

LB 454 Summary

https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=44125

- Creates the School Property Tax Stabilization Act
- Directs state aid to school districts whose property tax requirement, after accounting for TEEOSA aid and other actual receipts, exceed 70% of formula needs.
- Reduces the assessed valuation of agricultural land for purposes of school funding over a two-year period from 75% of actual value to 55% of actual value.
- Reduces the adjusted valuation of agricultural land for purposes of calculating local effort in the TEEOSA formula over a two-year period from 72% of actual value to 52% of actual value.
- On or before September 15, 2021 NDE determines the Property Tax Stabilization Payment for eligible school districts for 2021-22.
- On or before June 30, 2022 and each year thereafter, NDE determines Property Tax Stabilization Payments for eligible school districts.
- Paid in 10 equal payments from September through June.
- Intent of the Legislature to appropriate the amount necessary to carry out the School Property Tax Stabilization Act for each fiscal year.

LB 454 AM 789

- On or before September 15, 2021 NDE determines the stabilization payments for eligible school districts for 2021-22.
- On or before June 30, 2022 and each year thereafter, NDE determines stabilization payments for eligible school districts.
- The committee amendment allows more schools to qualify for stabilization payments by lowering the threshold level to qualify for stabilization payments over a four-year period from 70% of calculated formula need in FY 21 to 55% of calculated formula need in FY 24, with no reduction in assessed or adjusted valuation.
- Intent of the Legislature to fully fund TEEOSA before funding the School Property Tax Stabilization Act.
- Intent of the Legislature to appropriate the necessary amount to carry out the School Property Tax Stabilization Act for each school fiscal year.
- Estimates of the amount of additional stabilization payments to schools and the total number of schools which would receive payments for each year of the phase-in (not accounting for changes in valuation, spending, other receipts or TEEOSA aid) are as follows:

	<u>Addtl. Payments</u>	<u># of Schools</u>
Year 1 (2021-22)	\$65 million	178 schools
Year 2 (2022-23)	\$30 million	190 schools
Year 3 (2023-24)	\$35 million	199 schools
Year 4 (2024-25)	\$37 million	208 schools

- When totally phased-in, it is estimated an additional \$167 million in state aid would be distributed to 208 schools.