

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2019-20</b>		<b>FY 2020-21</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS			(\$30,500,000)	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			(\$30,500,000)	

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

LB 432 changes the valuation of property used to calculate state aid to schools pursuant to the Tax Equity and Educational Opportunities Support Act (TEEOSA). The change will impact state aid allocations beginning in FY2020-21. The bill includes tax-increment financing (TIF) valuation in determining the valuation of a school district that is used in the state aid formula. Currently, this value is excluded when determining adjusted valuation for each school district.

The inclusion of TIF valuation as a resource for school districts that have this property will increase resources for state aid purposes. This will result in a decrease in state aid for districts with TIF valuation that are eligible for equalization aid. The State Department of Education estimates the change will reduce state aid by approximately \$30.5 million in FY2020-21. The bill authorizes school districts which receive equalization aid to levy property taxes up to the amount that would be generated by taxing the TIF valuation at the same rate as the levy on taxable property. The additional property tax levy must be approved by 75% of the school board.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB:	432	AM:	AGENCY/POLT. SUB: Department of Education
REVIEWED BY:	Gary Bush	DATE:	01/29/19
		PHONE:	(402) 471-4161
COMMENTS: No basis to disagree with the estimate provided by the agency.			

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

2019

LB<sup>(1)</sup> 432

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Education

Prepared by: <sup>(3)</sup> Bryce Wilson Date Prepared: <sup>(4)</sup> 1/24/19 Phone: <sup>(5)</sup> 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	<u>(\$30,500,000)</u>	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>_____</u>	<u>(\$30,500,000)</u>	<u>_____</u>

Explanation of Estimate:

LB 432 changes adjusted valuation, used in the calculation of TEEOSA to measure local resources, to include real property that is having its ad valorem taxes divided (TIF property). Including TIF valuation in the calculation of TEEOSA will reduce the amount of equalization aid to any equalized district with excess TIF valuation.

No fiscal impact to NDE. NDE estimated the reduction to TEEOSA using non-adjusted excess TIF valuations which would need to be adjusted to determine actual impact. The estimation resulted in a reduction to TEEOSA around \$30.5 million. Schools would be able to make up the loss of TEEOSA through a levy exclusion with a 75% vote of the school board.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	<u>(\$30,500,000)</u>
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	<u>(\$30,500,000)</u>

