



Ninety-Seventh Legislature - Second Session - 2002
Committee Statement
LB 1204

Hearing Date: February 11, 2002

Committee On: Education

Introducer(s): (Raikes)

Title: Provide for adjustment of state aid and property tax receipts due to certain property transfers as prescribed

Roll Call Vote – Final Committee Action:

- Advanced to General File
 - X Advanced to General File with Amendments
 - Indefinitely Postponed
-

Vote Results:

8	Yes	Senators Price, Suttle, Coordsen, Maxwell, Brashear, Wickersham, Stuhr, Raikes
0	No	
0	Present, not voting	
0	Absent	

Proponents:

Senator Ron Raikes
Beth Bazyn Ferrell
Tom Kunkel
Rob Ziegler

Representing:

Introducer
Nebraska Association of County Officials
Newman Grove Public Schools
Madison Public Schools

Opponents:

Marilyn Meerkatz

Representing:

Class I's United

Neutral:

Catherine Lang

Representing:

Property Assessment and Taxation

Summary of purpose and/or changes:

Legislative Bill 1204 would make adjustments to state aid payments to reflect transfers of property caused by annexation, the dissolution of a Class I school district, or a reorganization involving one or more Class I school districts. State aid would be increased for the district losing the property by the additional amount the district would have received if the adjusted valuation of the property had been transferred for state aid purposes. The funding for the increase would be generated by decreasing state aid in the same amount for the districts receiving the property. If the districts receiving the property do not receive enough state aid to cover the decrease, the remainder would be collected from property tax receipts. The bill would also prohibit the

transfer of property between districts due to annexation to become effective between August 16th and October 16th of each year.

Explanation of amendments, if any:

The committee amendments would replace the original provisions. With the amendments, state aid payments and county tax receipts would be adjusted to reflect annexations, dissolutions of Class I school districts, and reorganizations involving one or more Class I school districts.

The new procedures for state aid and county tax receipt transfers would apply whenever:

1. A Class I school district dissolves or reorganizes in such a manner that affiliated property does not become part of the district with which the property was affiliated;
or
2. Property within a high school district is transferred to another district due to an annexation.

To qualify for additional state aid, the school district losing the property would apply to the Department of Education by August 20 preceding the first school fiscal year when the property would not be available for taxation by the district. Property would be deemed transferred from the district whether the property was within the boundaries of the district or was affiliated with the district.

The department would calculate the additional state aid, if any, that the local system would have received if the adjusted valuation for the transferred property had not been included in that system's valuation for the calculation of state aid. The applicant school district would be notified by September 20 of the amount of additional state aid. If the high school district receives a lump-sum payment of state aid, such lump-sum payment would be increased by the additional state aid. Otherwise, state aid payments would be increased by one-tenth of the additional state aid for each of the ten state aid payments.

The additional state aid would be attributed to the local systems based on the adjusted valuation received by each receiving local system and state aid payments would be reduced for the high school districts in those systems. If the district receives a lump-sum payment of state aid, such lump-sum payment would be reduced by the amount attributed to the local system. Otherwise, state aid payments would be reduced by one-tenth of the amount attributed to such local system for each of the ten state aid payments. If the total reduction is more than the total state aid payments, the remainder would be transferred from the general fund levy proceeds of such high school district to the applicant school district by the county treasurer. The high school district would be notified by September 20 of the reduction in state aid and of any amount of general fund levy proceeds that would be transferred to the applicant school district. By September 20, the department would also direct the county treasurer to withhold the amount of general fund levy proceeds and to transfer such amount to the applicant school district on or before January 1. The county treasurers would withhold such amount and transfer the funds on or before such date. If such amount is not available to be transferred on January 1, the county treasurers would be required to continue to withhold the general fund levy proceeds until such amount has been transferred.

For the purposes of the final calculation of state aid pursuant to § 79-1065, the adjusted valuation of the transferred property would be transferred in the state aid calculation. For determining adjustments in state aid pursuant to § 79-1065, the final calculation of state aid would be compared to the certified state aid combined with any adjustments in state aid payments and transfers from other districts pursuant to the new procedures.

Section 79-475 would be amended by making mergers pursuant to § 79-408 effective on June 1 of the year following the first full school year after such merger. Section 79-408 provides for territory annexed by a primary class city to be included in a Class IV school district. Currently the effective date applies to mergers pursuant to §§ 79-407 and 79-473. Section 79-407 provides for the territory within a city or village with a population of more than 1,000 and less than 150,000 to be contained in a Class III school district, and § 79-473 provides for “good faith” negotiations regarding which school district shall serve the annexed territory.

Section 79-1008.01 would be amended by including receipts from other school districts related to annexation or pursuant to the new procedures in the calculation of “lop-off.” The “lop-off” calculation compares funding in the prior year to calculated funding for the year the aid will be distributed to estimate if the local system would receive aid in excess of what the system would have the authority to spend with a \$0.90 levy. The calculated excess is subtracted from the local system’s state aid. Including receipts related to annexation and receipts pursuant to the new procedures more accurately reflects the funding available in the prior year and reduces the likelihood of a local system being affected by “lop-off.”

Section 79-1018.01 would be amended by excluding receipts from other school districts pursuant to the new procedures from accountable receipts for the determination of state aid.

The committee amendments contain a severability clause.

Senator Ron Raikes, Chairperson