

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

Revised to update the fiscal impact.

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2023-24</b>		<b>FY 2024-25</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$248,791,491	(\$45,000,000)	\$207,204,646	(\$105,333,000)
CASH FUNDS	\$45,000,000	\$45,000,000	\$105,333,000	\$105,333,000
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$293,791,491</b>	<b>\$0</b>	<b>\$312,537,646</b>	<b>\$0</b>

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

LB320 amends several sections relating to the Tax Equity & Educational Opportunities Support Act (TEEOSA) & creates the Tax Equity & Educational Opportunities Support Act Trust Fund.

Every year beginning in 2023, the Department of Revenue will certify to the State Treasurer the amount of credits that remain unclaimed under the Nebraska Property Tax Incentive Act for the tax year completed three years prior. The State Treasurer will transfer that amount from the General Fund to the Tax Equity & Educational Opportunities Support Act Trust Fund.

The State Treasurer will disburse money from the Tax Equity & Educational Opportunities Support Act Trust Fund to the Nebraska Department of Education (NDE) monthly as appropriated by the Legislature to provide state aid pursuant to (1)(b) of §79-1022. Any excess money in the fund will be reserved for future payments of state aid.

For school fiscal year 2023-24 & each school year thereafter, notwithstanding any other provision of TEEOSA to the contrary, the amount to be distributed to each school district under the act will be greater than or equal to ten percent of basic funding. If the amount to be distributed is less than ten percent of basic funding, it will be increased to equal ten percent of basic funding.

**TECHNICAL NOTE:**

The look back period in the bill is three years. The Department of Revenue notes that taxpayers can claim the tax credit until three years after the filing of the initial credit. For example: a taxpayer can claim the property tax credit for tax year 2020 until April 15, 2024. As such, the amount credited to the cash fund is certified before the amount of unclaimed credits is a final number, & as a result, there will be an ongoing loss of General Fund revenue if taxpayers claim the credit after the transfer amount is certified.

**EXPENITURES:**

The changes that LB320 will impact the TEEOSA estimate by \$293,791,491 for FY23-24 & \$312,537,646 for FY24-25. A portion will be paid from the TEEOSA Trust Fund.

**REVENUES:**

The Nebraska Department of Revenue estimates that the TEEOSA Trust Fund will create a transfer from the General Fund to Cash Funds of \$45,000,000 for FY23-24 & 105,333,000 for FY24-25.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB:	320	AM:	AGENCY/POLT. SUB: Nebraska Department of Education
REVIEWED BY:	Gary Bush	DATE:	1/19/23
		PHONE:	(402) 471-4161
COMMENTS: Unable to provide comment as the agency did not provide an estimate on the fiscal impact.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 320 AM: AGENCY/POLT. SUB: Nebraska Department of Revenue

REVIEWED BY: Gary Bush DATE: 2/10/23 PHONE: (402) 471-4161

COMMENTS: No basis to disagree with the agency estimate of the revenue shift from General Fund to a trust fund. There would be a significant impact to the TEEOSA school aid formula with the change to how much of the value of land can be used for determining the amount of taxes available to the district. The bill would not change how much a school district can actually collect in property taxes.  
Technical note: The bill calls for a trust fund to be created, which is different from a cash fund.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 320 AM: AGENCY/POLT. SUB: State Treasurer

REVIEWED BY: Gary Bush DATE: 1/19/23 PHONE: (402) 471-4161

COMMENTS: Agree with the agency that there would be no fiscal impact.

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

**2023**

**LB<sup>(1)</sup> 320**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Bryce Wilson/Kevin Lyons Date Prepared: <sup>(4)</sup> 1-17-2023 Phone: <sup>(5)</sup> 402-471-4320

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**Explanation of Estimate:**

This bill in the current form reduces valuations for TEEOSA purposes as follows: real property other than agricultural and horticultural land is reduced from 96% to 86%, agricultural and horticultural land will be reduced from 72% to 42%. Decreasing the recognized value for TEEOSA purposes would cause equalization aid to increase but the amount cannot be determined at this time.

For school fiscal year 2023-24 and each year after for TEEOSA, the amount distributed to each local system under the act and certified shall be greater than or equal to 10% of basic funding. If the amount is less than 10% of basic funding, it shall be increased to equal 10% of basic funding. Not taking into consideration the change in the valuation percentages the 10% basic funding minimum would have increased TEEOSA by \$54.5 million using the 2022/23 TEEOSA certification information.

The bill also creates a TEEOSA Trust Fund in which the Dept. of Revenue shall certify unclaimed credits under the NE Property Tax Incentive Act for the tax year completed 3 years prior. The State Treasurer will transfer money to the TEEOSA Trust Fund, with the money to be held solely for the additional funding to be used for the 10% of basic funding requirement. Any leftover money in the TEEOSA Trust Fund will be reserved for future payment pursuant of this fund. Estimated amounts for the TEEOSA Trust fund cannot be calculated at this time.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>



LB320 alters the state aid value of TEEOSA fund, which will have a corresponding impact on General Fund expenditures.

It is estimated that there will be minimal costs to Department of Revenue to implement this bill.

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

**2023**

**LB<sup>(1)</sup> 320**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> State Treasurer

Prepared by: <sup>(3)</sup> Jason Walters Date Prepared: <sup>(4)</sup> January 13, 2023 Phone: <sup>(5)</sup> 402-471-2793

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

The State Treasurer's Office doesn't expect any fiscal impact from LB 320 to the office.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____