indicator of central tendency of assessment. Acceptable ranges for agricultural land and horticultural land for school district taxation purposes will be:

- FY 2021-22: 59 to 65%
- FY 2022-23 and after: 49 to 55%

EXPENDITURES:

The Department of Revenue (DOR) estimates the need to add 0.5 of an FTE to implement and maintain the changes due to LB454. For FY 2021-22, DOR estimates the salary/benefits cost at \$41,500 with an additional \$5,000 in capital outlay. FY 2022-23, DOR estimates the salary/benefits cost at \$42,500.

For FY 2021-22, the Nebraska Department of Education (NDE) estimates an amount of \$28,314,863 for the School Property Tax Stabilization Act using the FY 2021-22 TEEOSA model data. The impact for FY 2022-23 is estimated at \$59,800,000.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	454	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY:	Gary Bush	DATE:	2/9/21
		PHONE:	(402) 471-4161
COMMENTS: No basis to disagree with the estimate provided by the agency. The agency's assumptions appear to be reasonable.			

Please complete ALL (5) blanks in the first three lines.

2021

LB⁽¹⁾ 454 Revised

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ NE Dept of Ed

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 2/3/21 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$28,314,863		\$59,800,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$28,314,863</u>		<u>\$59,800,000</u>	

Explanation of Estimate:

LB 454 would require an additional payment to schools calculated by taking the formula need for a district and subtracting the TEEOSA payment and other actual receipts. If the property tax requirement exceeds 70% of the formula need minus the TEEOSA payment and Other Actual Receipts the excess is called the school property tax stabilization base. The school property tax stabilization base is multiplied by 50% which is to be paid out in ten equal payments starting in September and ending in June. Calculating the Property Tax Stabilization amount using the 2021/22 TEEOSA model would result in a total payment of \$28,314,863 during FY 2021/22.

This bill also lowers adjusted agricultural/horticultural values by 10% for school district purposes applicable to FY 2022/23 and by 20% for all years thereafter. Lowering agricultural land adjusted valuation will increase the calculated TEEOSA amount since school districts will have lower valuations and therefore resources in the TEEOSA formula.

For 2022/23 the property tax stabilization amount may decrease compared to the FY 2021/22 amount as ag valuations are decreased causing the amount of TEEOSA to increase by \$32.8 million. The property tax stabilization amount would be \$27 million with all else the same other than the valuation change noted in FY22/23.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....			\$28,314,863	\$59,800,000
Capital improvements.....				
TOTAL.....			<u>\$28,314,863</u>	<u>\$59,800,000</u>

