PREPARED BY: DATE PREPARED: PHONE: Sandy Sostad February 27, 2019 471-0054

**LB 432** 

Revision: 00

## **FISCAL NOTE**

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	9-20	FY 2020-21				
	EXPENDITURES	REVENUE					
GENERAL FUNDS			(\$30,500,000)				
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS			(\$30,500,000)				

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

LB 432 changes the valuation of property used to calculate state aid to schools pursuant to the Tax Equity and Educational Opportunities Support Act (TEEOSA). The change will impact state aid allocations beginning in FY2020-21. The bill includes taxincrement financing (TIF) valuation in determining the valuation of a school district that is used in the state aid formula. Currently, this value is excluded when determining adjusted valuation for each school district.

The inclusion of TIF valuation as a resource for school districts that have this property will increase resources for state aid purposes. This will result in a decrease in state aid for districts with TIF valuation that are eligible for equalization aid. The State Department of Education estimates the change will reduce state aid by approximately \$30.5 million in FY2020-21. The bill authorizes school districts which receive equalization aid to levy property taxes up to the amount that would be generated by taxing the TIF valuation at the same rate as the levy on taxable property. The additional property tax levy must be approved by 75% of the school board.

A	ADMINISTRA	TIVE SERVICES	S STATE BUDGET D	IVISION: RE\	/IEW OF AGENCY	/ & POLT. SUB. RESPONSE	
LB:	LB: 432 AM: AGENCY/POLT. SUB: Department of Education						
REVI	REVIEWED BY: Gary Bush DATE: 01/29/19 PHONE: (402) 471-4161						
COMMENTS: No basis to disagree with the estimate provided by the agency.							

(\$30,500,000)

Capital improvements.....

TOTAL.....

LB <sup>(1)</sup> 432			FISCAL NOTE				
State Agency OR Political Subdivision Name:	Department of Ed	Department of Education					
Prepared by: (3) Bryce Wilson	Date Prepared: (4)	1/24/19 Pho	one: (5) 402-471-4320				
ESTIMATE PRO	OVIDED BY STATE AGEN	ICY OR POLITICAL SUP	BDIVISION				
1	FY 2019-20	F	Y 2020-21				
<u>EXPENDITUR</u>		EXPENDITURES					
GENERAL FUNDS		(\$30,500,000)					
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS	_						
TOTAL FUNDS		(\$30,500,000)					
Explanation of Estimate:							
equalized district with expensions of the second impact to NDE. adjusted excess TIF valuationactual impact. The estimation schools work a levy exclusion with a 7.	NDE estimated the tions which would ation resulted in the to ma	ne reduction to I need to be adj I a reduction to Ike up the loss	usted to determine TEEOSA around				
BREAKD	OWN BY MAJOR OBJECT	S OF EXPENDITURE					
Personal Services:	NUMBER OF POSITION	S 2019-20	2020-21				
POSITION TITLE	<u>19-20</u> <u>20-21</u>	EXPENDITURES					
Benefits							
Operating		-					
Travel							
Capital outlay							
Aid			(\$30,500,000)				

LB 432 Fiscal Note 2019

State Agency Estimate						
State Agency Name: Department of	Revenue				Date Due LFA:	2/28/19
Approved by: Tony Fulton		Date Prepared:	2/25/19		Phone: 471-5896	
	FY 2019-2020		FY 2020-2021		FY 2021-2022	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds						
Cash Funds						
Federal Funds					_	
Other Funds						
Total Funds						
					<u> </u>	

LB432 amends Neb. Rev. Stat. §§ 79-1003 and 79-1016 to require the value of a school district to be its full assessed value. Full assessed value is defined as the taxable valuation except that in the case of any taxable real property which is having its ad valorem taxes divided under Neb. Rev. Stat. § 18-2147, full assessed value means the taxable value plus the tax-increment financing value.

LB432 amends Neb. Rev. Stat. § 77-3442 to allow school boards to exceed the maximum levy to provide for funds generated on taxable property equal to the amount that would have been generated by applying the rate levied on taxable property when TIF valuation is included if the amount is approved by at least 75% of the school board and the school receives funds under TEEOSA.

This bill will have an effect on TEEOSA, which will have a corresponding impact on General Fund expenditures.

It is estimated that there will be minimal costs to the Department to implement this bill.

This bill contains an emergency clause and becomes law upon enactment.

Major Objects of Expenditure								
Class Code	Classification Title	19-20 <u>FTE</u>	20-21 <u>FTE</u>	21-22 <u>FTE</u>	19-20 <u>Expenditures</u>	20-21 Expenditures	21-22 Expenditures	
Benefits								
Operating Costs								
Travel								