

## LB 1219 FISCAL NOTE

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Revised on 4/2/98 based on amendments adopted through 4/2/98.

	FY 1998-99		FY 1999-00	
	Expenditures	Revenue	Expenditures	Revenue
GENERAL	\$4,520,000		\$4,500,000	
CASH				
FEDERAL				
OTHER		(\$4,500,000)		
TOTAL	\$4,520,000	\$0	\$0	\$0

LB 1219 provides for the establishment of unified school systems. A unified system is defined as two or more Class II or III school districts participating in an interlocal agreement with approval from the State Committee for the Reorganization of School Districts. Class I districts may also be part of the interlocal agreement if the entire valuation is included in the unified system. Agreements must last for a minimum of three years. The bill provides that state aid and property tax resources are to be shared by the unified system. The board of a unified system is to determine the general fund levy for all participating districts and the distribution of tax resources and state aid. Unified systems are eligible for incentive payments through the state aid formula. Unified systems which discontinue the status prior to the eighth year of existence, must repay state aid Incentives plus interest through a reduction in state aid in equal amounts for five years.

It is assumed the Department of Education (NDE) will have a one-time \$5,000 increase in general fund expenditures to develop a rule with procedures to be used to reestablish data for districts which do not continue in a unified system. The rule will eliminate the need to track unified districts separately for eight years. A one-time increase in computer programming expenses of \$10,000 is also estimated to track unified systems and incentive payments.

The bill will have an undetermined fiscal impact for school districts which opt to become unified systems. Revenues and expenditures of individual districts will be impacted by decisions made by the board of the unified system. The inclusion of an additional category of schools eligible for incentive aid payments will not increase state aid overall, since total incentive payments are capped at 1% of the state aid appropriation. However, it is possible incentive aid payments to consolidated districts may have to be prorated at some time in the future, if incentive payments for consolidated and unified districts exceed 1% of the state aid appropriation.

LB 1219, as amended, provides procedures for a high school district to follow to reduce property tax requests when the total levy for a local system budget exceeds the amount which can be generated by the statutory maximum levy. It also reduces the amount which may be levied by a Class I school district for school buildings, sites or repairs from 17.5 cents to five cents on each \$100 valuation. This cap also includes any amounts levied for environmental hazards or accessibility barriers.

Amendments to the bill provide for a transfer of \$4.5 million from the Cash Reserve Fund to the General Fund on or before September 1, 1998. The funds transferred to the General Fund are appropriated to

NDE in 1998-99 to distribute as onetime temporary mitigation funds to schools which have property tax and state aid resources in 1998-99 which are less than 90% of their 1997-98 property tax and state aid resources. Systems must meet certain criteria in the bill in order to receive aid. NDE is to calculate the systems eligible for aid and distribute the funds by September 15, 1998. Payments are to be prorated if the appropriation is not sufficient to fund all claims. The temporary mitigation funds shall be returned if the receiving district does not merge, consolidate or unify prior to June 30, 2000. The funds need not be returned if the state reorganization committee determines a merger, consolidation, or unification is not possible. It is assumed a one-time Increase of \$5,000 general funds will be sufficient to handle the calculation and distribution of these aid funds in 1998-99.