

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 391 provides for the county treasurer rather than a learning community to distribute property tax receipts from the common levy to school districts that are members of a learning community. The bill eliminates language in the Nebraska Budget Act which provides for the common levy proceeds for school districts in a learning community to be special reserve funds. LB 391 also changes the distribution of common levy proceeds to school districts that are members of a learning community.

The changes with regard to the county treasurer distributing tax proceeds and the categorization of common levy proceeds as reserve funds do not have any fiscal impact. However, the change in the distribution of common levy proceeds to school districts that are members of a learning community will have an unknown fiscal impact for the eleven schools in the existing learning community.

The bill delays by two years the full implementation of the common levy provisions for school districts in a learning community. LB 391 extends the time period, from three to five years, during which the allocation of property tax receipts from the common levy to learning community member districts are calculated based upon the greater of two amounts. Current law provides a proportional distribution of common levy tax proceeds in the first three years of a learning community based on the greater of: a school district's need in the state aid formula, less state aid and other actual receipts; or, the state aid received in the year prior to the first year a common levy is imposed, plus the yield from the district's general fund levy times the assessed valuation for the school year of distribution, minus state aid for such school year. Thereafter, the allocation is based on the first alternative which is need, less state aid and other receipts. In addition to the two year extension, the bill also provides for a growth factor of 1.25% to be included in the calculation of the second alternative.

The two changes in the method of determining the property tax allocation for schools in a learning community will not change the total amount of property taxes received by school districts in a learning community but will alter the distribution of such proceeds to member school districts in 2009-10 through 2013-14. It is assumed the changes provide for the majority of districts in the learning community to receive a greater portion of the allocation of property taxes from the learning community than otherwise would have been received. The change in property tax receipts for individual districts is unknown.

The changes in the allocation of property tax receipts within the learning community will not have a fiscal impact in terms of the amount of state aid that is distributed to school districts.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	William Scheideler	DATE	2/20/09	PHONE	471-2526
-------------	--------------------	------	---------	-------	----------

COMMENTS

NEBRASKA DEPARTMENT OF EDUCATION: Concur. LB 391 would relieve the Learning Community (LC) of the responsibility for distributing property tax receipts to LC school districts and reassign the task to LC county treasurers. The bill would also extend the transition period for distributing common levy proceeds among LC districts by two additional years and add a "growth factor" slowing the reallocation of property tax receipts among LC districts.