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 DATE PREPARED: March 05, 2007
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LB 605

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	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 605 provides that beginning in 2010-11 and thereafter, only educational service units having two or more member school districts may levy a property tax and receive state aid for core services and technology infrastructure. There are currently two ESU's, #18 in Lincoln and #19 in Omaha, which have only one member school district.

It is unknown how the bill will impact individual ESU's. It is assumed there will be a reconfiguration of school districts belonging to ESU's in Omaha and Lincoln and the surrounding areas in order to retain the resource base for the ESU's. The two ESU's directly impacted by the bill levied a total of \$4.8 million of property taxes in 2006-07. If the ESU's reorganize with different member districts, there likely will be a shift in resources and expenditures between ESU's of an unknown amount depending upon member school districts.

ESU's #18 and #19 received \$2.7 million of state aid for core services and technology infrastructure in the current year. Assuming use of the current formula for aid distribution to ESU's, the bill is cost neutral in terms of the overall amount of state aid allocated to ESU's in the future. However, the amount of aid allocated to individual ESU's will change if ESU's reorganize with different member districts or if ESU's #18 and #19 cease to be eligible for state aid.