

MWS

PREPARED BY: Sandy Sostad
DATE PREPARED: February 24, 2011
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LB 634

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2011-12		FY 2012-13	
	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 634 pertains to bonds issued by school districts for projects addressing: environmental hazards, accessibility barriers, life safety, indoor air quality, or mold abatement; qualified capital purposes; or, American Recovery and Reinvestment Act of 2009 purposes.

The bill allows a district to exceed the current maximum levy of 5.2 cents in any year in which the district's valuation is lower than the year in which the district last issued bonds for these purposes and when the maximum levy is insufficient to meet the principal and interest obligations for all of the bonds issued. The amount generated from the levy in excess of the current maximum cannot exceed the principal and interest obligations for the bonds minus the amount derived from the levy maximum less federal payments or subsidies associated with such bonds.

LB 634 has no fiscal impact for the State Department of Education. The bill will have a fiscal impact for a school district which opts to exceed the maximum levy in order to fund bond obligations. It is assumed the number of school districts increasing property tax levies pursuant to the bill will be small due to the requirements of the bill.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Matthew Eash	DATE	2/27/11	PHONE	471-2526
COMMENTS					
<p>DEPT. OF EDUCATION - LB 634 would allow school districts to exceed the maximum levy of 5.2 cents per \$100 of taxable valuation for the Qualified Capitol Purpose Undertaking Fund (QCPUF) as authorized under Neb. Rev. Stat. § 70-10,110 in any year in which the district's taxable valuation is lower than the valuation in the year the district last issued QCPUF bonds and the maximum 5.2 cent levy is insufficient to meet the combined annual principal and interest obligations for these bonds.</p> <p>In the current year, 13 school districts experienced a taxable valuation decline over the prior year, but among them only the Hastings school district was levying the maximum of 5.2 cents. If LB 634 had been in effect this year when the Hastings school district lost 0.62% of its total valuation, the school district would have been authorized to raise its levy from 5.2 cents to 5.2323.</p> <p>Among the 22 school districts with QCPUF rates above 4 cents per \$100 of taxable valuation, three districts (i.e., Hastings, Norfolk and Weeping Water) suffered valuation declines from 2009 to 2010. Among the 13 school districts with QCPUF rates above 5 cents per \$100 of taxable valuation two districts (i.e., Hastings and Weeping Water) suffered valuation declines from 2009 to 2010.</p>					

LB 634 FISCAL NOTE

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State Agency OR Political Subdivision Name: NDE/School Finance & Organization Services

Prepared by: Inbody, Bergquist, Eret Date Prepared: 1-28-2011 Phone: 1-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2011-12</u>		<u>FY 2012-13</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

This bill would allow school districts to exceed the maximum levy set forth in the Qualified Capital Purpose Undertaking Fund (section 79-10,110) to finance bonds issued if certain conditions are met. A district could exceed the maximum levy of five and one-fifth cents per \$100 of taxable valuation authorized by the section in any year in which (a) the taxable valuation of the district is lower than the taxable valuation in the year in which the district last issued bonds pursuant to this section and (b) the maximum levy of five and one-fifth cents is insufficient to meet the combined annual principal and interest obligations for all bonds issued pursuant to the section.

The amount generated from a district's levy in excess of the maximum levy of five and one-fifth cents upon the taxable valuation of the district could not exceed the combined annual principal and interest obligations for such bonds minus the amount generated by levying the maximum levy of five and one-fifth cents upon the taxable valuation of the district and minus any federal payments or subsidies associated with such bonds.

MAJOR OBJECTS OF EXPENDITURES

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2011-12</u>	<u>2012-13</u>
	<u>11-12</u>	<u>12-13</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefit	_____	_____	_____	_____
Operating	_____	_____	_____	_____
Travel	_____	_____	_____	_____
Capital outlay	_____	_____	_____	_____
Aid	_____	_____	_____	_____
Capital improvements	_____	_____	_____	_____
TOTAL	_____	_____	<u>0</u>	<u>0</u>

Fiscal Impact:

To NDE: There would be no fiscal impact to NDE.

To Political Subdivision: Since it is a local decision of a board of education to issue bonds for projects authorized by this section of statute, a dollar amount of the fiscal impact to school districts is unavailable at this time.