

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	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 590 pertains to the reorganization of educational service units (ESU's). The bill authorizes school districts with an average daily membership of 8,500 or more students in prekindergarten through grade twelve to form an ESU consisting of a single district. The bill also allows other school districts to join ESU #18 (Lincoln) or ESU #19 (Omaha) and changes governance provisions for such entities.

The authorization for school districts with 8,500 or more students to reorganize into a separate ESU has the potential to affect three school districts (Millard, Bellevue, Papillion) which are currently above the identified student threshold. These districts are members of ESU #3 in Omaha. If any of the districts elected to form a separate ESU there will be a change in property tax resources and spending for the ESU's involved in the reorganizations.

If all three school districts reorganized as separate districts, ESU #3 would lose about \$13.3 million of taxable valuation based upon 2006 valuations. This would reduce property tax collections for ESU #3 by about \$2 million. It is assumed the new ESU's will levy at the maximum rate and collect a like amount of property taxes, so a shift in resources and spending will occur. There may also be changes in revenues and expenditures for affected ESU's if any school district elects to join ESU #18 or ESU #19. The fiscal impact of the bill will depend upon taxing and spending decisions made by reorganized ESU's.