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**LB 604**

Revision: 00

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2007-08</b>		<b>FY 2008-09</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS			\$20,600,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$20,600,000	

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 604 eliminates the 1.5 cent property tax levy for educational service units (ESU's) beginning in 2008-09. The bill provides intent language to increase the state aid appropriation to ESU's by the amount that a 1.5 cent levy would have generated statewide for such fiscal year.

The certificate of taxes levied for 2006 shows a statewide taxable valuation for educational service units of \$124,809,971,414. Assuming an average valuation increase of 5% per year, a 1.5 cent levy will generate an estimated \$20,600,000 of property tax revenue in 2008-09. The bill provides for state aid to be increased by this amount to offset the decrease in property tax revenue received by ESU's.

The amount of aid received by an individual ESU will likely differ from the amount of property tax revenue that could be generated from a 1.5 cent levy. The current aid formula provides for a minimum distribution of the same amount of funds to each ESU and the remainder is distributed based upon student membership.