

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$56,210,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$56,210,000	

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

LB 351 makes changes to the state aid allocated to school districts through the Tax Equity and Educational Opportunities Support Act (TEEOSA). Beginning in FY2016-17, the bill removes the cap on the amount of funds that are disbursed through the formula as allocated income taxes and net option funding and provides for 20% of the aggregate statewide income tax liability of all resident individuals to be included in the formula as allocated income taxes and net option funding. Each school district's allocated income tax funds are calculated by taking 20% of the local district's income tax liability. The bill also eliminates the minimum levy adjustment that reduces allocated income taxes for non-equalized schools which do not levy a minimum required amount.

Changes to Resources in the TEEOSA Formula: Current law caps at \$102,289,817 the amount to be included as a resource for allocated income taxes and net option funding in the TEEOSA formula. Using 2013 income tax data, the amount of allocated income taxes used in the formula per LB 351 will increase from about \$43.6 million to \$296.7 million. Net option funding will remain at the current level of about \$58.7 million.

Net Fiscal Impact: The entire amount of increased allocated income taxes pursuant to the bill does not translate into increased state aid. The increase in resources will only impact school districts not currently receiving equalization aid. The estimated net fiscal impact of including additional allocated income taxes as a resource and eliminating the non-equalized minimum levy adjustment in the formula will be an increase in TEEOSA state aid of \$56.2 million in FY2016-17. The increase in aid will accrue to school districts that do not receive equalization aid through the formula.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB:351	AM:	AGENCY/POLT. Dept of Education	
REVIEWED BY: James Van Bruggen		DATE: 1/21/2015	PHONE: 471-4179
COMMENTS: Thorough analysis of this issue is not possible in a short time frame; however, increasing the income tax rebate would increase local resources and decrease reliance on equalization aid.			

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2015

LB⁽¹⁾ 351

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Dept of Education

Prepared by: ⁽³⁾ Bryce Wilson

Date Prepared: ⁽⁴⁾ 1/16/15

Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	\$53,000,000	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	\$53,000,000	=====

Explanation of Estimate:

LB 351 increases the allocated income tax rebate in the TEEOSA formula by around \$253 million. The change in the allocated income tax rebate component results in an increase in TEEOSA of \$53,000,000. Only the non-equalized districts would benefit from this increase.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	\$53,000,000
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	\$53,000,000

