

Nebraska Legislature Kills School Aid "Ability to Pay" Bill

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(Acknowledgement to Center for Rural Affairs, Walthill, Neb. as information source)

The State Legislature in the Cornhuskers state by a slim margin just killed LB 349 to place an income factor into the school aid formula. The change would have distributed state aid on the basis of the income wealth of the residents of the school district as well as the property wealth.

LB 349 was sponsored by Sen. Jennie Robak of Columbus. If LB 349 had passed, the tax base would be adjusted up or down depending on whether local taxpayers receive a disproportionately large or smaller share of the state's income. Equalization aid would be based not just on how much the district can generate from a hypothetical tax levy, but also on the ability of the taxpayers in that district to actually pay that tax.

Proponents of the change said some school districts pay as much as 20 - 25 percent of their adjusted gross income for school property taxes, while in other districts it takes less than 3 percent.

Quoting "Nebraska Rural Action" newsletter: Currently, state aid in Nebraska comes in two parts: (1) income tax rebate and (2) equalization aid. Under the "income tax

rebate," the state simply sends 20 percent of the income tax it collects from local taxpayers back to the school district they live in. Rich districts stay rich and the poor districts stay poor. Higher income districts don't have to raise as much from the property tax in order to spend as much on education as poorer districts do. Or they

can spend much more without having to tax property as much."

Late last fall, a coalition of groups in Nebraska kicked off a petition drive to place a constitutional amendment before the voters in 1996 to reform property tax and finance of public schools.

Again quoting "Nebraska Rural Action," the key provisions of the Citizens Amendment to Reduce Property Taxes would:

- * Cap the combined property tax levies (rates) not to exceed \$1.80 per \$100 assessed valuation for property within an incorporated village or city, and not to exceed \$1.30 on property in the country. The school district would be no more than \$0.90 of the combined levy.

- * Ensure that all real property will be assessed and taxed in a uniform manner.

- * Value agricultural land for tax purposes not to exceed 80 percent of fair market value.

