## LB 440

## Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2023-24		FY 20	24-25			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	See below		See below				
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	See below		See below				

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

LB440 amends several sections to change provisions relating to certain school taxes & special funds.

On or after the effective date of this bill, public school districts can establish a fund for the following purposes:

- Major infrastructure updates on existing structures owned or leased by the school district, including: heating, ventilation, & air conditioning; roofs; safety requirements; & repairs
- The alteration, equipping, & furnishing of school buildings or teacherages
- The purchase or erection of buildings of less than twelve hundred square feet of floor space used exclusively for storage or utility purposes with a total value of less than twelve hundred dollars.

The fund created will be established from the proceeds of an annual tax levy, that will be determined by the district's school board, not to exceed fourteen cents on each one hundred dollars of taxable value in that school district. The tax will be levied & collected in the same manner as other taxes levied for school purposes.

On & after the effective date of this act, the school board or board of education of any school district with the approval of the legal voters of that school district can establish a special fund for the following purposes:

- Acquiring sites for school buildings or teacherages
- Purchasing existing buildings for use as teacherages, including the sites upon which the buildings are located
- Purchasing or entering into a lease-purchase agreement for relocating classroom buildings
- Erecting, purchasing, or entering into a lease-purchase agreement for a new school building or an addition to a school building for elementary or secondary schools
- Completing any projects that require an annual tax levy that exceeds six cents on each one hundred dollars of taxable value of all taxable property in the district

The school board or board of education of a school district will submit for approval any proposed special fund & annual tax to be established to the legal voters of the school district at a general election or a special election held for that purpose. The special fund & annual tax will not be established without the approval of a majority of the legal voters voting on the issue. The ballot language will include the maximum for the annual tax levy per one hundred dollars of taxable valuation & the purpose for which the fund will be used.

On or before October 1, 2023, the school board or board of education of any school district that levied an annual tax for FY2022-23 will file with the Auditor of Public Accounts a statement describing any projects for which an annual tax may be continued, the rate levied for FY2022-23 attributable to the project, & the anticipated completion date for each the project.

EXPENDITURES:

No fiscal impact to the State but there could be an impact to school districts, which would vary by district. That impact cannot be determined at this time.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB:	440	AM:	AGENCY/POLT. SUB: N	ebraska Departme	ent of Education	
REV	IEWED BY:	Gary Bush	DATE:	1/19/23	PHONE: (402) 471-4161	
COMMENTS: Agree with the agency that there would be no fiscal impact to the agency. Disagree that some school districts would not be able to maintain current facilities as the school board would make the resources available to do so.						

## ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE LB: 440 AM: AGENCY/POLT. SUB: Nebraska Department of Revenue REVIEWED BY: Gary Bush DATE: 2/8/23 PHONE: (402) 471-4161 COMMENTS: Agree with the agency on the fiscal impact of the bill to the agency. The bill could result in increased property taxes as more levy authority is moved outside the max levy limit of \$1.05.

Please complete <u>ALL</u> (5) blanks in the first three lines.

<b>LB</b> <sup>(1)</sup> 440					FISCAL NOTE		
State Agency OR Political Subdivision Name: <sup>(2)</sup>		NE Dept of Education					
Prepared by: <sup>(3)</sup> B	ryce Wilson	Date Prepared: <sup>(4)</sup>	1/18/23	Phone: <sup>(5)</sup>	402-471-4320		
	ESTIMATE PROVI	DED BY STATE AGEN	ICY OR POLITICAL	SUBDIVIS	SION		
	<u>FY 2</u> EXPENDITURES	2023-24 <u>REVENUE</u>	<u>EXPENDITU</u>	<u>FY 2024</u> RES	<u>-25</u> <u>REVENUE</u>		
GENERAL FUNDS							
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS							

## **Explanation of Estimate:**

LB 440 limits the uses and taxing amount in the building fund used by schools for purchasing land or buildings, construction, or other infrastructure projects.

This bill would require a school district to have a vote of their patrons to be able to use the building fund for purchasing land or buildings, building facilities larger than twelve hundred square feet used for anything other than storage or utility purposes or work on current facilities if a levy exceeding six cents is required. With a successful vote, districts would be allowed to tax up to fourteen cents in the building fund for these purposes.

The building fund would still be able to be used for infrastructure updates on current buildings or facilities up to six cents without going to a vote of the patrons.

No fiscal impact to NDE or the State. Some school districts may not have the ability to maintain current facilities or update facilities if this bill is passed.

	NUMBER OI	F POSITIONS	2023-24	2024-25	
POSITION TITLE	<u>23-24</u>	<u>24-25</u>	<b>EXPENDITURES</b>	<b>EXPENDITURES</b>	
Benefits					
Operating					
Travel					
Capital outlay					
Aid					
Capital improvements					

State Agency Estimate							
State Agency Name: Department of	Revenue				Date Due LFO:		
Approved by: Glen White		Date Prepared:	02/07/2023		Phone: 471-5896		
	FY 202	FY 2023-2024		FY 2024-2025		FY 2025-2026	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$ 0		\$ 0		\$ 0	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		\$ 0		\$ 0		\$ 0	

LB 440 amends Neb. Rev. Stat. § 77-3442(2)(d) by adding to the exceptions from the \$1.05 levy limit for school districts and school districts that are also members of learning communities as follows: (vii) amounts levied by a school district or joint public agency to continue an annual tax to fund projects started only before the effective date of the legislation through school fiscal year 2031-32 [Neb. Rev. Stat. § 79-10,120(4)] and (viii) an annual tax levy, approved by voters of the school district, to establish a special fund for enumerated purposes [Neb. Rev. Stat. § 79-10,120(3)]. Subsection (2)(e) updates the reference to the federal statute that allows school districts to receive federal school aid.

LB 440 terminates Neb Rev. Stat. §§ 79-1098 to 79-10,101 on January 1, 2033.

LB 440 amends statutes related to school boards or boards of education for any school district to establish special funds on or after the effective date of this legislation; a school district or joint public agency can continue an annual tax to only fund projects started before the effective date of this legislation through fiscal year 2031-32 and such tax may exceed \$0.14 per \$100 value; and on or before October 1, 2023 the school board or boards of education for any school district that levied an annual tax for school FY 2022-23 must file a statement with the Auditor of Public Accounts that describes any projects for which an annual tax is sought to be continued in addition to the levy rate for each project in school FY 2022-23 and completion date for each project.

Neb. Rev. Stat. § 79-10,126 is amended to specifically limit how annual tax levies can be used, pursuant to Neb. Rev. Stat. §§ 79-1098 to 79-10,101 and 77-10,120.

The bill contains an emergency clause and becomes law upon enactment.

It is estimated that LB 440 will have no impact on General Fund revenue.

It is estimated that there will be no cost to the Department of Revenue to implement this bill.

Major Objects of Expenditure							
Class Code	Classification Title	23-24 <u>FTE</u>	24-25 <u>FTE</u>	25-26 <u>FTE</u>	23-24 <u>Expenditures</u>	24-25 <u>Expenditures</u>	25-26 <u>Expenditures</u>
Benefits							
Operating Costs							
Travel							
Capital Outlay							
Capital Improvements							
Total							