

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2004-05		FY 2005-06	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include impact on political subdivisions. See narrative for political subdivision estimates.

Under provisions of Sec. 85-1517, the state's six community college areas are authorized a basic property tax levy of up to 6.0¢ per \$100 of taxable property valuation to support community college operating expenditures. LB1156 would provide an exception to this maximum basic levy rate for any community college area whose valuation per reported aid equivalent student was less than 82% of the average of all community colleges for FY1997-98. Any community college area qualifying under this criterion would be authorized to levy an additional 1.0¢ for FY2004-05, an additional 1.5¢ for FY2005-06, an additional 2.0¢ for FY2006-07, and an additional 2.5¢ for FY2007-08. Under provisions of LB1156, the related maximum levy rate would apparently revert back to 6.0¢ with no exceptions for FY2008-09. Exercise of the LB1156 "over-levy" authority by a qualifying area would require a 75% super majority affirmative vote of the area's board of governors.

The Northeast Community College Area would apparently be the only community college area to qualify under the "over-levy" eligibility criterion contained in LB11156:

	1997 Valuation	FY1997-98 Reported Aid Equivalent (RAE) Students	FY1997-98 Valuation Per RAE	FY1997-98 % of Avg. Valuation Per RAE
Central	14,170,087,974	3,066	4,621,203	145.0%
Metropolitan	21,922,103,611	6,576	3,333,430	104.6%
Mid-Plains	4,954,492,137	1,619	3,060,028	96.0%
Northeast	7,005,281,781	2,750	2,547,134	79.9%
Southeast	16,949,400,558	6,287	2,696,141	84.6%
Western	<u>4,047,200,765</u>	<u>1,415</u>	<u>2,861,102</u>	89.8%
Total	69,048,566,826	21,713	3,180,024	
Arithmetic Average of Area Valuations Per RAE:			3,186,507	

The property tax impact of LB1156 would be dependent ultimately upon whether the Northeast Community College Area would exercise the "over-levy" authority granted in the bill. Using 2003 property valuation as a basis and assuming that the Northeast Area board would exercise the LB1156 "over-levy" authority to its full extent yields the following estimates of additional gross property taxes authorized to be assessed by Northeast under provisions of the bill: (See following page.)

		2003 Property <u>Valuation</u>	"Over-Levy" ¢ / \$100 <u>Valuation</u>	Gross <u>"Over-Levy"</u>
Northeast	FY2004-05	10,096,635,211	@ 1.0¢/\$100	1,009,664
	FY2005-06	10,096,635,211	@ 1.5¢/\$100	1,514,495
	FY2006-07	10,096,635,211	@ 2.0¢/\$100	2,019,327
	FY2007-08	10,096,635,211	@ 2.5¢/\$100	2,524,159

Changes in Northeast Community College Area's property valuation will affect the gross value of the authorized 'over-levy' at the respective authorized "over-levy" rates.

To the extent a qualifying community college area (i.e. Northeast) utilizes the "over-levy" authority contained in LB1156, the area would face expiration of the related authority after FY2007-08. In order to maintain that portion of its FY2007-08 operating budget supported by the "over-levy" authority, the relevant area or areas would have to draw upon alternative funding sources to replace funds lost due to expiration of the "over-levy" authority. Viable alternative funding sources apparently would include additional state aid or additional funds generated from student tuition and fee payments. Any related increase in state aid would be subject to legislative appropriation. Tuition and fee rates are established at the discretion of the respective community college area boards of governors. To the extent lost "over-levy" funding would not be replaced with alternative funding sources, the relevant community college area or areas would apparently face related budget reductions.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS					
NE Community College Assoc. – Concur with agency response.					