

# Legislature - First Session - 2019

## Introducer's Statement of Intent

### LB677

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**Chairperson: Senator Lou Ann Linehan**

**Committee: Revenue**

**Date of Hearing: February 14, 2019**

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 677 reduces the maximum levy for school districts from one dollar and five cents (\$1.05) to ninety-eight and seven-tenths (\$0.987) beginning in fiscal year 2020-21.

LB 677 provides school district property tax relief aid for local school systems that qualify. Local systems qualify for such aid if the general fund property tax receipts exceed fifty-five percent (55%) of the total general fund revenue for the local system. The amount of relief aid paid is seventy-five percent (75%) of the "property tax gap." The property tax gap is the difference between the general fund property tax receipts less fifty-five percent (55%) of the total general fund revenue for the local system.

School districts receiving aid must decrease the estimated amount of taxes to be raised in the proposed budget and must decrease their budget by the twenty-five percent (25%) of the property tax gap for the fiscal year the district received aid. The school board is permitted to override the entire reduction or part of the reduction if two-thirds of the members vote to do so. The school board must identify the purposes of funds from the override and must hold a public hearing before voting to override.

LB 677 also provides for an option enrollment relief correction to qualifying local systems. To qualify for an option enrollment relief correction, the local system must not qualify for school district property tax relief and the net option funding for the local school system cannot be greater than ninety percent of the preliminary state aid calculated under the section. The option enrollment relief correction for qualifying local systems is equal to six and three-tenths cents (\$0.063).

Funds for the increase in state aid to local systems due to the decrease in the maximum levy and funds for the school district property tax relief aid for local systems are from the Property Tax Credit Cash Fund. Any funds remaining in the Property Tax Credit Cash Fund will be property tax credits pursuant to the Property Tax Credit Act.

**Principal Introducer:** \_\_\_\_\_

Senator Mike Groene