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 DATE PREPARED: March 06, 2007
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LB 430

Revision: 01

Revised on 3/6/07 to reflect the use of an adjusted valuation factor in the state aid computation.

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$59,600,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$59,600,000	

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

LB 430 reduces the levy limit for school districts from \$1.05 to \$1.00 beginning in 2008-09. The levy limit for learning communities is also reduced by \$.05 from \$1.02 to \$.97. The \$.05 reduction in the levy limit decreases the local effort rate in the state aid formula (TEEOSA) by \$.05 and increases state aid by an estimated \$59.6 million in 2008-09.

Assuming a 5% annual increase in valuations, the decrease in levy authority for schools may decrease property taxes levied statewide by up to \$68.9 million in 2008-09. This is the maximum reduction assuming all school districts would have levied \$1.05 in 2008-09.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	William Scheideler	DATE	3/7/07	PHONE	471-2526
COMMENTS					
<p>DEPT. OF EDUCATION – By reducing maximum levies for school districts, LB 430 automatically lowers the Local Effort Rate (LER) from \$0.95 to \$0.87 for school districts in the learning community and lowers the local effort rate from \$0.95 to \$0.90 for the remainder of school districts. Reducing the LER lowered local resources in the TEEOSA aid formula by over \$33 million for school districts in the learning community and over \$30 million in school districts outside the learning community.</p> <p>If these provisions had been in effect when the FY 2006-07 TEEOSA aid was certified in February of 2006. General fund aid for TEEOSA would have been approximately \$67 million higher</p>					