

Revised to reflect adoption of AM1593 & AM1602

# FISCAL NOTE

## LEGISLATIVE FISCAL ANALYST ESTIMATE

### ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

**LB303** amends several sections concerning the Tax Equity & Educational Opportunities Support Act (TEEOSA) & also creates the School Finance Reform Commission.

School districts & multiple-district school systems can levy a maximum levy of:

- through FY2024-25, one dollar & five cents per one hundred dollars of taxable valuation of property subject to the levy
- for FY2025-26 & each fiscal year thereafter, one dollar & two cents per one hundred dollars of taxable valuation of property subject to the levy

The Nebraska Department of Education (NDE) will determine the foundation aid to be paid to each school district:

- through FY2024-24, foundation aid being paid to each school district will equal one thousand five hundred dollars multiplied by the number of formula students for that district
- for FY2025-26 & each school fiscal year thereafter, the foundation aid to be paid to each school district will be calculated as one thousand five hundred ninety dollars multiplied by the number of formula students for that district

Starting with the 2025-26 school year & each school fiscal year thereafter, NDE will calculate a base levy adjustment for each school district to adjust the calculated state aid amount for the ensuing school year prior to certification. The calculation of the base levy adjustment:

- the base levy will be equal to thirty cents per one hundred dollars of taxable valuation
- the potential general fund levy for the ensuing school year will equal the general fund levy for the school year immediately preceding the school year for which the aid is being calculated plus the potential general fund levy change calculated

If the potential general fund levy for the ensuing school year is less than the base levy, the difference between those amounts will be multiplied by the adjusted valuation & then divided by one hundred. That amount will then be subtracted from the state aid calculated for the upcoming school fiscal year to determine the adjusted amount of state aid to be distributed to the district in the upcoming school year.

The School Finance Reform Commission is created & will do as follows:

- evaluate the current formula under TEEOSA for funding education & make recommendations for adjustments or changes that may be necessary to help prevent the increase of local property taxes
- regularly review the resources side of the formula
- regularly review the needs side of the formula
- analyze options for how to minimize the negative impact on schools during times when the state may be unable to fully fund the formula

The commission will consist of eleven voting members & four consulting members for a total of fifteen members.

The eleven voting members will be:

- two members appointed to serve at the pleasure of the Governor
- the Chairperson of the Education Committee of the Legislature
- the Chairperson of the Revenue Committee of the Legislature

- the Chairperson of the Appropriations Committee of the Legislature
- a superintendent of a Class I school district appointed by the Governor
- a superintendent of a Class II school district appointed by the Governor
- two superintendents of a Class III school district appointed by the Governor
- a superintendent of a Class IV school district appointed by the Governor
- a superintendent of a Class V school district appointed by the Governor

The four nonvoting members will be:

- the Commissioner of Education or their designee
- the finance officer of NDE or their designee
- the Legislative Fiscal Analyst or their designee
- the budget administrator of the budget division of the Department of Administrative Services (DAS) or their designee

The members of the commission will serve for a term of two years or until their successor is appointed & qualified. If at any point a member no longer meets the qualification for that position on the commission, that member will vacate membership on the commission. Any vacancy in the commission will be filled in the same manner or qualification as the original appointment.

The commission will annually elect a chairperson from among 20 its members. The commission will meet at the call of the chairperson or at the request of any five members & will meet as often as necessary to carry out its duties, but at least once per year.

By December 1 of each year, the commission will prepare & electronically deliver to the Clerk of the Legislature an annual report with the observations & recommendations developed for that year.

**AM1350** eliminates the TEEOSA provisions in LB303 & updates the provisions of the School Finance Reform Commission.

The School Finance Reform Commission will do as follows:

- evaluate the current formula under TEEOSA for funding education & make recommendations for adjustments or changes that may be necessary to help prevent the increase of local property taxes
- regularly review the resources side of the formula
- regularly review the needs side of the formula
- analyze options for how to minimize the negative impact on schools during times when the state may be unable to fully fund the formula
- analyze the impact of funding for education on student achievement & outcomes, focusing on, but not limited to:
  - access to early childhood education
  - student attendance
  - literacy
  - graduation rate
  - college-going rate
  - postsecondary workforce participation
- analyze the impact of funding for education on issues & resources impacting students with relatively high needs, including, but not limited to:
  - students who live in areas of high concentrations of poverty
  - students with an individualized education program
  - students with limited English proficiency

The commission will consist of eighteen members, including:

- the Commissioner of Education or a designee of the Commissioner of Education
- the Property Tax Administrator or a designee of the Property Tax Administrator
- one representative of the Governor appointed by the Governor
- three members of the Legislature, who will be nonvoting members of the commission, one from each congressional district with no more than two from the same political party & with one being a member of the Education Committee of the Legislature & one being a member of the Revenue Committee of the Legislature
- one member who is a representative of postsecondary education with expertise in school finance
- four members who are superintendents or school board members representing a Class I, II, or III school district. There will be at least one member appointed that represents each class of school districts. Of the members appointed, no more than two members will represent the same class of school district, no more than three members can be superintendents, & no more than three members can be school board members
- one member that is a representative of a Class IV school district & one member that is a representative of a Class V school district. One member appointed will be a school board member of the school district being represented & the other member appointed will be a school administrator in the other school district being represented
- five members appointed from the state at large (members can be retired), which will include:
  - at least one individual having experience in business
  - at least one individual having experience in farming
  - at least one individual teaching as a certificated teacher in a public school
  - two other individuals

The three members of the Legislature will be appointed by the Executive Board of the Legislative Council in January of each odd-numbered year for two-year terms, except that the initial members will be appointed within thirty days after the effective date of this bill & will serve until their successors are appointed in January 2027.

The Governor will make their appointments within thirty days after the effective date of this bill.

The Commissioner of Education, the Property Tax Administrator, & the representative of the Governor will serve as ex officio members of the commission.

The Commissioner of Education or the designee of the Commissioner of Education will be the chairperson of the commission, & the commission will elect a vice-chairperson from among its members. The commission will be housed within NDE & will meet at least four times a year & at least once per calendar quarter. The commission can also obtain assistance from NDE, the Department of Revenue, & the Legislative Fiscal Analyst in acquiring the data needed to carry out its duties.

By December 1, 2025, & by November 1 of each year thereafter, the commission will prepare & electronically deliver to the Clerk of the Legislature an annual report with the observations & recommendations developed.

**AM1593** removes the stipulation that one Senator from each congressional district be a member of the commission. The amendment also clarifies & updates the language pertaining to the individual Senator that is not a member of either the Education Committee or the Revenue Committee.

**AM1602** updates the provisions of §79-1028.01 to clarify that the amount of the expenditures for the 2024-25 school year can be carried over & included in the budget authority for the general fund budget of expenditures for both the 2025-26 & 2026-27 school years.

Since an emergency exists, this bill will take effect when passed & approved according to law.

**FISCAL IMPACT:**

The bill states that the twelve members appointed by the Governor will be reimbursed for expenses they've incurred as a member of the commission as provided in §81-1174 through §81-1177.

§81-1174(1) states that whenever any member of any commission is seeking reimbursement for expenses incurred in their line of duty, they'll be required to present a request for payment or reimbursement to the Director of Administrative Services (DAS) no later than sixty days after the final day on which expenses were incurred for which that reimbursement is being sought.

DAS estimates those expenses to be nominal & can be absorbed at this time.

The Legislative Council estimates nominal expenses for the Senators on the committee, those expenses can be absorbed at this time.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 303	AM: 1602	AGENCY/POLT. SUB: <b>Nebraska Public Employees Retirement Systems (NPERS)</b>	
REVIEWED BY: Kimberly Burns		DATE: 05/29/2025	PHONE: (402) 471-4171
COMMENTS: Concur with the Nebraska Public Employees Retirement Systems' assessment of no fiscal impact from LB 303 as amended by AM 1602.			

LB<sup>(1)</sup> 303 AM1602

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Public Employees Retirement Systems (NPERS)-085

Prepared by: <sup>(3)</sup> Teresa Zulauf

Date Prepared: <sup>(4)</sup> 5/28/25

Phone: <sup>(5)</sup> 402-471-7745

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	0	0	0	0
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	0	0	0	0

Explanation of Estimate:  
LB 303 –Creates the School Financing Review Commission.

No fiscal impact to NPERS Agency 085 operations expenditures.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				