

COMMITTEE STATEMENT

LB974

*JAL #39*

**Hearing Date:** Wednesday January 22, 2020  
**Committee On:** Revenue  
**Introducer:** Revenue  
**One Liner:** Change taxation and school funding provisions

**Roll Call Vote - Final Committee Action:**  
 Advanced to General File with amendment(s)

**Vote Results:**  
**Aye:** 6 Senators Linehan, Lindstrom, Kolterman, Groene, Friesen, Briese  
**Nay:** 2 Senators Crawford, McCollister  
**Absent:**  
**Present Not Voting:**

**Oral Testimony:**

**Proponents:**

Senator Lou Ann Linehan  
 Douglas Kagan  
 Joe Murray  
 Loran Schmit  
 Steve Nelson  
 Bryan Slone  
 Robert Johnston  
 Nicole Fox  
 Steve Ebke  
 Lavon Heidemann

Edward Herlein  
 Bud Synhorst  
 Bob Hallstrom

Matt Jeolicka

**Opponents:**

Dave Welsch

Liz Standish  
 Terry Jessen  
 John Schwartz  
 Jack Moles  
 Marque Snow  
 Randy Gilson  
 Jason Buckingham  
 Jeff Schneider  
 Jason Hayes

**Representing:**

Introducer  
 Nebraska Taxpayers for Freedom  
 Self  
 Self  
 Nebraska Farm Bureau  
 Nebraska Chamber of Commerce and Industry  
 Nebraska Soybean Association  
 Nebraska Platte Institute  
 Nebraska Corn Growers Association  
 Nebraska Cattlemen, Nebraska Pork Producers,  
 Nebraska Dairy  
 Robinson Meadowbrook  
 Lincoln Independent Association  
 Nebraska Bankers Association, National Federation of  
 Independent Business  
 Self

**Representing:**

Milford Public Schools, Nebraska Association of School  
 Boards  
 Lincoln Public Schools  
 Self  
 STANCE, NCSA, Norris Public Schools  
 Nebraska Rural Community Schools Association  
 Omaha Public Schools  
 STANCE, Blair Community Schools  
 Ralston Public Schools  
 Hastings Public Schools  
 Nebraska State Education Association

Brian Rottinghaus  
Jordan Rasmussen  
Connie Knoche  
Kyle Fairbairn  
Joey Adler  
Ann Hunter-Pirtle

Pawnee City Public Schools  
Center for Rural Affairs  
OpenSky Policy Institute  
GNSA  
Holland Children's Movement  
Stand for Schools

**Neutral:**

Craig Bolz  
Merlyn Nielsen  
Art Nietfeld  
Bryce Wilson  
Jill Woodward  
John Hansen

**Representing:**

Self  
Fair Nebraska  
Self  
Nebraska Department of Education  
Self  
Nebraska Farmers Union

**Summary of purpose and/or changes:**

LB 974 is the Revenue Committee's Property Tax Relief Proposal. The purpose of LB974 is to reduce the property tax bills of Nebraska's farmers, ranchers, homeowners, and commercial property owners by reducing the reliance on property taxes to fund public K-12 education.

The major points of LB974 include reducing the taxable valuation used by school districts to generate property tax dollars and making changes to the Tax Equity and Educational Opportunities Support Act (TEEOSA) to provide additional state funds to public K-12 school districts. These points are listed below. A section-by-section summary of the bill is printed at the end of this Summary.

- The reduction in valuation applies to valuation used to school district taxing purposes only. The tables printed below show the percentage of taxable value, the adjusted value percentage used for TEEOSA Aid and the acceptable ranges for taxing purposes.

**Residential, Commercial/Industrial & Centrally Assessed Currently 100%**

Tax Year	Taxable Value %	Adjusted Value %	Acceptable Range
2020	95	91	87 to 95
2021	90	86	82 to 90
2022 & thereafter	85	81	77 to 85

**Agricultural/Horticultural and Special Valuation Currently at 75%**

Tax Year	Taxable Value %	Adjusted Value %	Acceptable Range
2020	65	62	59 to 65
2021 & thereafter	55	52	49 to 55

- Statutory maximum levy of \$1.05 (general fund and special building fund) per \$100 of taxable valuation stays in place through 2023-24.

-The ability to have an election to override the levy remains in place.

- There is a new levy exclusion for school boards to levy up to 75% of difference between the January estimate of TEEOSA Aid and the certification of TEEOSA. (Release valve)

-Requires a supermajority vote of elected board (2/3 of elected board)

-The release valve is available if the State changes formula to match revenues.

-The base limitation (basic allowable growth rate or BAGR) for school districts beginning in 2020-21 and thereafter is the