

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2022-23</b>		<b>FY 2023-24</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$53,022,102		\$185,044,121	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$53,022,102</b>		<b>\$185,044,121</b>	

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

LB1207 amends & revises several sections to change provisions related to taxation & school funding & carries the emergency clause.

For school taxing purposes, Real Property, other than agricultural, horticultural and land subject to special valuation, will be valued as follows:

- Up to & including tax year 2021 – 100%
- Tax year 2022 – 95%
- Tax year 2023 – 90%
- Tax year 2024 & after – 87%

For school taxing purposes, agricultural and horticultural land and land subject to special valuation will be valued as follows:

- Up to & including tax year 2021 – 75%
- Tax year 2022 – 65%
- Tax year 2023 – 60%
- Tax year 2024 & after – 55%

The amount that a school district can levy to pay the principal & interest on bonds that are approved by a vote of the people on or after January 1, 2022, the land will be valued at 50% of its actual value.

The acceptable level of value range for Ag Land & Special Value Ag Land for valuation for purposes of the Tax Equalization and Review Commission (TERC) will be:

- Up to & including tax year 2021 – 69-75%
- Tax year 2022 – 59-65%
- Tax year 2023 – 54-60%
- Tax year 2024 & after – 49-55%

The acceptable level of value range for all other Real Property for valuation for purposes of TERC will be:

- Up to & including tax year 2021 – 92-100%
- Tax year 2022 – 87-95%
- Tax year 2023 – 83-91%
- Tax year 2024 & after – 79-87%

On or before April 15, 2022, for the calculation of aid for school fiscal year 2022-23, the Tax Commissioner will certify to the Nebraska Department of Education (NDE) the following:

- The net income tax collected under the Nebraska Revenue Act of 1967 for the calendar year ending on December 31, 2020
- The net corporate tax collected under the Nebraska Revenue Act of 1967 for the calendar year ending on December 31, 2020
- The net state sales & use tax collected under the Nebraska Revenue Act of 1967 for calendar year 2020

On or before November 1, 2022, & on or before November 1 of each year thereafter, for the calculation of aid for the following school fiscal year, the Tax Commissioner will certify the following to NDE:

- The net income tax collected under the Nebraska Revenue Act of 1967 for the most recently completed calendar year
- The net corporate tax collected under the Nebraska Revenue Act of 1967 for the most recently completed calendar year
- The net state sales & use tax collected under the Nebraska Revenue Act of 1967 for the most recently completed calendar year

NDE will calculate Foundation Aid to be paid to the districts as follows:

- FY2022-23
  - Equals fall membership for the certification of state aid or the average daily membership (adm) for the final calculation of state aid multiplied by the ratio of 5% of the sum of the amounts certified divided by the statewide fall membership certification of state aid or the adm for the final calculation of state aid
- FY2023-24
  - Equals fall membership for the certification of state aid or the adm for the final calculation of state aid multiplied by the ratio of 10% of the sum of the amounts certified divided by the statewide fall membership certification of state aid or the adm for the final calculation of state aid
- FY2024-25
  - Equals fall membership for the certification of state aid or the adm for the final calculation of state aid multiplied by the ratio of 15% of the sum of the amounts certified divided by the statewide fall membership certification of state aid or the adm for the final calculation of state aid

If the foundation aid calculated for any district is not equal to or greater than 15% of the basic funding calculated for that district for such school fiscal year, their foundation aid will be increased to equal 15% of their basic funding.

NDE will calculate Net Option Funding to be paid to the districts as follows:

- FY2022-23 & FY2023-24
  - Equals the net number of option students multiplied by the state wide average of basic funding per formula student minus the foundation aid credited & received for those option students
- FY2024-25 & after
  - Equals the net number of option students multiplied by the statewide average general fund property taxes per formula student.

The statewide average general fund property taxes per formula student will be calculated by dividing the aggregate receipts for all districts using the most recent complete data from general fund property tax levies, the Property Tax Credit Cash Fund, Homestead exemption reimbursements, & personal property tax exemption reimbursements by the aggregate formula students for all districts for the school fiscal year for which the aid is being calculated.

For the purpose of state aid values, real property other than Ag Land will be valued at:

- Up to & including FY2021/22 – 96%
- FY2022-23 – 91%
- FY2023-24 – 87%
- FY2024-25 – 83%

For the purpose of state aid values, Ag Land & Special Value Ag Land will be valued at:

- Up to & including FY2021/22 – 72%
- FY2022-23 – 62%
- FY2023-24 – 57%
- FY2024-25 – 52%

For school district taxes that are levied to pay the principal & interest on bonds that are approved by a vote of the people on or after January 1, 2022, must have an acceptable range of:

- Up to & including FY2021/22 – 44-50%
- FY2022-23 – 62%
- FY2023-24 – 57%
- FY2024-25 & after: 52%

NDE will certify the amounts to be distributed to the Director of Administrative Services, the Auditor of Public Accounts, & each school district.

On and after the effective date of this act, a district's school board may, only after a vote, to establish a special fund for the purpose of:

- Major infrastructure updates on existing structures owned or leased by the school district
- The alteration, equipping, & furnishing of school buildings or teacherages
- The purchase or erection of buildings of less than twelve hundred square feet of floor space used exclusively for storage utility purposes with a total value of less than \$200,000

On and after the effective date of this act, a district's school board may, only after a vote, to establish a special fund for the purpose of:

- Acquiring sites for school buildings or teacherages
- Purchasing existing buildings for use as teacherages, including the sites upon which the buildings are located
- Purchasing or entering into a lease-purchase agreement for relocatable classroom buildings
- Erecting, purchasing, or entering into a lease-purchase agreement for a new school building or an addition to a school building for elementary or high school grades
- Completing any projects that require an annual tax levy that exceeds six cents on each one hundred dollars of taxable value of all taxable property in the district

Any fund will be established from the proceeds of an annual tax levy, to be determined by the board not to exceed six cents on each one hundred dollars of taxable value of all taxable property in the district. This tax asking will be in addition to any other taxes authorized to be levied for school purposes & will be within the limits contained in §77-3442 & §79-1098. This tax asking will also be levied & collected in the same manner as other taxes levied for school purposes.

A school district or joint public agency that includes a school district that has been delegated the authority to tax, may continue an annual tax established prior to the effective date of this act through school fiscal year 2030-31 for any project started prior to the effective date of this act. Any annual tax continued will not exceed the amount needed annually to fund the project through school fiscal year 2030-31. The proceeds of any annual tax will only be used for the project for which the tax is levied. Any tax authorized can exceed ten cents on each one hundred dollars of taxable value when combined with all other taxes imposed.

On or before October 1, 2022, the district school boards that levied an annual tax for school fiscal year 2021-22 will file with the Auditor of Public Accounts a statement describing any projects for which an annual tax may be continued the rate levied for school fiscal year 2021-22 attributable to each such project, & the anticipated completion date for each such project.

The proceeds of any annual tax imposed will be kept separate & apart from other school district funds, except that such proceeds may be combined with amounts levied & collected for the same project.

LB1207 changes different areas of the Tax Equity & Educational Opportunities Support Act (TEEOSA) formula, which will affect all Nebraska school districts & the aid they receive from the state.

**EXPENDITURES:**

The Nebraska Department of Revenue estimates minimal costs of which can be absorbed.

No estimated fiscal impact for the State Treasurer or the Auditor of Public Accounts.

NDE estimates the provisions will increase state funding to the districts by \$52,762,652 for FY2022-23 & \$201,000,000 for FY2023-24.

The Legislative Fiscal Office (LFO) estimates the increase in General Fund expenditures, as follows:

- FY2022-23 - \$53,022,102
- FY2023-24 - \$185,044,121
- FY2024-25 - \$248,547,043

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	1207	AM:	AGENCY/POLT. SUB: Nebraska Department of Revenue	
REVIEWED BY:	Gary Bush	DATE:	2/14/22	PHONE: (402) 471-4161
COMMENTS: Unable to provide comment as the agency did not provide an impact. Agree that TEEOSA School Aid would be impacted because school districts would receive less property taxes from certain types of property.				

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1207 (Revised)	AM:	AGENCY/POLT. SUB: Nebraska Department of Education
REVIEWED BY:	Gary Bush	DATE:	2/14/22 PHONE: (402) 471-4161
COMMENTS: No basis to disagree with the agency estimate of fiscal impact to TEEOSA School Aid.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1207	AM:	AGENCY/POLT. SUB: State Treasurer
REVIEWED BY:	Gary Bush	DATE:	2/9/22 PHONE: (402) 471-4161
COMMENTS: Agree with agency that there is a no fiscal impact to the agency.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1207	AM:	AGENCY/POLT. SUB: Auditor of Public Accounts
REVIEWED BY:	Gary Bush	DATE:	1/24/20 PHONE: (402) 471-4161
COMMENTS: Agree with agency that there is a minimal fiscal impact to the agency.			



- Amounts levied pursuant to subsection (4) of section 79-10,120 for projects commenced prior to the effective date of this act.
- Amounts levied pursuant to subsection (3) of section 79-10,120 for projects that have been commenced less the amount generated by a levy of six cents per one hundred dollars of taxable valuation, and
- An amount equal to any loss of revenue caused by changes to section 77-201 occurring after the passage of a levy override at an election occurring prior to the effective date of this act pursuant to section 77-3444 (1)(b) for the years the override is applicable.

Neb. Rev. Stat. § 77-3442(2)(e) is amended to bring the reference to federal law up to date as of January 1, 2022.

Section 4 of LB 1207 amends Neb. Rev. Stat. § 77-3446, regarding base limitation, by striking the outdated language referring to fiscal year (FY) 2017-18, FY 2018-19, and FY 2019-20, clarifying that the base limitation is 2.5% until adjusted.

Section 5 of LB 1207 amends Neb. Rev. Stat. § 77-5023, with respect to an acceptable level of value range for Ag Land to strike the acceptable ranges in subsection (2) and replaces that language with subsections (b) and (c) as follows:

Year	Acceptable Level of Value as % of Actual Value on Ag Land (Except to Pay Bonds Approved by vote on/after Jan. 1,2022) (Level of Value for Taxes for Schools Districts; for Other PS)	Acceptable Level of Value as % of Special Value on Ag Land (Except to Pay Bonds Approved by Vote on/after Jan. 1, 2022) (Level of Value for Taxes for Schools Districts; for Other PS)
Prior to TY 2022	69-75%; 69-75%	69-75%; 69-75%
TY 2022	59-65%; 69-75%	59-65%; 69-75%
TY 2023	54-60%; 69-75%	54-60%; 69-75%
TY 2024 & After	49-55%; 69-75%	49-55%; 69-75%

School district taxes levied to pay the principal and interest on bonds that are approved by a vote of the people on or after January 1, 2022, have an acceptable level of value range of 44 to 50%.

For all other real property, the acceptable ranges are provided as follows:

Year	Acceptable Level of Value as % of Actual Value on All Other Real Property (Level of Value for School Districts, for Other PS)
Prior to TY 2022	92-100%;92-100%
TY 2022	87-95%;92-100%
TY 2023	83-91%;92-100%
TY 2024 & After	79-87%;92-100%

Section 8 of LB 1207 requires that the Tax Commissioner certify the net corporate and individual income tax collections and the net sales tax collections for calendar year 2020 to the Department of Education (DOE) by April 15, 2022 for School Fiscal Year 2022-23. After that, these certifications will be made each November first

for income and sales tax collections for the immediately prior completed calendar year. From these certifications, the DOE will divide the fall membership total for all districts by a percentage of the total amounts certified by the Tax Commissioner to create a per-student foundation aid amount that is distributed to each school district or multiple-school system in the following school fiscal year (SFY). The percentage of the net sales and income tax receipts is 5% for SFY 2022-23, 10% for SFY 2023-24 and 15% for SFY 2024-25 and each year thereafter. If the foundation aid for any school district or system is less than the calculated basic funding for the school district or system, additional aid is added so that foundation aid is at least 15% of the basic funding.

Section 10 of LB 1207 amends Neb. Rev. Stat. § 79-1016(3) to add that state aid value means:

For real property other than Ag Land:

Year	Level of Value as % of Actual Value on All Real Property other than Ag Land
Prior to SFY 2022-2023	96%
SFY 2022-2023	91%
SFY 2023-2024	87%
SFY 2024-2025 & After	83%

For Ag land:

Year	Value as % of Actual Value on Ag Land (Except to Pay Bonds Approved by Vote on/after Jan. 1, 2022)	Value as % of Special Value on Ag Land (Except to Pay Bonds Approved by Vote on/after Jan. 1, 2022)
Prior to SFY2022-23	72%	72%
SFY 2022-23	62%	62%
SFY 2023-24	57%	57%
SFY 2024-25 & After	52%	52%

School district taxes levied to pay the principal and interest on bonds that are approved by a vote of the people on or after January 1, 2022, have an acceptable range of 44 to 50% of actual land special value.

This bill will have an effect on TEEOSA, which will have a corresponding impact on General Fund expenditures.

It is estimated that there will be minimal costs to the Department of Revenue to implement this bill.

The bill contains an emergency clause and becomes law upon enactment.

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**2022**

**LB<sup>(1)</sup> 1207 REVISION2**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Education

Prepared by: <sup>(3)</sup> Bryce Wilson Date Prepared: <sup>(4)</sup> 2/8/22 Phone: <sup>(5)</sup> 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	<u>\$52,762,652</u>	<u>                    </u>	<u>\$201 Million</u>	<u>                    </u>
CASH FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
FEDERAL FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
OTHER FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL FUNDS</b>	<u><u>\$52,762,652</u></u>	<u><u>                    </u></u>	<u><u>\$201 Million</u></u>	<u><u>                    </u></u>

**Explanation of Estimate:**

- Changes assessed and adjusted valuation for school district taxing purposes over a three-year period. Residential/commercial valuations are reduced to 91% of actual value the first year and by four percent for both the second year and third year ending at eighty three percent of actual assessed valuation. Ag/Horticultural land is reduced by ten percent to 62% if actual value the first year and by another five percent the second and third year ending at fifty two percent of actual assessed valuation.
- Creates foundation aid which is phased in over the next three years. Foundation aid is calculated as five percent of State revenues for the first year as certified by the Dept. of Revenue. The percent of foundation aid increases to ten and fifteen percent the following two years and has a minimum of at least fifteen percent of basic funding the third year.
- Changes the Net Option Funding calculation from a basic funding per formula student amount to net number of option students multiplied by the statewide basic funding per formula student minus foundation aid for fiscal year 2022/23 and for fiscal year 23/24. For 2024/25 and years thereafter, net number of option students multiplied by the statewide average property taxes collected per K-12 student.
- LB 1207 changes the maximum levy in the special building fund from fourteen cents to six cents after the effective date of this act. A school district can increase the building fund up to ten cents with a vote of their constituents.
- Requires a joint agency levy to be included with a school districts levy when determining that a school district is under their max levy for projects commenced after this bill is enacted.
- Eliminates the allocated income tax component starting with FY 2023/24.



**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.....				
Travel.....				
Capital outlay.....				
Aid.....			\$52,762,652	\$201 Million
Capital improvements.....				
TOTAL.....			\$52,762,652	\$201 Million

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

**2022**

**LB<sup>(1)</sup> 1207**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> State Treasurer

Prepared by: <sup>(3)</sup> Jason Walters Date Prepared: <sup>(4)</sup> January 30, 2022 Phone: <sup>(5)</sup> 402-471-2793

**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:

The State Treasurer's Office doesn't expect any fiscal impact from LB 1207 to the office.

**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.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

**2022**

**LB<sup>(1)</sup> 1207**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Auditor of Public Accounts

Prepared by: <sup>(3)</sup> Craig Kubicek Date Prepared: <sup>(4)</sup> 1/21/2022 Phone: <sup>(5)</sup> 402-471-3686

**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	\$0		\$0	
CASH FUNDS	\$0		\$0	
FEDERAL FUNDS	\$0		\$0	
OTHER FUNDS	\$0		\$0	
<b>TOTAL FUNDS</b>	<b>\$0</b>		<b>\$0</b>	

**Explanation of Estimate:**

Not a significant fiscal impact to our office. May require some form updates to forms.

**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.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>				