

# 2019 PROPERTY TAX COMPARISON

A COMPARISON OF THIS YEARS KEY PROPERTY TAX BILLS FROM NRCSA, OPEN SKY POLICY AND NASB



	LB 314 - BRIESE	LB 497 - FRIESEN	LB 695 - GROENE	LB 656 - WAYNE	LB 614 - CRAWFORD
How are property tax reductions provided?	66% of revenue raised into PTRF. Increase in of SpEd & AIT has potential to reduce PT.	Increase aid to schools. Ag-land value is reduced to 40%. (for school taxes only)	Reduces reliance on property tax for districts. Also eliminates PTRF.	Changes the maximum levy to \$1 minus the levy that would be required to tax for 85% of TEEOSA aid	Increased SpEd funding by \$150m (to 80%) and supplemental state aid to all district by \$150m reducing reliance on property tax. Districts required to publish what they did for PT relief. Increases AIT to 20%.
Does the bill change TEEOSA formulas? How?	N/A	Phase in minimum state aid over 3 years to equal to 35% of basic funding to 50% of basic funding. Lowers local effort rate to 0.975 and reduces ag land to 55% of market value.	Eliminates AIT and replaces with foundation aid of 25% of total income tax to be redistributed per student (approximately \$3500/student) . Eliminates averaging adjustment.	Foundation aid \$4,750 per student, \$500 per student for sparse and very sparse, \$1,600 for free lunch students, \$800 per free lunch student in districts with at least 50% free lunch students, \$1,600 for LEP students. In order to receive state aid, there can only be 20 students per classroom for early childhood, kindergarten and classrooms for grades 1 to 3, 22 students per classroom for grades 4 to 8, 25 students in classrooms for grades 9 to 12. Repeals the enrollment option program. Base limitation is the inflation rate (CPI)	Creates a Property Tax Relief Allowance and Supplemental State Aid of \$150m (additional \$488/student) to be distributed to all school districts. Increase AIT to 20%.
Are new revenue streams for school districts created?	AIT from 2.3% to 20% SPED reimbursement to 80%	Yes. Minimum state aid is increased and local effort rate is lowered.	Foundation aid	Foundation aid	Supplemental state aid. Approximately \$488/student
How is revenue generated to pay for the bill?	Various exemption eliminations, tax increases on current goods, 0.5% sales tax increase	Tax on food, tobacco, alcohol. Repeal of several exemptions.	PTRF money is diverted to TEEOSA	Nothing is listed in the bill	Income tax base expansion, repeals personal property tax exemption, taxes candy, softdrinks, water, cigarettes and spirits
How will non-equalized districts will benefit?	Increased SpEd reimbursement. AIT increase will reduce reliance for PT as a resource.	Non-equalized districts are getting base funding to 50%	Foundation aid	Foundation Aid and sparcity component	Supplemental state aid Approximately \$488/student
How will equalized districts benefit?	Increased SpEd reimbursement.	Lowered local effort rate (to 0.975) which results in more equalization aid	New revenue through foundation aid.	Increased funding for poverty and ELL students plus foundation aid.	New revenue through supplemental state aid Approximately \$488/student

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Are there winners/losers? Who?	All districts get SpEd reimbursement increase. Unequalized districts will benefit from increase in AIT. Equalized districts will be held harmless.	Winners: Non-equalized districts.  Losers: Districts that are equalized and have more than 40% of total taxable value in ag land. Districts that are equalized, are at their maximum levy and have low ag-land valuation. Total state aid would increase by \$350 million.*	Winners: Unequalized districts. All districts get foundation aid. Equalized districts will get proportional reduction in equalization aid.  Losers: Districts at max levy with growing needs. Schools with high amount of net option kids.	Increase in aid to schools, reduction in property tax levies	All schools receive additional state aid for property tax relief (\$488/student). Increase SpEd reimbursement to 80%.
<p>*Sidney is an example of a loser in LB 497. They have low ag land value, are equalized and would receive a 24% increase in state aid under LB 497. They are at their maximum levy plus exclusions of \$1.08. They had a significant increase in state aid, but the property tax authority reduces their levy rate down to \$1.02. Comparing calculated state aid plus property tax authority under LB 497 to what they would have received under current law, plus property tax, they end up losing revenue. They would be better off under current law because of the property tax authority. *Cozad is another example. They have 58% taxable value in ag land. They would receive \$2 million more in state aid under LB 497 and are at the maximum levy of \$1.05. They had a significant increase in state aid, ag land value dropped from 75% down to 55%, and the property tax authority drops the levy rate down to \$0.82. Comparing state aid under LB 497 plus property tax authority to what Cozad would have received under current law plus property tax, they end up losing over \$1 million in total revenue.</p>					
Are any caps part of the bill? What caps?	N/A	Property tax request is capped. Levies are capped per a formula that increases the prior years PT request + State aid by the basic growth rate. Additional aid would automatically reduce a districts property tax request. The concept would allow school districts to increase property taxes if TEEOSA or other revenues decline.	Limits property tax increases to the prior year tax request grown by CPI (capped at 2.5% but can't be less than 0%) + any revenue created by new construction growth.	Limits property tax to \$1 minus the levy that would generate 85% of TEEOSA Aid	No caps
Do any revenues appear to be one-time or short-term?	No	No	No	No	No
Does the bill affect Net Option Funding?	No	No	Reduce per pupil amount distributed in net option funding (from approx. \$10k to \$6k)	Eliminates Net Option Funding	No
What happens if State Funding is diminished in a given year?	More pressure would be put on local resources	More pressure would be put on local resources	More pressure would be put on local resources	More pressure would be put on local resources	More pressure would be put on local resources
How does the bill affect the State's cash reserve?	N/A	New revenues would allow transfer of \$150 million.	N/A	N/A	New revenue generated
Does the bill include a TEEOSA study?	Yes	No	No	No	No