

ONE HUNDRED THIRD LEGISLATURE

FIRST SESSION

LEGISLATIVE RESOLUTION 322

Introduced by Haar, 21.

PURPOSE: The purpose of this study is to examine options for stabilization and growth in funding for the Tax Equity and Educational Opportunities Support Act (TEEOSA).

One of the original goals of LB 1059 (1990), which created TEEOSA, was to provide a broad revenue base for the funding of public schools, with a specific target to provide 45 percent of the total costs of operating the public schools from state revenue sources, yet now the state now provides only about 33 percent of the total costs.

Recessionary periods and resulting drops in state revenue have caused this decline in the state share of funding schools and that has led to an increasing reliance on property taxes overall for funding public schools. As a result, stability in funding schools has become an issue, with dramatic peaks and valleys in state funding for schools and unpredictability in state aid receipts for individual districts.

The purpose of the study is to examine concepts for smoothing the growth of state aid to schools through TEEOSA including, but not limited to:

1. Creating a mechanism for setting cost growth based on objective indicators and historic trends of school costs and state revenue growth, as proposed in LB 604 (2013);

2. Establishing a separate state cash reserve for funding TEEOSA;

3. Creating a school funding trust fund with selected revenue sources;

4. Utilizing the revenue from new and dynamic revenue sources such as the internet sales tax and sales taxes on high-end services; and

5. Establishing a trust fund to fill the shortfalls in revenue during period of recession.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED THIRD LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Education Committee, Revenue Committee, and Appropriations Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution. The study shall be coordinated with the efforts of the Tax Modernization Commission proposed pursuant to LB 613 (2013).

2. That the committees shall upon the conclusion of the study make a report of their findings, together with their recommendations, to the Legislative Council or Legislature.