

LB 839 FISCAL NOTE

Revised based on amendments adopted through 6/2/93.

LEGISLATIVE FISCAL ANALYST

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ESTIMATE Of FISCAL IMPACT - STATE AGENCIES

FY 1993-94 FY 1994-95

EXPENDITURES REVENUE EXPENDITURES REVENUE

GENERAL FUNDS See below See below

CASH FUNDS See below See below

FEDERAL FUNDS

OTHER FUNDS

TOTAL FUNDS

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

LB 839 eliminates the reimbursement of tuition by the state General Fund for children of parents employed by the federal government who reside on national parks or national Monuments within the state. The bill also eliminates the cash fund reimbursement of tuition by the Department of Aeronautics for children of parents who reside on tax-exempt state owned airfields and the reimbursement of tuition by cities for children of parents residing on city-owned tax-exempt airfields.

The estimated General and Cash Fund savings from the bill in 1993-94 and 1994-95 is as follows:

| | 1993-94 | 1994-95 |
|--|------------|------------|
| State Department of Education - General Fund | (\$17,160) | (\$17,160) |
| Department of Aeronautics - Cash Fund | (17,000) | (17,680) |
| | (\$34,160) | (\$34,840) |

The General Fund appropriation for the State Department of Education has been reduced by \$17.160 in 1993-94 and 1994-95 in the Appropriations Committee recommendation.

LB 839, as amended, requires that all Class I school districts or portions thereof which are part of a Class VI school district will have a "common levy" for the operation of the K-12 school system in these districts beginning with the 1995-96 school year. Section 6 provides that the amount of state aid allocated to these districts through the equalization component of the formula will be determined based upon the formula needs of the entire Class VI system.

The common levy provisions will impact the property tax levy of approximately 174 Class I school districts (using 1991-92 data) within Class VI systems beginning in 1995-96. The exact fiscal impact of the bill on the expenditures and revenues of individual school districts is not able to be determined. A printout prepared by the State Department of Education is available in the Legislative Fiscal Office (LFO) to show the derived General

Fund levies for Class VI systems pursuant to the bill based on 1991-92 data. This printout does not reflect the interaction of the potential aid shifts caused by Section 6 of the bill.

The change in Section 6 regarding the computation of equalization aid on a system-wide basis rather than by school district will result in a shift of equalization aid between school districts beginning in 1995-96. Note that all classes of school districts, not just Class Is and Class VIs are affected by the change in aid computation.

Section 5 reduces the rate used to calculate the in-lieu-of school land tax reimbursement from 143% to the same percent of the appraised value as the percent of the assessed value is of market value in 77-1360.01, which will be 80% for agricultural land. The State Department of Education made the payment of in-lieu-of school land taxes at 100% of appraised value in 1990-1991 and 1991-92 based on an Attorney General's opinion. This shifted an estimated \$1,796,000 from the in-lieu-of tax payment to state apportionment. Beginning with the 1992-93 payment, the in-lieu-of reimbursement will be based on 80% of appraised values. If the lower rate had been in effect for 1991-92, an additional \$948,000 would have been shifted from the in-lieu tax payment to state apportionment. The fiscal impact of the change varies by school district depending upon whether an in-lieu-of tax payment is received and will have an impact on state aid received two years later.

Section 5 also addresses the interaction of the Class VI system-wide levy with the in-lieu-of tax payments to school districts. It provides that a specified percentage of the in-lieu-of payment based upon the new "common levy" will be provided to the Class VI district and the remainder will be distributed to the Class I school district. This will result in a shift of state aid between the in-lieu-of school tax payment and state apportionment, which will affect the distribution of these funds to individual school districts beginning in 1995-96.

The State Department of Education will have a one-time increase in expenditures to modify the state aid computer programs, but it is assumed that changes can be made with existing resources.