

ONE HUNDRED SEVENTH LEGISLATURE - FIRST SESSION - 2021
COMMITTEE STATEMENT
LB454

Hearing Date: Thursday February 11, 2021
Committee On: Revenue
Introducer: Friesen
One Liner: Adopt the School Property Tax Stabilization Act and change the valuation of agricultural land

Roll Call Vote - Final Committee Action:

Advanced to General File with amendment(s)

Vote Results:

Aye: 7 Senators Albrecht, Bostar, Briese, Flood, Friesen, Lindstrom, Pahls
Nay:
Absent:
Present Not Voting: 1 Senator Linehan

Oral Testimony:

Proponents:

Senator Curt Friesen
Merlyn Nielsen
Mark McHargue
Dave Welsch
Jon Cannon

Representing:

Introducer
FAIR Nebraska
Nebraska Farm Bureau
Self
NACO

Opponents:

Connie Knoche
Jack Moles
Kyle Fairbairn
Spencer Head

Representing:

OpenSky Policy Institute
NRCSA, STANCE
GNSA
Omaha Public Schools

Neutral:

Representing:

Summary of purpose and/or changes:

LB454 will create the School Property Tax Stabilization Act (Act). School districts that qualify for a school property tax stabilization payment under this Act will receive the payment in 10 equal installments beginning on the last business day in September and through the last business day in June. School districts receiving less than \$1,000 total payment will receive the lump sum on the last business day in December.

School Property Tax Stabilization payments will be considered other actual receipts in the calculation of the Tax Equity and Educational Opportunities Support Act (TEEOSA) aid.

The total school property tax stabilization payment paid to an eligible school district will be equal to 50% of the school property tax stabilization base.

The school property tax stabilization base shall equal the amount the eligible school district's property tax requirement exceeds 70% of the formula need minus calculated TEESOA Aid and other actual receipts.

To be eligible for the school property tax stabilization payment, the property tax requirement for the school district must exceed 70% of the formula need calculated for the school district.

The Department of Education will determine the total school property tax stabilization payments for each eligible school district in school year 2021-22 on or before September 15, 2021. For each school year thereafter, the Department of Education will determine the total school property tax stabilization payments on or before June 30.

Agricultural and horticultural land for school district taxation purposes shall be valued at 65% of its actual value for Tax Year 2022 and 55% for Tax Year 2023 and thereafter. School district taxation excludes property taxes levied to pay the principal and interest on bonds.

The adjusted valuation used to calculate TEEOSA for school fiscal year 2022-2023 will be 62% of actual value. For school fiscal year 2023-24 and each year thereafter adjusted valuation will be 52% of actual value.

The changes to assessed and adjusted valuation and other actual receipts become operative on January 1, 2022. The other provisions of the bill become operative on their effective date.

Explanation of amendments:

Committee Amendment 789 becomes the bill.

It creates the School Property Tax Stabilization Act. School districts that qualify for a school property tax stabilization payment will receive the payment in 10 equal installments beginning on the last business day in September and through the last business day in June. School districts receiving less than \$1,000 total payment will receive the lump sum on the last business day in December.

The total school property tax stabilization payment paid to an eligible school district will be equal to 50% of the school property tax stabilization base.

The school property tax stabilization base shall equal the amount the eligible school district's property tax requirement exceeds 70% of the formula need calculated for school fiscal year 2012-22; 65% of the formula need for school fiscal year 2022-23; 65% of the formula need for school fiscal year 2022-23; 60% of the formula need for school fiscal year 2023-24; and 55% of the formula need for school fiscal year 2024-25 and each school fiscal year thereafter.

The school district property tax requirement will be equal to the formula need calculated for each school district minus the sum of the amount of TEEOSA Aid and other actual receipts.

To be eligible for the school property tax stabilization payment, the property tax requirement for the school district must exceed 70% of the formula need calculated for school fiscal year 2021-22; 65% of the formula need calculated for school fiscal year 2022-23; 60% of the formula need for school fiscal year 2023-24 and 55% of formula need for school fiscal year 2021-25 and each school fiscal year thereafter.

The Department of Education will determine the total school property tax stabilization payments for each eligible school district in school year 2021-22 on or before September 15, 2021. For each school year thereafter, the Department of Education will determine the total school property tax stabilization payments on or before June 30.

All monies received from the School Property Tax Stabilization Act shall be shown as budgeted non-property-tax receipts and deducted prior to calculating the property tax request in the local system's general fund budget statement as provided to the Auditor of Public Accounts.

The amendment contains intent language to appropriate the funds necessary to carry out the School Property Tax Stabilization Act; and to fully fund the Tax Equity and Educational Opportunities Support Act before funding the School Property Tax Stabilization Act.

Lou Ann Linehan, Chairperson