

offset local needs not met by other available resources. We could ask, why are the districts unequal? Because the main local funding comes from real property tax receipts. Before 1059, counties valued property at different levels, and some counties have more valuable property due to terrain, usage, and population. Therefore poorer districts were eligible for more state aid or equalization to make up for less revenue from property taxes. But in some cases aid was based on property, which was not assessed as it's full market value. LB 1059 also gave a new formula to determine state aid to school districts, and that formula is needs minus resources equal equalization aid. Somewhere you have some handouts to follow along with. If you want to take the formula one step at a time. Needs are determined by the number of students, by multiplying the number of students by the tiered cost per pupil. Tiers are used to divide all the districts in the state into comparable sections based on their size. Tiers are then assigned costs to educate a student based on cost incurred by other schools in that size range. Step number two is resources. This includes 20 percent of state income taxes, which those people living in that district paid to the state, and other miscellaneous receipts. This income tax is not to be included...confused with the rebate we were just talked about. Miscellaneous receipts include public power sales tax, fines, license fees, nonresident high school tuition, interest on local investment, wards of the state, insurance and motor vehicle tax funds. The major source of...major sources of resources comes from property taxes, which, since LB 1059, are adjusted to 100 percent market value for residential and commercial property, and 80 percent for ag land. The adjusted value has been multiplied by a yearly tax rate, called the local effort rate. The local effort rate is a variable rate established by the Department of Education in conjunction with the Department of Revenue. It's 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 the balancer in the state aid calculation. As mentioned before, the local effort rate changes yearly. LB 349, now, is a change in the local effort rate. This 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 this session theme, which is property taxes. The use of a personal income factor in the determination of how wealthy