

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2017-18</b>		<b>FY 2018-19</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$65,427,028	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>			\$65,427,028	

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

LB 144 changes the allocation of state aid to schools per the Tax Equity and Educational Opportunities Support Act (TEEOSA) beginning in FY2018-19. The bill reduces the value of agricultural and horticultural land for state aid purposes. The current value of agricultural land used to calculate local resources in the state aid formula is 72%. LB 144 annually reduces the agricultural land value used from 72% to 20% over a four year period. This will increase the amount of equalization aid provided to school districts by the amounts shown below.

FY	Ag. Land Rate	Total Aid TEEOSA	Annual Aid Increase	Increased Aid vs Base
Prior to FY19 (est.)	72%	1,102,315,575		
2018-19	50%	1,167,742,602	65,427,028	65,427,028
2019-20	40%	1,214,669,545	46,926,943	112,353,970
2020-21	30%	1,280,201,017	65,531,472	177,885,443
2021-22*	20%	1,370,136,539	89,935,522	267,820,965

\*The rate remains at 20% after FY2021-22

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 144	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: James Van Bruggen		DATE: 2/1/17	PHONE: (402) 471-4179
COMMENTS: Agree with the Department of Revenue's comments.			

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 144	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY: James Van Bruggen		DATE: 1/26/17	PHONE: (402) 471-4179
COMMENTS: LB 144 would decrease agricultural value an estimated \$30.7 billion in FY 2018-19, \$44.7 billion in FY 2019-20, \$58.7 billion in FY 2020-21, and \$72.7 billion in FY 2021-22.			





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

**2017**

**LB<sup>(1)</sup> 144**

**FISCAL NOTE**

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

Dept. of Education

Prepared by: <sup>(3)</sup> Jen Utemark

Date Prepared: <sup>(4)</sup> 1/10/17

Phone: <sup>(5)</sup> 402-471-3323

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

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	\$67,323,683	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>\$67,232,683</b>	<b>=====</b>

**Explanation of Estimate:**

This bill modifies current provisions of TEEOSA and how valuations are applied to agricultural/horticultural land. Under current law, state aid value for agricultural/horticultural land is 72% of actual value. Under LB 144, the state aid value applicable to both agricultural/horticultural land that receives special valuation is as follows:

Tax Year	Percentage
2018-19	50
2019-20	40
2020-2021	30
2021-22 and after	20

If LB 144 is passed as introduced, this bill may decrease the amount of resources recognized in each district with agricultural/horticultural land resulting in an increase in TEEOSA aid. Fiscal impact is forecasted at this time for purposes of state aid pursuant to TEEOSA as follows:

State Aid year	Total Aid Calculated	Forecasted Fiscal Impact
2018-19	\$1,112,573,384	\$67,232,683
2019-20	\$1,164,349,675	\$51,776,291
2020-21	\$1,235,255,604	\$70,905,929
2021-22	\$1,334,482,530	\$99,226,926
		<u>\$289,141,829</u>

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	\$67,232,683
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>\$67,323,683</b>

STATE AID YEAR	SOURCE	AGLAND ADJUSTED TO:	STATE AID CALCULATED	INCREASED AID OVER PRIOR YEAR
2017/18	MODEL	72%	1,045,340,701	-
2018/19	LB144	50%	1,112,573,384	67,232,683
2019/20	LB144	40%	1,164,349,675	51,776,291
2020/21	LB144	30%	1,235,255,604	70,905,929
2021/22	LB144	20%	1,334,482,530	99,226,926

<b>LB144 TOTAL IMPACT</b>	<b>\$</b>	<b>289,141,829</b>
---------------------------	-----------	--------------------

PERCENTAGE OF AID CHANGE	EQUALIZED DISTRICTS	EQUALIZED PERCENTAGE	NON-EQUALIZED DISTRICTS	NON-EQUALIZED PERCENTAGE
-	71	29%	174	71%
6.4%	116	47%	129	53%
4.7%	146	60%	99	40%
6.1%	178	73%	67	27%
8.0%	216	88%	29	12%
<b>25.2%</b>	<b>145</b>	<b>59%</b>	<b>-145</b>	<b>-59%</b>