

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 1009 expands the usage of a currently authorized property tax that may be levied by schools for qualified capital purposes. The tax levy is expanded to fund school district safety and security purposes within school buildings or grounds or school district vehicles. Schools are limited to a levy of 5.2 cents per hundred dollars of taxable valuation for qualified capital purposes and the safety and security purposes allowed in the bill. Proceeds from the tax levy may be used to pay off bonds for qualified projects. School district safety and security purposes are defined in the bill.

The Annual Financial Report for School Districts shows school property tax receipts of \$13.9 million for the Qualified Capital Purpose Undertaking Fund in 2006-07. Based upon 2007 valuations, a 5.2 cent levy would generate \$66.8 million of property tax receipts for qualified capital purposes, if the maximum levy was utilized by every school district. Since schools are not currently levying the maximum amount for qualified capital purposes, the addition of safety and security purposes may result in an increase in property taxes levied. The increase in property taxes levied depends upon the safety and security purposes for which school districts use the tax proceeds.

The definition of safety and security purposes in the bill appears to allow the tax levy to be used for what are now general fund operating expenses of school districts. A shift in expenditures from general fund operations to the capital purpose fund will result in decreased general fund operating expenditures or allow schools to spend more for non-school safety and security purposes. If general fund operating expenses decrease, then state aid will decrease two years later. If schools increase spending for other non-safety and security purposes, there will be no change in state aid.

The definition also appears to allow the tax levy to be used for safety and security projects currently funded by the Special Building Fund. If school safety and security expenditures currently being funded through the building fund are shifted to the qualified capital purposes fund, it is possible there may be freed-up levy authority that could be allocated to increase school spending, which will increase state aid two years later.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS

DEPARTMENT OF EDUCATION: Generally concur with Department of Education. However, this policy change would free up budget authority for additional General Fund operating spending. Any additional General Fund operation spending (GFOE) will lead to accelerated growth in TEEOSA formula need and result in additional TEEOSA General Fund aid.