

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2007-08</b>		<b>FY 2008-09</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS			(\$3,000,000)	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			(\$3,000,000)	

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

LB 643 repeals provisions of the state aid to schools formula (TEEOSA) requiring the distribution of allocated income tax funds to school districts. Allocated income taxes are a resource for all school districts in the formula. The amount of aid distributed as allocated income taxes and net option funding will be capped at \$102.3 million in 2008-09. Under current law, the amount of allocated income tax aid distributed in 2008-09 will be the difference between \$102.3 million and the amount dispersed for net option funding. Currently, all school districts are eligible for allocated income tax funds, even those districts which do not qualify for equalization aid.

The elimination of allocated income tax funds as a school district resource will increase the amount of state aid distributed as equalization aid. However, the net fiscal impact in terms of total state aid distributed will be an estimated \$3 million decrease in aid in 2008-09. The decrease occurs because non-equalized districts will no longer receive allocated income tax funds and they are not qualified for equalization aid, unless the change in resources causes them to become an equalized district.