

ONE HUNDRED SEVENTH LEGISLATURE - FIRST SESSION - 2021
COMMITTEE STATEMENT
LB523

Hearing Date: Friday February 26, 2021
Committee On: Revenue
Introducer: Albrecht
One Liner: Change provisions relating to certain school taxes and special funds

Roll Call Vote - Final Committee Action:
Advanced to General File

Vote Results:

Aye: 8 Senators Albrecht, Briese, Bostar, Flood, Friesen, Lindstrom, Linehan, Pahls

Nay:

Absent:

Present Not Voting:

Oral Testimony:

Proponents:

Senator Joni Albrecht
Trent Loos

Representing:

Introducer
Self

Opponents:

Jack Moles

Representing:

Nebraska Rural Community Schools Assoc., Nebraska Council of School Administrators, Schools Taking Action for Nebraska Children's Education, Greater Nebraska Schools Assoc.
DC West Community Schools
Nebraska Association of School Boards,
Ashland-Greenwood Public Schools
Springfield Platteview Community Schools

Melissa Poloncic
Suzanne Sapp

Kyle Fisher

Neutral:

Representing:

Summary of purpose and/or changes:

LB523 proposes to split the current Special Building Fund for K-12 public school districts into 2 funds with specific maximum tax rates and projects the tax dollars may fund. The bill proposes to provide a levy exemption for the following situations.

Situation 1: Amounts levied by a school district or a joint public agency in excess of 14 cents on each \$100 of taxable value will be exempt from the levy lid if:

- The school district has been delegated the authority to tax the additional rate for a project established pursuant to the effective date of this Act.

- This levy exclusion is available through school fiscal year 2029-30.
- The proceeds of this annual tax shall only be used for the project for which the tax rate has been established.

This levy exclusion will allow a school district that has entered into an interlocal cooperative agreement with a city to have the authority to continue to levy the amount needed for its annual payment.

Situation 2: Amounts levied for a special fund approved by the legal voters of the school district shall be a levy exemption. This special fund may only be used for the following:

- Acquiring sites for school buildings or teacherages
- Purchasing existing buildings for use as teacherages, including the sites upon which such buildings are located
- Purchasing or entering into a lease-purchase agreement for relocatable classroom buildings
- Erecting, purchasing, or entering into a lease-purchase agreement for a new school building or an addition to a school building for elementary or high school grades
- Completing any projects that require an annual tax levy that exceeds 6 cents on each \$100 of taxable value of all taxable property in the district. [LB523 has not been drafted to reduce the current Special Building Fund levy to 6 cents.]

A school district will no longer be allowed to use the Special Building Fund to build a building, purchase a building, acquire sites or entering into a lease-purchase agreement without a vote of its legal voters.

A school board may establish a special fund that shall have an annual tax rate of 14 cents per \$100 of taxable value. The special fund may only be used for the following:

- Major infrastructure updates on existing structures owned or leased by the school district, including:
 - Heating, ventilation, and air conditioning; roofs; safety requirements; and repairs
 - The alteration, equipping, and furnishing of school buildings or teacherages
 - The purchase or erection of buildings of less than 1,200 square feet of floor space used exclusively for storage or utility purposes with a total value of less than \$100,000

The use of this special fund does not require a vote of the school district's legal voters.

Any school district that is levying an annual tax in the current Special Building Fund will be required to file a statement with the Auditor of Public Accounts describing the projects being funded by the annual tax. The statement will be filed on or before October 1, 2021. Any projects on this list will only be funded at the 2020-21 Special Building Fund levy through the completion of the project.

On January 1, 2031, sections 79-1098 through 79-10,101 are terminated. These statutes allow a board of education to request a vote from the legal voters to exceed the levy of 14 cent per \$100 of taxable value in the Special Building Fund up to 17.5 cents per \$100 of taxable value.

LB523 has the Emergency Clause.

Lou Ann Linehan, Chairperson