

PREPARED BY: Bill Biven, Jr.
 DATE PREPARED: January 19, 2022
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LB 987

Revision: 00

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB987 amends §13-506, §77-1632, & §77-1633 to adopt the School District Property Tax Limitation Act, change provisions related to hearings on proposed budget statements & harmonize provisions. The School District Property Tax Limitation Act will apply to tax requests starting with 2023 and ending with the 2028 request.

School district's property tax increase will be limited to the greater of 3% increase over their previous years' tax request or the Consumer Price Index (CPI) percent increase.

Exceptions to the limitation:

- Amount approved by the legal voters in the district to exceed the limitation
- Budgeted amounts for capital improvements to address fire/flood mitigation, environmental hazards, accessibility barrier, life safety code violations, amounts to retire approved bonds, repairs to infrastructure damaged by disaster & budgeted to pay for wages & benefits mandated by the Commission of Industrial Relations

Districts can exceed their tax request authority, up to 3% tax asking for the average growth rate for any three year period, for up to two years with a vote of approval from their school board.

Up to half of a district's unused taxing authority can be carried over for future use.

Districts will need to present information at the budget hearing to show compliance to the Act.

Over the past four years, each year there was an average of 90 school districts that had growth in general fund property taxes levied exceeding 3%. This does not account for the exceptions to the limitation described in LB 987 but rather only general fund taxes levied.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	987	AM:	AGENCY/POLT. SUB: Nebraska Department of Revenue
REVIEWED BY:	Gary Bush	DATE:	1/18/22 PHONE: (402) 471-4161
COMMENTS: No basis to disagree with the estimate provided by the agency that there would be no fiscal impact to the state. It is unknown what the fiscal impact would be on school district taxpayers			

- Pledged to retire approved bonds.
- Repairs to infrastructure damaged by a natural disaster, or
- Amounts budgeted to pay for the portion of wages and benefits mandated by an order of the Commission of Industrial Relations.
- Limit may be exceeded by an amount equal to the school district's property tax request from the prior year multiplied by the school district's real growth percentage.
- Limit may be exceeded by an amount equal to a reduction in the district's certified state aid amount as defined by Neb. Rev. Stat. § 79-1022.
- When a school district uses its carryover request authority generated when district did not increase its property tax request by the full amount allowed. One half of the unused request authority may be carried forward.

The limit applies to property tax requests in years 2023-2028. The limit will not apply for years 2029 and future years.

Section 5 amends Neb. Rev. Stat. § 13-506 regarding budget hearings of political subdivisions, to require budget presentations made by school districts to include information that district complies with the Act.

Section 6 amends Neb. Rev. Stat. § 77-1632 to clarify that if a political subdivision seeks to set its property tax request by more than the allowable growth percentage, it may only do so to the extent allowed by law regardless of whether the annual assessment of property results in an increase, decrease, or no change to the total property taxes levied by political subdivision.

Section 7 amends Neb. Rev. Stat. § 77-1633 to clarify that if a political subdivision seeks to increase its property tax request by more than the allowable growth percentage, it may only do so to the extent allowed by law.

This act becomes operative on January 1, 2023.

LB 987 is estimated to have no impact on the General Fund revenues.

It is estimated that there will be no cost to the Department of Revenue to implement LB 987.

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

2022

LB⁽¹⁾ 987

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Education

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 1/19/22 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</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:

LB 987 limits school district property tax requests to the prior year’s tax request plus the greater of 3% or the Consumer Price Index percentage increase. The following exceptions are not subject to the property tax asking limitation:

- Amount approved by the legal voters in the district to exceed the limitation.
- Budgeted amounts for capital improvements to address fire/flood mitigation, environmental hazards, accessibility barrier, life safety code violations, amounts to retire approved bonds, repairs to infrastructure damaged by disaster and budgeted to pay for wages and benefits mandated by the Commission of Industrial Relations.

School boards can vote to exceed their tax request authority for up to two years but may not exceed a 3% tax asking average growth rate for any three-year period.

Additionally, school districts may exceed the school district tax asking limit by the following amounts:

- An amount equal to the school districts property tax request from the prior year multiplied by the school districts real growth percentage.
- By an amount equal to a reduction in State aid if the district is to receive less State aid than the prior year.

School districts can save up to half of their unused taxing authority which can be used in future years.

The property tax limitation act would be in effect for tax years 2023 – 2028.

No fiscal cost to NDE or the State.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____

