

February 12, 1996 LB 349

and 80 percent for ag. The adjusted value is then multiplied by a yearly tax rate called a local effort rate. The local effort rate is the variable rate established by the Department of Education in conjunction with the Department of Revenue. It is adjusted annually based on a level of available state equalization dollars, based on the total needs, valuation, tax rebates, and other receipts, and the state aid appropriation. The local effort rate is actually the balancer in the state aid calculation. Very simple bill, really simple. It is adjusted annually based on a level of available state equalization dollars. As mentioned before, the local effort rate changes yearly. In this bill, LB 349, it's a change in the local effort rate. The bill proposes a formula to determine the average personal income of a school district. Once determined, this district income factor becomes one of the factors used in determining local effort rate. LB 349 clearly relates to the session theme that we've spent hours discussing with no action--property taxes. The use of a personal income factor in the determination of how wealthy a school district is will result in a shift of equalization aid between districts. Remember, at the present time wealth is only measured by real property. However, land and valuation do not pay taxes, income pays taxes. The formula set is before you, and you have a two-page handout, is 1 plus .3 times the district adjusted gross income per filer divided by the statewide adjusted gross income per filer minus 1. That's get simpler all the time. The resulting number would be multiplied then by the district's adjusted valuation. The resulting number is termed formula valuation. Go back to your needs-resources equal equalization equation, the formula valuation would affect the resources portion of the needs minus resources equal equalization equation. Some, you have asked me how these numbers were chosen. District income factor, 1, plus 30 percent of the difference of the income, district income ratio minus 1, that's strictly an arbitrary number designed to fit the formula. It's a numerical concept of any number, 20, 25, 35 would work as long as it's applied uniformly. The effect of this bill is to shift equalization aid. The resulting shifts would affect the property tax request of school districts. By law, the amount of state aid would be...to be received must be taken into consideration when determining property taxes to be requested. I think in my district, at any rate, my people would...my people...

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