



**Hundredth Legislature - First Session - 2007
Committee Statement
LB 643**

Hearing Date: February 26, 2007
Committee On: Education

Introducer(s): (Raikes)

Title: Change the Tax Equity and Educational Opportunities Support Act to eliminate certain income tax provisions

Roll Call Vote – Final Committee Action:

- Advanced to General File
 - Advanced to General File with Amendments
 - X Indefinitely Postponed
-

Vote Results:

7	Yes	Senators Adams, Avery, Burling, Howard, Johnson, Kopplin, and Raikes
	No	
	Present, not voting	
1	Absent	Senator Ashford

Proponents:
Senator Ron Raikes
Virgil Horne

Representing:
Introducer
Lincoln Public Schools

Opponents:
Al Inzerello
Jerry Hoffman

Representing:
Westside Community Schools
Nebraska State Education Association

Neutral:

Representing:

Summary of purpose and/or changes:

Legislative Bill 643 would limit the calculation of net option funding and allocated income tax funds, commonly known as rebate, to state aid calculated pursuant to the Tax Equity and Educational Opportunities Support Act for school fiscal years prior to 2008-09. Net option funding is calculated by multiplying the net number of option students in each grade range for a school district by the statewide average cost grouping cost per student and the weighting factor for the corresponding grade range. For school fiscal years 2002-03 through 2007-08, the temporary aid adjustment factor is subtracted. The statewide allocated income tax funds equal \$102,289,817 minus the statewide net option funding. The funds are distributed proportionally to school districts based on the income tax liability of resident individuals. For school fiscal

years 2002-03 through 2007-08, the amount of the temporary aid adjustment factor for each district that is greater than the net option funding for the district is subtracted from the allocated income tax funds.

Section 79-1003 would be amended by limiting the definition of allocated income tax funds to school fiscal years prior to school fiscal year 2008-09.

Section 79-1008.02 would be amended by limiting the reduction in allocated income tax funds due to the minimum levy adjustment to school fiscal years prior to school fiscal year 2008-09.

Section 79-1009 would be amended by limiting net option funding to school fiscal years prior to school fiscal year 2008-09.

Section 79-1017.01 would be amended by limiting the inclusion of allocated income tax in formula resources to school fiscal years prior to school fiscal year 2008-09.

Section 79-1005.01 would be outright repealed. The section provides for the calculation of allocated income tax funds for all school fiscal years, except school fiscal years 2002-03 through 2007-08. Cross-references to the section are deleted from §§ 79-1003, 79-1008.02, 79-1009, and 79-1017.01. Section 79-1005.02, which provides for the calculation of allocated income tax funds for school fiscal years 2002-03 through 2007-08, would be retained.

Explanation of amendments, if any:

Senator Ron Raikes, Chairperson