

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 633 authorizes a levy of up to one cent for school districts to use for school security measures beginning in FY2017-18. The bill also authorizes an additional levy of up to one cent for school districts to use for student technology expenditures. The levies can be authorized by a two-thirds majority vote of a school board.

School districts may exceed the \$1.05 levy limit and the budget limitation by the amount of proceeds from the two \$.01 levies. The proceeds are excluded from general fund operating expenses for the purpose of calculating state aid pursuant to the Tax Equity and Educational Opportunities Support Act (TEEOSA). The proceeds of the levies are to be placed in separate school security or student technology funds.

State Department of Education (NDE) Expenditures: The department indicates a rule will have to be revised to accommodate the provisions of the bill. The estimated one time cost is \$700. It is assumed the department can handle the revision of rules with existing staff and resources.

Property Tax Receipts: There are 58 school districts which would be eligible for the additional levy authority in LB 633 when using the most recent data from the 2015-16 Annual Finance Report for school districts. The calculation assumes the bill impacts school districts which were levying at or within \$.02 of the current \$1.05 levy limit. If all of the impacted districts increased levies up to the amount allowed by the bill, then property taxes would increase by \$20.9 million. The actual increase in taxes levied depends upon the number of school districts opting to increase taxes for school security measures and student technology and the additional amount levied for this purpose.

TEEOSA Aid: Any spending by school districts for security measures or student technology from the property taxes levied will not increase state aid because the expenditures are excluded from general fund operating expenses in the calculation of state aid. The Annual Finance Report (AFR) indicates school districts reported expenditures of about \$8.6 million in FY2015-16 for support services pupils-safety and security. The AFR does not have a specific category of expenditures for student technology.

The bill does not define school safety measures or student technology, so it assumed, at a minimum, the expenditures made in FY16 for school safety could have been paid by the levy authorized in the bill. If that were to occur in the future, these expenses as well as student technology costs, could be paid from one of the new funds and be excluded from general fund operating expenses which would decrease basic funding in the state aid formula.

Under another scenario, expenditures for school security and student technology could be paid from the new funds and school districts could increase spending by a like amount for other activities. State aid would not be impacted under this scenario. It is unknown how state aid will be impacted because it is dependent upon decisions made by school districts in terms of levying the additional amount and the extent to which levy proceeds offset current expenditures for school safety measures and student technology expenses.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 633	AM:	AGENCY/POLT. SUB: Department of Education
REVIEWED BY: James Van Bruggen	DATE: 2/22/17	PHONE: (402) 471-4179
COMMENTS: Agree with the Department of Education's statement of slight fiscal impact for rule revision. LB 633 allows for school districts to levy beyond the current levy limitation. The fiscal impact to schools depends on the property values of a school district and the number of school districts which utilize the levy limitation exceptions.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 633	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: James Van Bruggen	DATE: 3/1/17	PHONE: (402) 471-4179
COMMENTS: Agree with the statement of no fiscal impact to the Department of Revenue.		

Please complete ALL (5) blanks in the first three lines.

2017

LB⁽¹⁾ 633 REVISED

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Department of Education

Prepared by: ⁽³⁾ Bryce Wilson, Bill Biven

Date Prepared: ⁽⁴⁾ 2/17/17

Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$700			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$700			

Explanation of Estimate:

This bill establishes two new funds for expenditures for school security measures and for student technology purposes. These funds could levy up to 1 cent each that would be outside of the current \$1.05 levy limit. This bill includes an emergency clause so these new funds would be part of the 2017/18 budget year.

Expenditures from these funds would not be included in GFOE and therefore would not affect TEEOSA.

Since we cannot predict which districts would use these funds we cannot determine the amount of additional property tax under this bill.

A revision will need to be done for NDE Rule 8 at a cost of \$700.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			\$700	
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$700	

