

LEGISLATURE OF NEBRASKA
ONE HUNDRED SIXTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 695

Introduced by Groene, 42; Albrecht, 17; Brewer, 43; Briese, 41; Clements,
2; Geist, 25; Linehan, 39.

Read first time January 23, 2019

Committee:

1 A BILL FOR AN ACT relating to school finance; to amend sections 77-3442,
2 77-3446, 77-4209, 77-4212, and 79-1025, Reissue Revised Statutes of
3 Nebraska, and sections 79-1001, 79-1003, 79-1005.01, 79-1007.11,
4 79-1007.18, 79-1008.01, 79-1009, 79-1015.01, 79-1016, 79-1017.01,
5 79-1022, 79-1022.02, 79-1023, 79-1027, and 79-1031.01, Revised
6 Statutes Cumulative Supplement, 2018; to change levy limits as
7 prescribed; to change the base limitation rate as prescribed; to
8 change the use of funds under the Property Tax Credit Act as
9 prescribed; to change provisions relating to the Tax Equity and
10 Educational Opportunities Support Act; to define and redefine terms;
11 to provide for the calculation of an inflation rate; to terminate
12 allocated income tax funds as prescribed; to provide for foundation
13 aid; to terminate the averaging adjustment as prescribed; to change
14 net option funding as prescribed; to change provisions relating to
15 the local effort rate and local effort rate yield as prescribed; to
16 change the determination and certification dates relating to
17 distribution of aid, certification of certain budget limitations,
18 and duties of the Appropriations Committee of the Legislature as
19 prescribed; to harmonize provisions; to eliminate obsolete
20 provisions relating to the minimum levy adjustment; to repeal the
21 original sections; to outright repeal section 79-1008.02, Revised
22 Statutes Cumulative Supplement, 2018; and to declare an emergency.

1 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-3442, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 77-3442 (1) Property tax levies for the support of local governments
4 for fiscal years beginning on or after July 1, 1998, shall be limited to
5 the amounts set forth in this section except as provided in section
6 77-3444.

7 (2)(a) Except as provided in subdivisions (2)(b) and (2)(e) of this
8 section:

9 (i) For fiscal years prior to fiscal year 2020-21, school districts
10 and multiple-district school systems may levy a maximum levy of one
11 dollar and five cents per one hundred dollars of taxable valuation of
12 property subject to the levy; and -

13 (ii) For school fiscal year 2020-21 and each school fiscal year
14 thereafter, school districts and multiple-district school systems may
15 levy a maximum levy equal to five cents per one hundred dollars of
16 taxable valuation of property subject to the levy plus a levy rate which
17 when applied to taxable valuation of property subject to the levy
18 generates an amount equal to the local formula contribution for such
19 fiscal year calculated pursuant to section 79-1015.01.

20 (b) For each fiscal year prior to fiscal year 2017-18, learning
21 communities may levy a maximum levy for the general fund budgets of
22 member school districts of ninety-five cents per one hundred dollars of
23 taxable valuation of property subject to the levy. The proceeds from the
24 levy pursuant to this subdivision shall be distributed pursuant to
25 section 79-1073.

26 (c) Except as provided in subdivision (2)(e) of this section, for
27 each fiscal year prior to fiscal year 2017-18, school districts that are
28 members of learning communities may levy for purposes of such districts'
29 general fund budget and special building funds a maximum combined levy of
30 the difference of one dollar and five cents on each one hundred dollars
31 of taxable property subject to the levy minus the learning community levy

1 pursuant to subdivision (2)(b) of this section for such learning
2 community.

3 (d) Excluded from the limitations in subdivisions (2)(a) and (2)(c)
4 of this section are (i) amounts levied to pay for current and future sums
5 agreed to be paid by a school district to certificated employees in
6 exchange for a voluntary termination of employment occurring prior to
7 September 1, 2017, (ii) amounts levied by a school district otherwise at
8 the maximum levy pursuant to subdivision (2)(a) of this section to pay
9 for current and future qualified voluntary termination incentives for
10 certificated teachers pursuant to subsection (3) of section 79-8,142 that
11 are not otherwise included in an exclusion pursuant to subdivision (2)(d)
12 of this section, (iii) amounts levied by a school district otherwise at
13 the maximum levy pursuant to subdivision (2)(a) of this section to pay
14 for seventy-five percent of the current and future sums agreed to be paid
15 to certificated employees in exchange for a voluntary termination of
16 employment occurring between September 1, 2017, and August 31, 2018, as a
17 result of a collective-bargaining agreement in force and effect on
18 September 1, 2017, that are not otherwise included in an exclusion
19 pursuant to subdivision (2)(d) of this section, (iv) amounts levied by a
20 school district otherwise at the maximum levy pursuant to subdivision (2)
21 (a) of this section to pay for fifty percent of the current and future
22 sums agreed to be paid to certificated employees in exchange for a
23 voluntary termination of employment occurring between September 1, 2018,
24 and August 31, 2019, as a result of a collective-bargaining agreement in
25 force and effect on September 1, 2017, that are not otherwise included in
26 an exclusion pursuant to subdivision (2)(d) of this section, (v) amounts
27 levied by a school district otherwise at the maximum levy pursuant to
28 subdivision (2)(a) of this section to pay for twenty-five percent of the
29 current and future sums agreed to be paid to certificated employees in
30 exchange for a voluntary termination of employment occurring between
31 September 1, 2019, and August 31, 2020, as a result of a collective-

1 bargaining agreement in force and effect on September 1, 2017, that are
2 not otherwise included in an exclusion pursuant to subdivision (2)(d) of
3 this section, (vi) amounts levied in compliance with sections 79-10,110
4 and 79-10,110.02, and (vii) amounts levied to pay for special building
5 funds and sinking funds established for projects commenced prior to the
6 effective date of this act April 1, 1996, for construction, expansion, or
7 alteration of school district buildings up to the amount that would be
8 generated by a levy rate equal to the levy rate for such project for the
9 2018-19 fiscal year. For purposes of this subsection, commenced means any
10 action taken by the school board on the record which commits the board to
11 expend district funds in planning, constructing, or carrying out the
12 project.

13 (e) Federal aid school districts may exceed the maximum levy
14 prescribed by subdivision (2)(a) or (2)(c) of this section only to the
15 extent necessary to qualify to receive federal aid pursuant to 20 U.S.C.
16 7701 et seq., as such sections existed on January 1, 2019 Title VIII of
17 Public Law 103-382, as such title existed on September 1, 2001. For
18 purposes of this subdivision, federal aid school district means any
19 school district which receives ten percent or more of the revenue for its
20 general fund budget from federal government sources pursuant to 20 U.S.C.
21 7701 et seq., as such sections existed on January 1, 2019 Title VIII of
22 Public Law 103-382, as such title existed on September 1, 2001.

23 (f) For each fiscal year, learning communities may levy a maximum
24 levy of one-half cent on each one hundred dollars of taxable property
25 subject to the levy for elementary learning center facility leases, for
26 remodeling of leased elementary learning center facilities, and for up to
27 fifty percent of the estimated cost for focus school or program capital
28 projects approved by the learning community coordinating council pursuant
29 to section 79-2111.

30 (g) For each fiscal year, learning communities may levy a maximum
31 levy of one and one-half cents on each one hundred dollars of taxable

1 property subject to the levy for early childhood education programs for
2 children in poverty, for elementary learning center employees, for
3 contracts with other entities or individuals who are not employees of the
4 learning community for elementary learning center programs and services,
5 and for pilot projects, except that no more than ten percent of such levy
6 may be used for elementary learning center employees.

7 (3) For each fiscal year, community college areas may levy the
8 levies provided in subdivisions (2)(a) through (c) of section 85-1517, in
9 accordance with the provisions of such subdivisions. A community college
10 area may exceed the levy provided in subdivision (2)(b) of section
11 85-1517 by the amount necessary to retire general obligation bonds
12 assumed by the community college area or issued pursuant to section
13 85-1515 according to the terms of such bonds or for any obligation
14 pursuant to section 85-1535 entered into prior to January 1, 1997.

15 (4)(a) Natural resources districts may levy a maximum levy of four
16 and one-half cents per one hundred dollars of taxable valuation of
17 property subject to the levy.

18 (b) Natural resources districts shall also have the power and
19 authority to levy a tax equal to the dollar amount by which their
20 restricted funds budgeted to administer and implement ground water
21 management activities and integrated management activities under the
22 Nebraska Ground Water Management and Protection Act exceed their
23 restricted funds budgeted to administer and implement ground water
24 management activities and integrated management activities for FY2003-04,
25 not to exceed one cent on each one hundred dollars of taxable valuation
26 annually on all of the taxable property within the district.

27 (c) In addition, natural resources districts located in a river
28 basin, subbasin, or reach that has been determined to be fully
29 appropriated pursuant to section 46-714 or designated as overappropriated
30 pursuant to section 46-713 by the Department of Natural Resources shall
31 also have the power and authority to levy a tax equal to the dollar

1 amount by which their restricted funds budgeted to administer and
2 implement ground water management activities and integrated management
3 activities under the Nebraska Ground Water Management and Protection Act
4 exceed their restricted funds budgeted to administer and implement ground
5 water management activities and integrated management activities for
6 FY2005-06, not to exceed three cents on each one hundred dollars of
7 taxable valuation on all of the taxable property within the district for
8 fiscal year 2006-07 and each fiscal year thereafter through fiscal year
9 2017-18.

10 (5) Any educational service unit authorized to levy a property tax
11 pursuant to section 79-1225 may levy a maximum levy of one and one-half
12 cents per one hundred dollars of taxable valuation of property subject to
13 the levy.

14 (6)(a) Incorporated cities and villages which are not within the
15 boundaries of a municipal county may levy a maximum levy of forty-five
16 cents per one hundred dollars of taxable valuation of property subject to
17 the levy plus an additional five cents per one hundred dollars of taxable
18 valuation to provide financing for the municipality's share of revenue
19 required under an agreement or agreements executed pursuant to the
20 Interlocal Cooperation Act or the Joint Public Agency Act. The maximum
21 levy shall include amounts levied to pay for sums to support a library
22 pursuant to section 51-201, museum pursuant to section 51-501, visiting
23 community nurse, home health nurse, or home health agency pursuant to
24 section 71-1637, or statue, memorial, or monument pursuant to section
25 80-202.

26 (b) Incorporated cities and villages which are within the boundaries
27 of a municipal county may levy a maximum levy of ninety cents per one
28 hundred dollars of taxable valuation of property subject to the levy. The
29 maximum levy shall include amounts paid to a municipal county for county
30 services, amounts levied to pay for sums to support a library pursuant to
31 section 51-201, a museum pursuant to section 51-501, a visiting community

1 nurse, home health nurse, or home health agency pursuant to section
2 71-1637, or a statue, memorial, or monument pursuant to section 80-202.

3 (7) Sanitary and improvement districts which have been in existence
4 for more than five years may levy a maximum levy of forty cents per one
5 hundred dollars of taxable valuation of property subject to the levy, and
6 sanitary and improvement districts which have been in existence for five
7 years or less shall not have a maximum levy. Unconsolidated sanitary and
8 improvement districts which have been in existence for more than five
9 years and are located in a municipal county may levy a maximum of eighty-
10 five cents per hundred dollars of taxable valuation of property subject
11 to the levy.

12 (8) Counties may levy or authorize a maximum levy of fifty cents per
13 one hundred dollars of taxable valuation of property subject to the levy,
14 except that five cents per one hundred dollars of taxable valuation of
15 property subject to the levy may only be levied to provide financing for
16 the county's share of revenue required under an agreement or agreements
17 executed pursuant to the Interlocal Cooperation Act or the Joint Public
18 Agency Act. The maximum levy shall include amounts levied to pay for sums
19 to support a library pursuant to section 51-201 or museum pursuant to
20 section 51-501. The county may allocate up to fifteen cents of its
21 authority to other political subdivisions subject to allocation of
22 property tax authority under subsection (1) of section 77-3443 and not
23 specifically covered in this section to levy taxes as authorized by law
24 which do not collectively exceed fifteen cents per one hundred dollars of
25 taxable valuation on any parcel or item of taxable property. The county
26 may allocate to one or more other political subdivisions subject to
27 allocation of property tax authority by the county under subsection (1)
28 of section 77-3443 some or all of the county's five cents per one hundred
29 dollars of valuation authorized for support of an agreement or agreements
30 to be levied by the political subdivision for the purpose of supporting
31 that political subdivision's share of revenue required under an agreement

1 or agreements executed pursuant to the Interlocal Cooperation Act or the
2 Joint Public Agency Act. If an allocation by a county would cause another
3 county to exceed its levy authority under this section, the second county
4 may exceed the levy authority in order to levy the amount allocated.

5 (9) Municipal counties may levy or authorize a maximum levy of one
6 dollar per one hundred dollars of taxable valuation of property subject
7 to the levy. The municipal county may allocate levy authority to any
8 political subdivision or entity subject to allocation under section
9 77-3443.

10 (10) Beginning July 1, 2016, rural and suburban fire protection
11 districts may levy a maximum levy of ten and one-half cents per one
12 hundred dollars of taxable valuation of property subject to the levy if
13 (a) such district is located in a county that had a levy pursuant to
14 subsection (8) of this section in the previous year of at least forty
15 cents per one hundred dollars of taxable valuation of property subject to
16 the levy or (b) for any rural or suburban fire protection district that
17 had a levy request pursuant to section 77-3443 in the previous year, the
18 county board of the county in which the greatest portion of the valuation
19 of such district is located did not authorize any levy authority to such
20 district in the previous year.

21 (11) Property tax levies (a) for judgments, except judgments or
22 orders from the Commission of Industrial Relations, obtained against a
23 political subdivision which require or obligate a political subdivision
24 to pay such judgment, to the extent such judgment is not paid by
25 liability insurance coverage of a political subdivision, (b) for
26 preexisting lease-purchase contracts approved prior to July 1, 1998, (c)
27 for bonds as defined in section 10-134 approved according to law and
28 secured by a levy on property except as provided in section 44-4317 for
29 bonded indebtedness issued by educational service units and school
30 districts, and (d) for payments by a public airport to retire interest-
31 free loans from the Division of Aeronautics of the Department of

1 Transportation in lieu of bonded indebtedness at a lower cost to the
2 public airport are not included in the levy limits established by this
3 section.

4 (12) The limitations on tax levies provided in this section are to
5 include all other general or special levies provided by law.
6 Notwithstanding other provisions of law, the only exceptions to the
7 limits in this section are those provided by or authorized by sections
8 77-3442 to 77-3444.

9 (13) Tax levies in excess of the limitations in this section shall
10 be considered unauthorized levies under section 77-1606 unless approved
11 under section 77-3444.

12 (14) For purposes of sections 77-3442 to 77-3444, political
13 subdivision means a political subdivision of this state and a county
14 agricultural society.

15 (15) For school districts that file a binding resolution on or
16 before May 9, 2008, with the county assessors, county clerks, and county
17 treasurers for all counties in which the school district has territory
18 pursuant to subsection (7) of section 79-458, if the combined levies,
19 except levies for bonded indebtedness approved by the voters of the
20 school district and levies for the refinancing of such bonded
21 indebtedness, are in excess of the greater of (a) one dollar and twenty
22 cents per one hundred dollars of taxable valuation of property subject to
23 the levy or (b) the maximum levy authorized by a vote pursuant to section
24 77-3444, all school district levies, except levies for bonded
25 indebtedness approved by the voters of the school district and levies for
26 the refinancing of such bonded indebtedness, shall be considered
27 unauthorized levies under section 77-1606.

28 Sec. 2. Section 77-3446, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 77-3446 Base limitation means the budget limitation rate applicable
31 to school districts and the limitation on growth of restricted funds

1 applicable to other political subdivisions prior to any increases in the
2 rate as a result of special actions taken by a supermajority of any
3 governing board or of any exception allowed by law. The base limitation
4 is two and one-half percent until adjusted, except that the base
5 limitation for school districts for school fiscal years 2017-18 and
6 2018-19 is one and one-half percent and the base limitation for school
7 districts for school fiscal year 2019-20 and each school fiscal year
8 thereafter is the inflation rate for such school fiscal year as certified
9 by the Tax Commissioner pursuant to section 15 of this act, including any
10 adjustment pursuant to subsection (3) or (4) of such section. The base
11 limitation may be adjusted annually by the Legislature to reflect changes
12 in the prices of services and products used by school districts and
13 political subdivisions.

14 Sec. 3. Section 77-4209, Reissue Revised Statutes of Nebraska, is
15 amended to read:

16 77-4209 Sections 77-4209 to 77-4212 and sections 4 and 5 of this act
17 shall be known and may be cited as the Property Tax Credit Act.

18 Sec. 4. (1) On or before January 30, 2020, and on or before January
19 30 of each year thereafter, the Department of Revenue shall determine the
20 minimum amount necessary to be appropriated to the Property Tax Credit
21 Cash Fund to carry out the requirements of the Property Tax Credit Act
22 for the ensuing fiscal year and shall certify the amounts to the
23 Governor, the Appropriations Committee of the Legislature, the Revenue
24 Committee of the Legislature, and the Education Committee of the
25 Legislature. Each certification submitted to the committees of the
26 Legislature shall be submitted electronically.

27 (2) The amount certified pursuant to subsection (1) of this section
28 as the minimum amount necessary to be appropriated to the Property Tax
29 Credit Cash Fund shall equal the greater of the sum of the amounts
30 certified to the Department of Revenue by the State Department of
31 Education to be transferred to the Tax Equity and Educational

1 Opportunities Fund pursuant to section 5 of this act or two hundred
2 twenty-four million dollars.

3 (3) The Appropriations Committee of the Legislature shall annually
4 include at least the minimum amount necessary to be appropriated to the
5 Property Tax Credit Cash Fund as certified pursuant to subsection (1) of
6 this section in its recommendations to the Legislature to carry out the
7 requirements of the Property Tax Credit Act.

8 Sec. 5. (1) For fiscal year 2020-21 and each fiscal year
9 thereafter, on or before January 15 of each such tax year, the State
10 Department of Education shall certify to the State Treasurer an estimate
11 of the statewide increase in state aid to be paid to local systems as
12 defined in section 79-1003 pursuant to the Tax Equity and Educational
13 Opportunities Support Act for the immediately following school fiscal
14 year resulting from (a) changes to the method for calculating the local
15 formula contribution for each local system pursuant to section 79-1015.01
16 between the 2019-20 school fiscal year and the school fiscal year for
17 which such certification is being made and (b) the inclusion of
18 foundation aid pursuant to section 10 of this act in the calculation of
19 state aid.

20 (2) For fiscal year 2020-21 and each fiscal year thereafter, the
21 State Treasurer shall transfer an amount equal to the statewide increase
22 in state aid certified pursuant to subsection (1) of this section from
23 the Property Tax Credit Cash Fund to the Tax Equity and Educational
24 Opportunities Fund to pay such increase in state aid to local systems.

25 Sec. 6. Section 77-4212, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 ~~77-4212 (1) For tax year 2007, the amount of relief granted under~~
28 ~~the Property Tax Credit Act shall be one hundred five million dollars.~~
29 ~~For tax year 2008, the amount of relief granted under the act shall be~~
30 ~~one hundred fifteen million dollars. It is the intent of the Legislature~~
31 ~~to fund the Property Tax Credit Act for tax years after tax year 2008~~

1 ~~using available revenue.~~ For tax ~~years year~~ 2017 ~~through 2019~~, the amount
2 of relief granted under the act shall be two hundred twenty-four million
3 dollars. For fiscal year 2020-21 and each fiscal year thereafter, the
4 amount of relief granted through property tax credits under this section
5 shall be the amount available in the Property Tax Credit Cash Fund after
6 transferring funds to the Tax Equity and Educational Opportunities Fund
7 pursuant to section 5 of this act. The relief pursuant to this section
8 shall be in the form of a property tax credit which appears on the
9 property tax statement.

10 (2)(a) For tax years prior to tax year 2017, to determine the amount
11 of the property tax credit, the county treasurer shall multiply the
12 amount disbursed to the county under subdivision (4)(a) of this section
13 by the ratio of the real property valuation of the parcel to the total
14 real property valuation in the county. The amount determined shall be the
15 property tax credit for the property.

16 (b) Beginning with tax year 2017, to determine the amount of the
17 property tax credit, the county treasurer shall multiply the amount
18 disbursed to the county under subdivision (4)(b) of this section by the
19 ratio of the credit allocation valuation of the parcel to the total
20 credit allocation valuation in the county. The amount determined shall be
21 the property tax credit for the property.

22 (3) If the real property owner qualifies for a homestead exemption
23 under sections 77-3501 to 77-3529, the owner shall also be qualified for
24 the relief provided in the act to the extent of any remaining liability
25 after calculation of the relief provided by the homestead exemption. If
26 the credit results in a property tax liability on the homestead that is
27 less than zero, the amount of the credit which cannot be used by the
28 taxpayer shall be returned to the State Treasurer by July 1 of the year
29 the amount disbursed to the county was disbursed. The State Treasurer
30 shall immediately credit any funds returned under this subsection to the
31 Property Tax Credit Cash Fund. Upon the return of any funds under this

1 subsection, the county treasurer shall electronically file a report with
2 the Property Tax Administrator, on a form prescribed by the Tax
3 Commissioner, indicating the amount of funds distributed to each taxing
4 unit in the county in the year the funds were returned, any collection
5 fee retained by the county in such year, and the amount of unused credits
6 returned.

7 (4)(a) For tax years prior to tax year 2017, the amount disbursed to
8 each county shall be equal to the amount available for disbursement
9 determined under subsection (1) of this section multiplied by the ratio
10 of the real property valuation in the county to the real property
11 valuation in the state. By September 15, the Property Tax Administrator
12 shall determine the amount to be disbursed under this subdivision to each
13 county and certify such amounts to the State Treasurer and to each
14 county. The disbursements to the counties shall occur in two equal
15 payments, the first on or before January 31 and the second on or before
16 April 1. After retaining one percent of the receipts for costs, the
17 county treasurer shall allocate the remaining receipts to each taxing
18 unit levying taxes on taxable property in the tax district in which the
19 real property is located in the same proportion that the levy of such
20 taxing unit bears to the total levy on taxable property of all the taxing
21 units in the tax district in which the real property is located.

22 (b) Beginning with tax year 2017, the amount disbursed to each
23 county shall be equal to the amount available for disbursement determined
24 under subsection (1) of this section multiplied by the ratio of the
25 credit allocation valuation in the county to the credit allocation
26 valuation in the state. By September 15, the Property Tax Administrator
27 shall determine the amount to be disbursed under this subdivision to each
28 county and certify such amounts to the State Treasurer and to each
29 county. The disbursements to the counties shall occur in two equal
30 payments, the first on or before January 31 and the second on or before
31 April 1. After retaining one percent of the receipts for costs, the

1 county treasurer shall allocate the remaining receipts to each taxing
2 unit based on its share of the credits granted to all taxpayers in the
3 taxing unit.

4 (5) For purposes of this section, credit allocation valuation means
5 the taxable value for all real property except agricultural land and
6 horticultural land, one hundred twenty percent of taxable value for
7 agricultural land and horticultural land that is not subject to special
8 valuation, and one hundred twenty percent of taxable value for
9 agricultural land and horticultural land that is subject to special
10 valuation.

11 ~~(6) The State Treasurer shall transfer from the General Fund to the~~
12 ~~Property Tax Credit Cash Fund one hundred five million dollars by August~~
13 ~~1, 2007, and one hundred fifteen million dollars by August 1, 2008.~~

14 ~~(7) The Legislature shall have the power to transfer funds from the~~
15 ~~Property Tax Credit Cash Fund to the General Fund.~~

16 Sec. 7. Section 79-1001, Revised Statutes Cumulative Supplement,
17 2018, is amended to read:

18 79-1001 Sections 79-1001 to 79-1033 and sections 10 and 15 of this
19 act shall be known and may be cited as the Tax Equity and Educational
20 Opportunities Support Act.

21 Sec. 8. Section 79-1003, Revised Statutes Cumulative Supplement,
22 2018, is amended to read:

23 79-1003 For purposes of the Tax Equity and Educational Opportunities
24 Support Act:

25 (1) Adjusted general fund operating expenditures means (a) for
26 school fiscal years 2013-14 through 2015-16, the difference of the
27 general fund operating expenditures as calculated pursuant to subdivision
28 ~~(24)~~ ~~(23)~~ of this section increased by the cost growth factor calculated
29 pursuant to section 79-1007.10, minus the transportation allowance,
30 special receipts allowance, poverty allowance, limited English
31 proficiency allowance, distance education and telecommunications

1 allowance, elementary site allowance, summer school allowance,
2 instructional time allowance, teacher education allowance, and focus
3 school and program allowance, (b) for school fiscal years 2016-17 through
4 2018-19, the difference of the general fund operating expenditures as
5 calculated pursuant to subdivision (24) ~~(23)~~ of this section increased by
6 the cost growth factor calculated pursuant to section 79-1007.10, minus
7 the transportation allowance, special receipts allowance, poverty
8 allowance, limited English proficiency allowance, distance education and
9 telecommunications allowance, elementary site allowance, summer school
10 allowance, and focus school and program allowance, and (c) for school
11 fiscal year 2019-20 and each school fiscal year thereafter, the
12 difference of the general fund operating expenditures as calculated
13 pursuant to subdivision (24) ~~(23)~~ of this section increased by the cost
14 growth factor calculated pursuant to section 79-1007.10, minus the
15 transportation allowance, special receipts allowance, poverty allowance,
16 limited English proficiency allowance, distance education and
17 telecommunications allowance, elementary site allowance, summer school
18 allowance, community achievement plan allowance, and focus school and
19 program allowance;

20 (2) Adjusted valuation means the assessed valuation of taxable
21 property of each local system in the state, adjusted pursuant to the
22 adjustment factors described in section 79-1016. Adjusted valuation means
23 the adjusted valuation for the property tax year ending during the school
24 fiscal year immediately preceding the school fiscal year in which the aid
25 based upon that value is to be paid. For purposes of determining the
26 local formula contribution ~~effort rate yield~~ pursuant to section
27 79-1015.01, adjusted valuation does not include the value of any property
28 which a court, by a final judgment from which no appeal is taken, has
29 declared to be nontaxable or exempt from taxation;

30 (3) Allocated income tax funds means the amount of assistance paid
31 to a local system pursuant to section 79-1005.01 ~~as adjusted~~, for school

1 fiscal years prior to school fiscal year ~~2020-21~~ 2017-18, ~~by the minimum~~
2 ~~levy adjustment pursuant to section 79-1008.02;~~

3 (4) Average daily membership means the average daily membership for
4 grades kindergarten through twelve attributable to the local system, as
5 provided in each district's annual statistical summary, and includes the
6 proportionate share of students enrolled in a public school instructional
7 program on less than a full-time basis;

8 (5) Base fiscal year means the first school fiscal year following
9 the school fiscal year in which the reorganization or unification
10 occurred;

11 (6) Board means the school board of each school district;

12 (7) Categorical funds means funds limited to a specific purpose by
13 federal or state law, including, but not limited to, Title I funds, Title
14 VI funds, federal vocational education funds, federal school lunch funds,
15 Indian education funds, Head Start funds, and funds from the Education
16 Innovation Fund;

17 (8) Consolidate means to voluntarily reduce the number of school
18 districts providing education to a grade group and does not include
19 dissolution pursuant to section 79-498;

20 (9) Converted contract means an expired contract that was in effect
21 for at least fifteen school years beginning prior to school year 2012-13
22 for the education of students in a nonresident district in exchange for
23 tuition from the resident district when the expiration of such contract
24 results in the nonresident district educating students, who would have
25 been covered by the contract if the contract were still in effect, as
26 option students pursuant to the enrollment option program established in
27 section 79-234;

28 (10) Converted contract option student means a student who will be
29 an option student pursuant to the enrollment option program established
30 in section 79-234 for the school fiscal year for which aid is being
31 calculated and who would have been covered by a converted contract if the

1 contract were still in effect and such school fiscal year is the first
2 school fiscal year for which such contract is not in effect;

3 (11) Cost index means the Consumer Price Index for All Urban
4 Consumers: U.S. city average, not seasonally adjusted, as prepared by the
5 United States Department of Labor, Bureau of Labor Statistics and
6 released in October of each year;

7 (12) (11) Department means the State Department of Education;

8 (13) (12) District means any school district or unified system as
9 defined in section 79-4,108;

10 (14) (13) Ensuing school fiscal year means the school fiscal year
11 following the current school fiscal year;

12 (15) (14) Equalization aid means the amount of assistance calculated
13 to be paid to a local system pursuant to sections 79-1007.11 to
14 79-1007.23, 79-1007.25, 79-1008.01 to 79-1022, and 79-1022.02;

15 (16) (15) Fall membership means the total membership in kindergarten
16 through grade twelve attributable to the local system as reported on the
17 fall school district membership reports for each district pursuant to
18 section 79-528;

19 (17) (16) Fiscal year means the state fiscal year which is the
20 period from July 1 to the following June 30;

21 (18) (17) Formula students means:

22 (a) For state aid certified pursuant to section 79-1022, the sum of
23 the product of fall membership from the school fiscal year immediately
24 preceding the school fiscal year in which the aid is to be paid
25 multiplied by the average ratio of average daily membership to fall
26 membership for the second school fiscal year immediately preceding the
27 school fiscal year in which the aid is to be paid and the prior two
28 school fiscal years plus sixty percent of the qualified early childhood
29 education fall membership plus tuitioned students from the school fiscal
30 year immediately preceding the school fiscal year in which aid is to be
31 paid minus the product of the number of students enrolled in kindergarten

1 that is not full-day kindergarten from the fall membership multiplied by
2 0.5; and

3 (b) For the final calculation of state aid pursuant to section
4 79-1065, the sum of average daily membership plus sixty percent of the
5 qualified early childhood education average daily membership plus
6 tuitioned students minus the product of the number of students enrolled
7 in kindergarten that is not full-day kindergarten from the average daily
8 membership multiplied by 0.5 from the school fiscal year immediately
9 preceding the school fiscal year in which aid was paid;

10 (19) ~~(18)~~ Free lunch and free milk calculated students means, using
11 the most recent data available on November 1 of the school fiscal year
12 immediately preceding the school fiscal year in which aid is to be paid,

13 (a) for schools that did not provide free meals to all students pursuant
14 to the community eligibility provision, students who individually
15 qualified for free lunches or free milk pursuant to the federal Richard
16 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the
17 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts
18 and sections existed on January 1, 2015, and rules and regulations
19 adopted thereunder, plus (b) for schools that provided free meals to all
20 students pursuant to the community eligibility provision, (i) for school
21 fiscal year 2016-17, the product of the students who attended such school
22 multiplied by the identified student percentage calculated pursuant to
23 such federal provision or (ii) for school fiscal year 2017-18 and each
24 school fiscal year thereafter, the greater of the number of students in
25 such school who individually qualified for free lunch or free milk using
26 the most recent school fiscal year for which the school did not provide
27 free meals to all students pursuant to the community eligibility
28 provision or one hundred ten percent of the product of the students who
29 qualified for free meals at such school pursuant to the community
30 eligibility provision multiplied by the identified student percentage
31 calculated pursuant to such federal provision, except that the free lunch

1 and free milk students calculated for any school pursuant to subdivision
2 ~~(19)(b)(ii)~~ ~~(18)(b)(ii)~~ of this section shall not exceed one hundred
3 percent of the students qualified for free meals at such school pursuant
4 to the community eligibility provision;

5 (20) ~~(19)~~ Free lunch and free milk student means, for school fiscal
6 years prior to school fiscal year 2016-17, a student who qualified for
7 free lunches or free milk from the most recent data available on November
8 1 of the school fiscal year immediately preceding the school fiscal year
9 in which aid is to be paid;

10 (21) ~~(20)~~ Full-day kindergarten means kindergarten offered by a
11 district for at least one thousand thirty-two instructional hours;

12 (22) ~~(21)~~ General fund budget of expenditures means the total budget
13 of disbursements and transfers for general fund purposes as certified in
14 the budget statement adopted pursuant to the Nebraska Budget Act, except
15 that for purposes of the limitation imposed in section 79-1023, the
16 general fund budget of expenditures does not include any special grant
17 funds, exclusive of local matching funds, received by a district;

18 (23) ~~(22)~~ General fund expenditures means all expenditures from the
19 general fund;

20 (24) ~~(23)~~ General fund operating expenditures means for state aid
21 calculated for school fiscal years 2012-13 and each school fiscal year
22 thereafter, as reported on the annual financial report for the second
23 school fiscal year immediately preceding the school fiscal year in which
24 aid is to be paid, the total general fund expenditures minus (a) the
25 amount of all receipts to the general fund, to the extent that such
26 receipts are not included in local system formula resources, from early
27 childhood education tuition, summer school tuition, educational entities
28 as defined in section 79-1201.01 for providing distance education courses
29 through the Educational Service Unit Coordinating Council to such
30 educational entities, private foundations, individuals, associations,
31 charitable organizations, the textbook loan program authorized by section

1 79-734, federal impact aid, and levy override elections pursuant to
2 section 77-3444, (b) the amount of expenditures for categorical funds,
3 tuition paid, transportation fees paid to other districts, adult
4 education, community services, redemption of the principal portion of
5 general fund debt service, retirement incentive plans authorized by
6 section 79-855, and staff development assistance authorized by section
7 79-856, (c) the amount of any transfers from the general fund to any bond
8 fund and transfers from other funds into the general fund, (d) any legal
9 expenses in excess of fifteen-hundredths of one percent of the formula
10 need for the school fiscal year in which the expenses occurred, (e)(i)
11 for state aid calculated for school fiscal years prior to school fiscal
12 year 2018-19, expenditures to pay for sums agreed to be paid by a school
13 district to certificated employees in exchange for a voluntary
14 termination occurring prior to July 1, 2009, occurring on or after the
15 last day of the 2010-11 school year and prior to the first day of the
16 2013-14 school year, or, to the extent that a district has demonstrated
17 to the State Board of Education pursuant to section 79-1028.01 that the
18 agreement will result in a net savings in salary and benefit costs to the
19 school district over a five-year period, occurring on or after the first
20 day of the 2013-14 school year or (ii) for state aid calculated for
21 school fiscal year 2018-19 and each school fiscal year thereafter,
22 expenditures to pay for incentives agreed to be paid by a school district
23 to certificated employees in exchange for a voluntary termination of
24 employment for which the State Board of Education approved an exclusion
25 pursuant to subdivision (1)(h), (i), (j), or (k) of section 79-1028.01,
26 (f)(i) expenditures to pay for employer contributions pursuant to
27 subsection (2) of section 79-958 to the School Employees Retirement
28 System of the State of Nebraska to the extent that such expenditures
29 exceed the employer contributions under such subsection that would have
30 been made at a contribution rate of seven and thirty-five hundredths
31 percent or (ii) expenditures to pay for school district contributions

1 pursuant to subdivision (1)(c)(i) or (1)(d)(i) of section 79-9,113 to the
2 retirement system established pursuant to the Class V School Employees
3 Retirement Act to the extent that such expenditures exceed the school
4 district contributions under such subdivision that would have been made
5 at a contribution rate of seven and thirty-seven hundredths percent, and
6 (g) any amounts paid by the district for lobbyist fees and expenses
7 reported to the Clerk of the Legislature pursuant to section 49-1483.

8 For purposes of this subdivision (24) ~~(23)~~ of this section, receipts
9 from levy override elections shall equal ninety-nine percent of the
10 difference of the total general fund levy minus the maximum levy
11 permitted under subdivision (2)(a) of section 77-3442 for such local
12 system a levy of one dollar and five cents per one hundred dollars of
13 taxable valuation multiplied by the assessed valuation for school
14 districts that have voted pursuant to section 77-3444 to override the
15 maximum levy provided pursuant to section 77-3442;

16 (25) ~~(24)~~ Income tax liability means the amount of the reported
17 income tax liability for resident individuals pursuant to the Nebraska
18 Revenue Act of 1967 less all nonrefundable credits earned and refunds
19 made;

20 (26) ~~(25)~~ Income tax receipts means the amount of income tax
21 collected pursuant to the Nebraska Revenue Act of 1967 less all
22 nonrefundable credits earned and refunds made;

23 (27) Inflation rate means the inflation rate certified by the Tax
24 Commissioner pursuant to section 15 of this act for each school fiscal
25 year, including any adjustments pursuant to subsection (3) or (4) of such
26 section;

27 (28) ~~(26)~~ Limited English proficiency students means the number of
28 students with limited English proficiency in a district from the most
29 recent data available on November 1 of the school fiscal year preceding
30 the school fiscal year in which aid is to be paid plus the difference of
31 such students with limited English proficiency minus the average number

1 of limited English proficiency students for such district, prior to such
2 addition, for the three immediately preceding school fiscal years if such
3 difference is greater than zero;

4 (29) Local formula contribution means the amount included in formula
5 resources pursuant to section 79-1015.01;

6 (30) Local formula contribution inflation rate means the local
7 formula contribution inflation rate certified by the Tax Commissioner
8 pursuant to section 15 of this act as determined pursuant to subsection
9 (5) of such section for each school fiscal year;

10 (31) ~~(27)~~ Local system means a unified system or a school district;

11 (32) ~~(28)~~ Low-income child means (a) for school fiscal years prior
12 to 2016-17, a child under nineteen years of age living in a household
13 having an annual adjusted gross income for the second calendar year
14 preceding the beginning of the school fiscal year for which aid is being
15 calculated equal to or less than the maximum household income that would
16 allow a student from a family of four people to be a free lunch and free
17 milk student during the school fiscal year immediately preceding the
18 school fiscal year for which aid is being calculated and (b) for school
19 fiscal year 2016-17 and each school fiscal year thereafter, a child under
20 nineteen years of age living in a household having an annual adjusted
21 gross income for the second calendar year preceding the beginning of the
22 school fiscal year for which aid is being calculated equal to or less
23 than the maximum household income pursuant to sections 9(b)(1) and 17(c)
24 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.
25 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)
26 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)
27 and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections
28 existed on January 1, 2015, for a household of that size that would have
29 allowed the child to meet the income qualifications for free meals during
30 the school fiscal year immediately preceding the school fiscal year for
31 which aid is being calculated;

1 (33) ~~(29)~~ Low-income students means the number of low-income
2 children within the district multiplied by the ratio of the formula
3 students in the district divided by the total children under nineteen
4 years of age residing in the district as derived from income tax
5 information;

6 (34) ~~(30)~~ Most recently available complete data year means the most
7 recent single school fiscal year for which the annual financial report,
8 fall school district membership report, annual statistical summary,
9 Nebraska income tax liability by school district for the calendar year in
10 which the majority of the school fiscal year falls, and adjusted
11 valuation data are available;

12 (35) ~~(31)~~ Poverty students means (a) for school fiscal years prior
13 to 2016-17, the number of low-income students or the number of students
14 who are free lunch and free milk students in a district plus the
15 difference of the number of low-income students or the number of students
16 who are free lunch and free milk students in a district, whichever is
17 greater, minus the average number of poverty students for such district,
18 prior to such addition, for the three immediately preceding school fiscal
19 years if such difference is greater than zero and (b) for school fiscal
20 year 2016-17 and each school fiscal year thereafter, the unadjusted
21 poverty students plus the difference of such unadjusted poverty students
22 minus the average number of poverty students for such district, prior to
23 such addition, for the three immediately preceding school fiscal years if
24 such difference is greater than zero;

25 (36) ~~(32)~~ Qualified early childhood education average daily
26 membership means the product of the average daily membership for school
27 fiscal year 2006-07 and each school fiscal year thereafter of students
28 who will be eligible to attend kindergarten the following school year and
29 are enrolled in an early childhood education program approved by the
30 department pursuant to section 79-1103 for such school district for such
31 school year multiplied by the ratio of the actual instructional hours of

1 the program divided by one thousand thirty-two if: (a) The program is
2 receiving a grant pursuant to such section for the third year; (b) the
3 program has already received grants pursuant to such section for three
4 years; or (c) the program has been approved pursuant to subsection (5) of
5 section 79-1103 for such school year and the two preceding school years,
6 including any such students in portions of any of such programs receiving
7 an expansion grant;

8 (37) ~~(33)~~ Qualified early childhood education fall membership means
9 the product of membership on October 1 of each school year of students
10 who will be eligible to attend kindergarten the following school year and
11 are enrolled in an early childhood education program approved by the
12 department pursuant to section 79-1103 for such school district for such
13 school year multiplied by the ratio of the planned instructional hours of
14 the program divided by one thousand thirty-two if: (a) The program is
15 receiving a grant pursuant to such section for the third year; (b) the
16 program has already received grants pursuant to such section for three
17 years; or (c) the program has been approved pursuant to subsection (5) of
18 section 79-1103 for such school year and the two preceding school years,
19 including any such students in portions of any of such programs receiving
20 an expansion grant;

21 (38) ~~(34)~~ Regular route transportation means the transportation of
22 students on regularly scheduled daily routes to and from the attendance
23 center;

24 (39) ~~(35)~~ Reorganized district means any district involved in a
25 consolidation and currently educating students following consolidation;

26 (40) ~~(36)~~ School year or school fiscal year means the fiscal year of
27 a school district as defined in section 79-1091;

28 (41) ~~(37)~~ Sparse local system means a local system that is not a
29 very sparse local system but which meets the following criteria:

30 (a)(i) Less than two students per square mile in the county in which
31 each high school is located, based on the school district census, (ii)

1 less than one formula student per square mile in the local system, and
2 (iii) more than ten miles between each high school attendance center and
3 the next closest high school attendance center on paved roads;

4 (b)(i) Less than one and one-half formula students per square mile
5 in the local system and (ii) more than fifteen miles between each high
6 school attendance center and the next closest high school attendance
7 center on paved roads;

8 (c)(i) Less than one and one-half formula students per square mile
9 in the local system and (ii) more than two hundred seventy-five square
10 miles in the local system; or

11 (d)(i) Less than two formula students per square mile in the local
12 system and (ii) the local system includes an area equal to ninety-five
13 percent or more of the square miles in the largest county in which a high
14 school attendance center is located in the local system;

15 (42) ~~(38)~~ Special education means specially designed kindergarten
16 through grade twelve instruction pursuant to section 79-1125, and
17 includes special education transportation;

18 (43) ~~(39)~~ Special grant funds means the budgeted receipts for
19 grants, including, but not limited to, categorical funds, reimbursements
20 for wards of the court, short-term borrowings including, but not limited
21 to, registered warrants and tax anticipation notes, interfund loans,
22 insurance settlements, and reimbursements to county government for
23 previous overpayment. The state board shall approve a listing of grants
24 that qualify as special grant funds;

25 (44) ~~(40)~~ State aid means the amount of assistance paid to a
26 district pursuant to the Tax Equity and Educational Opportunities Support
27 Act;

28 (45) ~~(41)~~ State board means the State Board of Education;

29 (46) ~~(42)~~ State support means all funds provided to districts by the
30 State of Nebraska for the general fund support of elementary and
31 secondary education;

1 ~~(47)~~ ~~(43)~~ Statewide average basic funding per formula student means
2 the statewide total basic funding for all districts divided by the
3 statewide total formula students for all districts;

4 ~~(48)~~ ~~(44)~~ Statewide average general fund operating expenditures per
5 formula student means the statewide total general fund operating
6 expenditures for all districts divided by the statewide total formula
7 students for all districts;

8 ~~(49)~~ ~~(45)~~ Teacher has the definition found in section 79-101;

9 ~~(50)~~ ~~(46)~~ Temporary aid adjustment factor means (a) for school
10 fiscal years before school fiscal year 2007-08, one and one-fourth
11 percent of the sum of the local system's transportation allowance, the
12 local system's special receipts allowance, and the product of the local
13 system's adjusted formula students multiplied by the average formula cost
14 per student in the local system's cost grouping and (b) for school fiscal
15 year 2007-08, one and one-fourth percent of the sum of the local system's
16 transportation allowance, special receipts allowance, and distance
17 education and telecommunications allowance and the product of the local
18 system's adjusted formula students multiplied by the average formula cost
19 per student in the local system's cost grouping;

20 ~~(51)~~ ~~(47)~~ Tuition receipts from converted contracts means tuition
21 receipts received by a district from another district in the most
22 recently available complete data year pursuant to a converted contract
23 prior to the expiration of the contract;

24 ~~(52)~~ ~~(48)~~ Tuitioned students means students in kindergarten through
25 grade twelve of the district whose tuition is paid by the district to
26 some other district or education agency;

27 ~~(53)~~ ~~(49)~~ Unadjusted poverty students means, for school fiscal year
28 2016-17 and each school fiscal year thereafter, the greater of the number
29 of low-income students or the free lunch and free milk calculated
30 students in a district; and

31 ~~(54)~~ ~~(50)~~ Very sparse local system means a local system that has:

1 (a)(i) Less than one-half student per square mile in each county in
2 which each high school attendance center is located based on the school
3 district census, (ii) less than one formula student per square mile in
4 the local system, and (iii) more than fifteen miles between the high
5 school attendance center and the next closest high school attendance
6 center on paved roads; or

7 (b)(i) More than four hundred fifty square miles in the local
8 system, (ii) less than one-half student per square mile in the local
9 system, and (iii) more than fifteen miles between each high school
10 attendance center and the next closest high school attendance center on
11 paved roads.

12 Sec. 9. Section 79-1005.01, Revised Statutes Cumulative Supplement,
13 2018, is amended to read:

14 79-1005.01 (1) Not later than November 15 of each year through 2018,
15 the Tax Commissioner shall certify to the department for the preceding
16 tax year the income tax liability of resident individuals for each local
17 system.

18 ~~(2) For school fiscal years prior to 2017-18, one hundred two~~
19 ~~million two hundred eighty-nine thousand eight hundred seventeen dollars~~
20 ~~which is equal to the amount appropriated to the School District Income~~
21 ~~Tax Fund for distribution in school fiscal year 1992-93 shall be~~
22 ~~disbursed as option payments as determined under section 79-1009 and as~~
23 ~~allocated income tax funds as determined in this section and sections~~
24 ~~79-1008.01, 79-1015.01, 79-1017.01, and 79-1018.01, except as provided in~~
25 ~~section 79-1008.02 for school fiscal years prior to school fiscal year~~
26 ~~2017-18. For school fiscal years prior to school fiscal year 2017-18,~~
27 ~~funds not distributed as allocated income tax funds due to minimum levy~~
28 ~~adjustments shall not increase the amount available to local systems for~~
29 ~~distribution as allocated income tax funds.~~

30 ~~(3) Using the data certified by the Tax Commissioner pursuant to~~
31 ~~subsection (1) of this section, the department shall calculate the~~

~~1 allocation percentage and each local system's allocated income tax funds.
2 The allocation percentage shall be the amount stated in subsection (2) of
3 this section minus the total amount paid for option students pursuant to
4 section 79-1009, with the difference divided by the aggregate statewide
5 income tax liability of all resident individuals certified pursuant to
6 subsection (1) of this section. Each local system's allocated income tax
7 funds shall be calculated by multiplying the allocation percentage times
8 the local system's income tax liability certified pursuant to subsection
9 (1) of this section.~~

10 (2) ~~(4)~~ For school fiscal years year 2017-18 through 2019-20 and
11 each school fiscal year thereafter, each local system's allocated income
12 tax funds shall be calculated by multiplying the local system's income
13 tax liability certified pursuant to subsection (1) of this section by two
14 and twenty-three hundredths percent.

15 Sec. 10. (1) On or before November 15, 2019, and on or before
16 November 15 of each year thereafter, for the calculation of aid for the
17 following school fiscal year, the Tax Commissioner shall certify to the
18 department:

19 (a) The aggregate income tax liability under the Nebraska Revenue
20 Act of 1967 for the most recently completed tax year; and

21 (b) The aggregate state sales tax collections under the Nebraska
22 Revenue Act of 1967 for the most recently completed calendar year.

23 (2) For school fiscal year 2020-21 and each school fiscal year
24 thereafter, the department shall calculate the foundation aid to be paid
25 to each local system for such school fiscal year. The foundation aid for
26 each local system shall equal (a) the (i) fall membership for the
27 certification of state aid pursuant to section 79-1022 or (ii) average
28 daily membership for the final calculation of state aid pursuant to
29 section 79-1065 for such local system multiplied by (b) the ratio of
30 twenty-five percent of the sum of the amounts certified pursuant to
31 subsection (1) of this section divided by the statewide (i) fall

1 membership for the certification of state aid pursuant to section 79-1022
2 or (ii) average daily membership for the final calculation of state aid
3 pursuant to section 79-1065.

4 Sec. 11. Section 79-1007.11, Revised Statutes Cumulative Supplement,
5 2018, is amended to read:

6 79-1007.11 ~~(1) Except as otherwise provided in this section, for~~
7 ~~school fiscal years 2013-14 through 2015-16, each school district's~~
8 ~~formula need shall equal the difference of the sum of the school~~
9 ~~district's basic funding, poverty allowance, limited English proficiency~~
10 ~~allowance, focus school and program allowance, summer school allowance,~~
11 ~~special receipts allowance, transportation allowance, elementary site~~
12 ~~allowance, instructional time allowance, teacher education allowance,~~
13 ~~distance education and telecommunications allowance, averaging~~
14 ~~adjustment, new learning community transportation adjustment, student~~
15 ~~growth adjustment, any positive student growth adjustment correction, and~~
16 ~~new school adjustment, minus the sum of the limited English proficiency~~
17 ~~allowance correction, poverty allowance correction, and any negative~~
18 ~~student growth adjustment correction.~~

19 ~~(2) Except as otherwise provided in this section, for school fiscal~~
20 ~~year 2016-17, each school district's formula need shall equal the~~
21 ~~difference of the sum of the school district's basic funding, poverty~~
22 ~~allowance, limited English proficiency allowance, focus school and~~
23 ~~program allowance, summer school allowance, special receipts allowance,~~
24 ~~transportation allowance, elementary site allowance, distance education~~
25 ~~and telecommunications allowance, averaging adjustment, new learning~~
26 ~~community transportation adjustment, student growth adjustment, any~~
27 ~~positive student growth adjustment correction, and new school adjustment,~~
28 ~~minus the sum of the limited English proficiency allowance correction,~~
29 ~~poverty allowance correction, and any negative student growth adjustment~~
30 ~~correction.~~

31 ~~(1) (3) Except as otherwise provided in this section, for school~~

1 fiscal years 2017-18 and 2018-19, each school district's formula need
2 shall equal the difference of the sum of the school district's basic
3 funding, poverty allowance, poverty allowance adjustment, limited English
4 proficiency allowance, focus school and program allowance, summer school
5 allowance, special receipts allowance, transportation allowance,
6 elementary site allowance, distance education and telecommunications
7 allowance, averaging adjustment, new community achievement plan
8 adjustment, student growth adjustment, any positive student growth
9 adjustment correction, and new school adjustment minus the sum of the
10 limited English proficiency allowance correction, poverty allowance
11 correction, and any negative student growth adjustment correction.

12 (2) ~~(4)~~ Except as otherwise provided in this section, for school
13 fiscal year 2019-20 and each school fiscal year thereafter, each school
14 district's formula need shall equal the difference of the sum of the
15 school district's basic funding, poverty allowance, limited English
16 proficiency allowance, focus school and program allowance, summer school
17 allowance, special receipts allowance, transportation allowance,
18 elementary site allowance, distance education and telecommunications
19 allowance, community achievement plan allowance, ~~averaging adjustment,~~
20 new community achievement plan adjustment, student growth adjustment, any
21 positive student growth adjustment correction, and new school adjustment
22 minus the sum of the limited English proficiency allowance correction,
23 poverty allowance correction, and any negative student growth adjustment
24 correction.

25 (3) ~~(5)~~ If the formula need calculated for a school district
26 pursuant to subsections (1) and (2) ~~through (4)~~ of this section is less
27 than one hundred percent of the formula need for such district for the
28 school fiscal year immediately preceding the school fiscal year for which
29 aid is being calculated, the formula need for such district shall equal
30 one hundred percent of the formula need for such district for the school
31 fiscal year immediately preceding the school fiscal year for which aid is

1 being calculated.

2 ~~(4)~~ ~~(6)~~ If the formula need calculated for a school district
3 pursuant to subsections (1) and (2) ~~through (4)~~ of this section is more
4 than one hundred twelve percent of the formula need for such district for
5 the school fiscal year immediately preceding the school fiscal year for
6 which aid is being calculated, the formula need for such district shall
7 equal one hundred twelve percent of the formula need for such district
8 for the school fiscal year immediately preceding the school fiscal year
9 for which aid is being calculated, except that the formula need shall not
10 be reduced pursuant to this subsection for any district receiving a
11 student growth adjustment for the school fiscal year for which aid is
12 being calculated.

13 ~~(5)~~ ~~(7)~~ For purposes of subsections ~~(3)~~ ~~(5)~~ and ~~(4)~~ ~~(6)~~ of this
14 section, the formula need for the school fiscal year immediately
15 preceding the school fiscal year for which aid is being calculated shall
16 be the formula need used in the final calculation of aid pursuant to
17 section 79-1065 and for districts that were affected by a reorganization
18 with an effective date in the calendar year preceding the calendar year
19 in which aid is certified for the school fiscal year for which aid is
20 being calculated, the formula need for the school fiscal year immediately
21 preceding the school fiscal year for which aid is being calculated shall
22 be attributed to the affected school districts based on information
23 provided to the department by the school districts or proportionally
24 based on the adjusted valuation transferred if sufficient information has
25 not been provided to the department.

26 Sec. 12. Section 79-1007.18, Revised Statutes Cumulative Supplement,
27 2018, is amended to read:

28 79-1007.18 ~~(1) For school fiscal years prior to school fiscal year~~
29 ~~2017-18:~~

30 ~~(a) The department shall calculate an averaging adjustment for~~
31 ~~districts if the basic funding per formula student is less than the~~

1 ~~averaging adjustment threshold and the general fund levy for the school~~
2 ~~fiscal year immediately preceding the school fiscal year for which aid is~~
3 ~~being calculated was at least one dollar per one hundred dollars of~~
4 ~~taxable valuation. For the calculation of aid for school fiscal years~~
5 ~~prior to school fiscal year 2018-19, the general fund levy for school~~
6 ~~districts that are members of a learning community for purposes of this~~
7 ~~section includes both the common general fund levy and the school~~
8 ~~district general fund levy authorized pursuant to subdivisions (2)(b) and~~
9 ~~(2)(c) of section 77-3442. The averaging adjustment shall equal the~~
10 ~~district's formula students multiplied by the percentage specified in~~
11 ~~this subsection for such district of the difference between the averaging~~
12 ~~adjustment threshold minus such district's basic funding per formula~~
13 ~~student;~~

14 ~~(b) The averaging adjustment threshold shall equal the aggregate~~
15 ~~basic funding for all districts with nine hundred or more formula~~
16 ~~students divided by the aggregate formula students for all districts with~~
17 ~~nine hundred or more formula students for the school fiscal year for~~
18 ~~which aid is being calculated; and~~

19 ~~(c) The percentage to be used in the calculation of an averaging~~
20 ~~adjustment shall be based on the general fund levy for the school fiscal~~
21 ~~year immediately preceding the school fiscal year for which aid is being~~
22 ~~calculated and shall be as follows:~~

23 ~~(i) If such levy was at least one dollar per one hundred dollars of~~
24 ~~taxable valuation but less than one dollar and one cent per one hundred~~
25 ~~dollars of taxable valuation, the percentage shall be fifty percent;~~

26 ~~(ii) If such levy was at least one dollar and one cent per one~~
27 ~~hundred dollars of taxable valuation but less than one dollar and two~~
28 ~~cents per one hundred dollars of taxable valuation, the percentage shall~~
29 ~~be sixty percent;~~

30 ~~(iii) If such levy was at least one dollar and two cents per one~~
31 ~~hundred dollars of taxable valuation but less than one dollar and three~~

1 ~~cents per one hundred dollars of taxable valuation, the percentage shall~~
2 ~~be seventy percent;~~

3 ~~(iv) If such levy was at least one dollar and three cents per one~~
4 ~~hundred dollars of taxable valuation but less than one dollar and four~~
5 ~~cents per one hundred dollars of taxable valuation, the percentage shall~~
6 ~~be eighty percent; and~~

7 ~~(v) If such levy was at least one dollar and four cents per one~~
8 ~~hundred dollars of taxable valuation, the percentage shall be ninety~~
9 ~~percent.~~

10 ~~(2) For school fiscal years year 2017-18 and 2018-19 and each school~~
11 ~~fiscal year thereafter, the department shall calculate an averaging~~
12 ~~adjustment for districts with at least nine hundred formula students if~~
13 ~~the basic funding per formula student is less than the averaging~~
14 ~~adjustment threshold. The averaging adjustment shall equal the district's~~
15 ~~formula students multiplied by ninety percent of the difference of the~~
16 ~~averaging adjustment threshold minus such district's basic funding per~~
17 ~~formula student. The averaging adjustment threshold shall equal the~~
18 ~~aggregate basic funding for all districts with nine hundred or more~~
19 ~~formula students divided by the aggregate formula students for all~~
20 ~~districts with nine hundred or more formula students for the school~~
21 ~~fiscal year for which aid is being calculated.~~

22 Sec. 13. Section 79-1008.01, Revised Statutes Cumulative Supplement,
23 2018, is amended to read:

24 79-1008.01 Except as provided in ~~section 79-1008.02 for school~~
25 ~~fiscal years prior to school fiscal year 2017-18 and section 79-1009,~~
26 each local system shall receive equalization aid in the amount that the
27 total formula need of each local system, as determined pursuant to
28 sections 79-1007.04 to 79-1007.23 and 79-1007.25, exceeds its total
29 formula resources as determined pursuant to sections 79-1015.01 to
30 79-1018.01.

31 Sec. 14. Section 79-1009, Revised Statutes Cumulative Supplement,

1 2018, is amended to read:

2 79-1009 (1)(a) A district shall receive net option funding if (i)
3 option students as defined in section 79-233 were actually enrolled in
4 the school year immediately preceding the school year in which the aid is
5 to be paid, (ii) option students as defined in such section will be
6 enrolled in the school year in which the aid is to be paid as converted
7 contract option students, or (iii) for the calculation of aid for school
8 fiscal year 2017-18 for school districts that are members of a learning
9 community, open enrollment students were actually enrolled for school
10 year 2016-17 pursuant to section 79-2110.

11 (b) The determination of the net number of option students shall be
12 based on (i) the number of students enrolled in the district as option
13 students and the number of students residing in the district but enrolled
14 in another district as option students as of the day of the fall
15 membership count pursuant to section 79-528, for the school fiscal year
16 immediately preceding the school fiscal year in which aid is to be paid,
17 (ii) the number of option students that will be enrolled in the district
18 or enrolled in another district as converted contract option students for
19 the fiscal year in which the aid is to be paid, and (iii) for the
20 calculation of aid for school fiscal year 2017-18 for school districts
21 that are members of a learning community, the number of students enrolled
22 in the district as open enrollment students and the number of students
23 residing in the district but enrolled in another district as open
24 enrollment students as of the day of the fall membership count pursuant
25 to section 79-528 for school fiscal year 2016-17.

26 (c) Except as otherwise provided in this subsection, net number of
27 option students means the difference of the number of option students
28 enrolled in the district minus the number of students residing in the
29 district but enrolled in another district as option students. For
30 purposes of the calculation of aid for school fiscal year 2017-18 for
31 school districts that are members of a learning community, net number of

1 option students means the difference of the number of students residing
2 in another school district who are option students or open enrollment
3 students enrolled in the district minus the number of students residing
4 in the district but enrolled in another district as option students or
5 open enrollment students.

6 ~~(2)(a) For all school fiscal years except school fiscal years~~
7 ~~2017-18 and 2018-19, net option funding shall be the product of the net~~
8 ~~number of option students multiplied by the statewide average basic~~
9 ~~funding per formula student.~~

10 (2)(a) (b) For school fiscal years 2017-18 and 2018-19, net option
11 funding shall be the product of the net number of option students
12 multiplied by ninety-five and five-tenths percent of the statewide
13 average basic funding per formula student.

14 (b) For school fiscal year 2019-20, net option funding shall be the
15 product of the net number of option students multiplied by the statewide
16 average basic funding per formula student.

17 (c) For school fiscal year 2020-21 and each school fiscal year
18 thereafter, net option funding shall be the product of the net number of
19 option students multiplied by the statewide average general fund property
20 taxes per formula student. The statewide average general fund property
21 taxes per formula student shall be calculated by dividing (i) ninety-nine
22 percent of the aggregate general fund property tax requests for all
23 school districts for the fiscal year immediately preceding the school
24 fiscal year for which aid is being calculated by (ii) the aggregate
25 formula students for all local systems for the school fiscal year for
26 which aid is being calculated.

27 (3) A district's net option funding shall be zero if the calculation
28 produces a negative result.

29 ~~Payments made under this section for school fiscal years prior to~~
30 ~~school fiscal year 2017-18 shall be made from the funds to be disbursed~~
31 ~~under section 79-1005.01.~~

1 Such payments shall go directly to the option school district but
2 shall count as a formula resource for the local system.

3 Sec. 15. (1) On or before June 1, 2019, on or before November 15,
4 2019, and on or before November 15 of each year thereafter, the Tax
5 Commissioner shall calculate and certify to the department the inflation
6 rate and the local formula contribution inflation rate for the
7 immediately following school fiscal year.

8 (2) Except as otherwise provided in subsection (3) or (4) of this
9 section, the inflation rate for each school fiscal year shall be
10 calculated by subtracting (a) the cost index immediately preceding the
11 most recent cost index from (b) the most recent cost index and dividing
12 the difference by (c) the cost index immediately preceding the most
13 recent cost index. The most recent cost index for each school fiscal year
14 is the most recent cost index available at the time of the certification
15 pursuant to this subsection.

16 (3) If the inflation rate calculated pursuant to subsection (2) of
17 this section is greater than two and one-half percent, the inflation rate
18 shall equal two and one-half percent.

19 (4) If the inflation rate calculated pursuant to subsection (2) of
20 this section is less than zero percent, the inflation rate shall equal
21 zero percent.

22 (5) The local formula contribution inflation rate shall equal the
23 inflation rate calculated pursuant to subsection (2) of this section
24 without any adjustment pursuant to subsection (3) or (4) of this section.

25 Sec. 16. Section 79-1015.01, Revised Statutes Cumulative Supplement,
26 2018, is amended to read:

27 79-1015.01 (1) Local system formula resources for each local system
28 shall include the local formula contribution effort rate yield which
29 shall be computed as prescribed in this section.

30 ~~(2) For each school fiscal year except school fiscal years 2017-18~~
31 ~~and 2018-19: (a) For state aid certified pursuant to section 79-1022, the~~

1 ~~local effort rate shall be the maximum levy, for the school fiscal year~~
2 ~~for which aid is being certified, authorized pursuant to subdivision (2)~~
3 ~~(a) of section 77-3442 less five cents; (b) for the final calculation of~~
4 ~~state aid pursuant to section 79-1065, the local effort rate shall be the~~
5 ~~rate which, when multiplied by the total adjusted valuation of all~~
6 ~~taxable property in local systems receiving equalization aid pursuant to~~
7 ~~the Tax Equity and Educational Opportunities Support Act, will produce~~
8 ~~the amount needed to support the total formula need of such local systems~~
9 ~~when added to state aid appropriated by the Legislature and other actual~~
10 ~~receipts of local systems described in section 79-1018.01; and (c) the~~
11 ~~local effort rate yield for such school fiscal years shall be determined~~
12 ~~by multiplying each local system's total adjusted valuation by the local~~
13 ~~effort rate.~~

14 ~~(2)~~ (3) For school fiscal years 2017-18 and 2018-19: (a) For state
15 aid certified pursuant to section 79-1022, the local effort rate shall be
16 the maximum levy, for the school fiscal year for which aid is being
17 certified, authorized pursuant to subdivision (2)(a) of section 77-3442
18 less two and ninety-seven hundredths cents; (b) for the final calculation
19 of state aid pursuant to section 79-1065, the local effort rate shall be
20 the rate which, when multiplied by the total adjusted valuation of all
21 taxable property in local systems receiving equalization aid pursuant to
22 the Tax Equity and Educational Opportunities Support Act, will produce
23 the amount needed to support the total formula need of such local systems
24 when added to state aid appropriated by the Legislature and other actual
25 receipts of local systems described in section 79-1018.01; and (c) the
26 local formula contribution ~~effort rate yield~~ for such school fiscal years
27 shall be determined by multiplying each local system's total adjusted
28 valuation by the local effort rate.

29 (3) For school fiscal year 2019-20: (a) For state aid certified
30 pursuant to section 79-1022, the local effort rate shall be the maximum
31 levy, for the school fiscal year for which aid is being certified,

1 authorized pursuant to subdivision (2)(a) of section 77-3442 less five
2 cents; (b) for the final calculation of state aid pursuant to section
3 79-1065, the local effort rate shall be the rate which, when multiplied
4 by the total adjusted valuation of all taxable property in local systems
5 receiving equalization aid pursuant to the Tax Equity and Educational
6 Opportunities Support Act, will produce the amount needed to support the
7 total formula need of such local systems when added to state aid
8 appropriated by the Legislature and other actual receipts of local
9 systems described in section 79-1018.01; and (c) the local formula
10 contribution for such school fiscal years shall be determined by
11 multiplying each local system's total adjusted valuation by the local
12 effort rate.

13 (4) For school fiscal year 2020-21, for both state aid certified
14 pursuant to section 79-1022 and for the final calculation of state aid
15 pursuant to section 79-1065, the local formula contribution for each
16 local system shall equal the product of the local system's total adjusted
17 valuation multiplied by a local effort rate of ninety cents per one
18 hundred dollars of adjusted valuation.

19 (5)(a) For school fiscal year 2021-22 and each school fiscal year
20 thereafter, for both state aid certified pursuant to section 79-1022 and
21 for the final calculation of state aid pursuant to section 79-1065, the
22 local formula contribution for each local system shall equal the lesser
23 of the local effort rate yield or the inflation rate yield.

24 (b) The local effort rate yield for each local system shall equal
25 the product of the local system's total adjusted valuation multiplied by
26 a local effort rate of ninety cents per one hundred dollars of adjusted
27 valuation.

28 (c) The inflation rate yield for each local system shall equal the
29 sum of (i) the local formula contribution for such local system for the
30 school fiscal year immediately preceding the school fiscal year for which
31 aid is being calculated adjusted by the local formula contribution

1 inflation rate certified pursuant to section 15 of this act plus (ii) the
2 product of the local system's total real property growth value adjusted
3 valuation multiplied by a local effort rate of ninety cents per one
4 hundred dollars of adjusted valuation.

5 Sec. 17. Section 79-1016, Revised Statutes Cumulative Supplement,
6 2018, is amended to read:

7 79-1016 (1) On or before August 20, the county assessor shall
8 certify to the Property Tax Administrator the total taxable value and the
9 total real property growth value by school district in the county for the
10 current assessment year on forms prescribed by the Tax Commissioner. The
11 county assessor may amend the filing for changes made to the taxable
12 valuation of the school district in the county if corrections or errors
13 on the original certification are discovered. Amendments shall be
14 certified to the Property Tax Administrator on or before August 31.

15 (2) On or before October 10, the Property Tax Administrator shall
16 compute and certify to the State Department of Education the adjusted
17 valuation for the current assessment year for each class of property and
18 for the total real property growth value in each school district and each
19 local system. The adjusted valuation of property for each school district
20 and each local system, for purposes of determining state aid pursuant to
21 the Tax Equity and Educational Opportunities Support Act, shall reflect
22 as nearly as possible state aid value as defined in subsection (3) of
23 this section. The Property Tax Administrator shall notify each school
24 district and each local system of its adjusted valuation for the current
25 assessment year by class of property on or before October 10.
26 Establishment of the adjusted valuation shall be based on the taxable
27 value certified by the county assessor for each school district in the
28 county adjusted by the determination of the level of value for each
29 school district from an analysis of the comprehensive assessment ratio
30 study or other studies developed by the Property Tax Administrator, in
31 compliance with professionally accepted mass appraisal techniques, as

1 required by section 77-1327. The Tax Commissioner shall adopt and
2 promulgate rules and regulations setting forth standards for the
3 determination of level of value and for the determination of total real
4 property growth value for state aid purposes.

5 (3) For purposes of this section, state aid value means:

6 (a) For real property other than agricultural and horticultural
7 land, ninety-six percent of actual value;

8 (b) For agricultural and horticultural land, seventy-two percent of
9 actual value as provided in sections 77-1359 to 77-1363. For agricultural
10 and horticultural land that receives special valuation pursuant to
11 section 77-1344, seventy-two percent of special valuation as defined in
12 section 77-1343; and

13 (c) For personal property, the net book value as defined in section
14 77-120.

15 (4) On or before November 10, any local system may file with the Tax
16 Commissioner written objections to any ~~the~~ adjusted valuations prepared
17 by the Property Tax Administrator, stating the reasons why such adjusted
18 valuations are not the valuations required by subsection (3) of this
19 section. The Tax Commissioner shall fix a time for a hearing. Either
20 party shall be permitted to introduce any evidence in reference thereto.
21 On or before January 1, the Tax Commissioner shall enter a written order
22 modifying or declining to modify, in whole or in part, the adjusted
23 valuations and shall certify the order to the State Department of
24 Education. Modification by the Tax Commissioner shall be based upon the
25 evidence introduced at hearing and shall not be limited to the
26 modification requested in the written objections or at hearing. A copy of
27 the written order shall be mailed to the local system within seven days
28 after the date of the order. The written order of the Tax Commissioner
29 may be appealed within thirty days after the date of the order to the Tax
30 Equalization and Review Commission in accordance with section 77-5013.

31 (5) On or before November 10, any local system or county official

1 may file with the Tax Commissioner a written request for a nonappealable
2 correction of an ~~the~~ adjusted valuation due to clerical error as defined
3 in section 77-128 or, for agricultural and horticultural land, assessed
4 value changes by reason of land qualified or disqualified for special use
5 valuation pursuant to sections 77-1343 to 77-1347.01. On or before the
6 following January 1, the Tax Commissioner shall approve or deny the
7 request and, if approved, certify the corrected adjusted valuations
8 resulting from such action to the State Department of Education.

9 (6) On or before May 31 of the year following the certification of
10 adjusted valuations ~~valuation~~ pursuant to subsection (2) of this section,
11 any local system or county official may file with the Tax Commissioner a
12 written request for a nonappealable correction of an ~~the~~ adjusted
13 valuation due to changes to the tax list that change the assessed value
14 of taxable property. Upon the filing of the written request, the Tax
15 Commissioner shall require the county assessor to recertify the taxable
16 valuation and total real property growth value by school district in the
17 county on forms prescribed by the Tax Commissioner. The recertified
18 valuations ~~valuation~~ shall be the valuations ~~valuation~~ that were ~~was~~
19 certified on the tax list, pursuant to section 77-1613, increased or
20 decreased by changes to the tax list that change the assessed value of
21 taxable property or the total real property growth value in the school
22 district in the county in the prior assessment year. On or before the
23 following July 31, the Tax Commissioner shall approve or deny the request
24 and, if approved, certify the corrected adjusted valuations resulting
25 from such action to the State Department of Education.

26 (7) No injunction shall be granted restraining the distribution of
27 state aid based upon the adjusted valuations pursuant to this section.

28 (8) A school district whose state aid is to be calculated pursuant
29 to subsection (5) of this section and whose state aid payment is
30 postponed as a result of failure to calculate state aid pursuant to such
31 subsection may apply to the state board for lump-sum payment of such

1 postponed state aid. Such application may be for any amount up to one
2 hundred percent of the postponed state aid. The state board may grant the
3 entire amount applied for or any portion of such amount. The state board
4 shall notify the Director of Administrative Services of the amount of
5 funds to be paid in a lump sum and the reduced amount of the monthly
6 payments. The Director of Administrative Services shall, at the time of
7 the next state aid payment made pursuant to section 79-1022, draw a
8 warrant for the lump-sum amount from appropriated funds and forward such
9 warrant to the district.

10 Sec. 18. Section 79-1017.01, Revised Statutes Cumulative Supplement,
11 2018, is amended to read:

12 79-1017.01 ~~(1) For state aid calculated for school fiscal years~~
13 ~~2014-15 and 2015-16, local system formula resources includes other actual~~
14 ~~receipts determined pursuant to section 79-1018.01, net option funding~~
15 ~~determined pursuant to section 79-1009, teacher education aid determined~~
16 ~~pursuant to section 79-1007.25, instructional time aid determined~~
17 ~~pursuant to subsection (2) of section 79-1007.23, allocated income tax~~
18 ~~funds determined pursuant to section 79-1005.01, and minimum levy~~
19 ~~adjustments determined pursuant to section 79-1008.02 and is reduced by~~
20 ~~amounts paid by the district in the most recently available complete data~~
21 ~~year as property tax refunds pursuant to or in the manner prescribed by~~
22 ~~section 77-1736.06.~~

23 (1) (2) For state aid calculated for school fiscal years prior to
24 school fiscal year 2020-21 year 2016-17 and each school fiscal year
25 thereafter, local system formula resources includes other actual receipts
26 determined pursuant to section 79-1018.01, net option funding determined
27 pursuant to section 79-1009, allocated income tax funds determined
28 pursuant to section 79-1005.01, and community achievement plan aid
29 determined pursuant to section 79-1005, and minimum levy adjustments
30 determined pursuant to section 79-1008.02 for school fiscal years prior
31 to school fiscal year 2017-18, and is reduced by amounts paid by the

1 district in the most recently available complete data year as property
2 tax refunds pursuant to or in the manner prescribed by section
3 77-1736.06.

4 (2) For state aid calculated for school fiscal year 2020-21 and each
5 school fiscal year thereafter, local system formula resources includes
6 other actual receipts determined pursuant to section 79-1018.01, net
7 option funding determined pursuant to section 79-1009, foundation aid
8 determined pursuant to section 10 of this act, and community achievement
9 plan aid determined pursuant to section 79-1005, and is reduced by
10 amounts paid by and school district in the local system in the most
11 recently available complete data year as property tax refunds pursuant to
12 or in the manner prescribed by section 77-1736.06.

13 Sec. 19. Section 79-1022, Revised Statutes Cumulative Supplement,
14 2018, is amended to read:

15 79-1022 (1)(a) (1) ~~On or before June 10, 2019 June 1, 2017,~~ and on
16 or before March 1 of each year thereafter, for each ensuing fiscal year,
17 the department shall determine the amounts to be distributed to each
18 local system and each district for the ensuing school fiscal year
19 pursuant to the Tax Equity and Educational Opportunities Support Act and
20 shall certify the amounts to the Director of Administrative Services, the
21 Auditor of Public Accounts, ~~each learning community for school fiscal~~
22 ~~years prior to school fiscal year 2017-18,~~ and each district.

23 (b) Notwithstanding any other provision of the act, for school
24 fiscal years 2020-21 and 2021-22, the amount to be distributed to each
25 local system under the act and certified pursuant to this section shall
26 be the greater of (i) an amount equal to the funds received by the school
27 districts in the local system pursuant to the Property Tax Credit Act for
28 the 2019-20 school fiscal year or (ii) the total amount calculated
29 pursuant to the remainder of the Tax Equity and Educational Opportunities
30 Support Act for the school districts in such local system prior to any
31 adjustments for prior school fiscal years pursuant to section 79-1065.

1 (c) Except as otherwise provided in this section, the amount to be
2 distributed to each district from the amount certified for a local system
3 shall be proportional based on the formula students attributed to each
4 district in the local system. ~~For school fiscal years prior to school~~
5 ~~fiscal year 2017-18, the amount to be distributed to each district that~~
6 ~~is a member of a learning community from the amount certified for the~~
7 ~~local system shall be proportional based on the formula needs calculated~~
8 ~~for each district in the local system.~~

9 (d) On or before June 10, 2019 ~~June 1, 2017~~, and on or before March
10 1 of each year thereafter, for each ensuing fiscal year, the department
11 shall report the necessary funding level for the ensuing school fiscal
12 year to the Governor, the Appropriations Committee of the Legislature,
13 and the Education Committee of the Legislature. The report submitted to
14 the committees of the Legislature shall be submitted electronically.

15 (e) Except as otherwise provided in this subsection, certified state
16 aid amounts, including adjustments pursuant to section 79-1065.02, shall
17 be shown as budgeted non-property-tax receipts and deducted prior to
18 calculating the property tax request in the district's general fund
19 budget statement as provided to the Auditor of Public Accounts pursuant
20 to section 79-1024.

21 (2) Except as provided in this subsection, subsection (8) of section
22 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts
23 certified pursuant to subsection (1) of this section shall be distributed
24 in ten as nearly as possible equal payments on the last business day of
25 each month beginning in September of each ensuing school fiscal year and
26 ending in June of the following year, except that when a school district
27 is to receive a monthly payment of less than one thousand dollars, such
28 payment shall be one lump-sum payment on the last business day of
29 December during the ensuing school fiscal year.

30 Sec. 20. Section 79-1022.02, Revised Statutes Cumulative Supplement,
31 2018, is amended to read:

1 79-1022.02 Notwithstanding any other provision of law, any
2 certification of state aid pursuant to section 79-1022, certification of
3 budget authority pursuant to section 79-1023, and certification of
4 applicable allowable reserve percentages pursuant to section 79-1027
5 completed prior to the effective date of this act ~~February 16, 2017~~, for
6 school fiscal year 2019-20 ~~2017-18~~ is null and void.

7 Sec. 21. Section 79-1023, Revised Statutes Cumulative Supplement,
8 2018, is amended to read:

9 79-1023 (1) On or before June 10, 2019 ~~June 1, 2017~~, and on or
10 before March 1 of each year thereafter, the department shall determine
11 and certify to each school district budget authority for the general fund
12 budget of expenditures for the ensuing school fiscal year.

13 (2) Except as provided in sections 79-1028.01, 79-1029, 79-1030, and
14 81-829.51, each school district shall have budget authority for the
15 general fund budget of expenditures equal to the greater of (a) the
16 general fund budget of expenditures for the immediately preceding school
17 fiscal year minus exclusions pursuant to subsection (1) of section
18 79-1028.01 for such school fiscal year with the difference increased by
19 the basic allowable growth rate for the school fiscal year for which
20 budget authority is being calculated, (b) the general fund budget of
21 expenditures for the immediately preceding school fiscal year minus
22 exclusions pursuant to subsection (1) of section 79-1028.01 for such
23 school fiscal year with the difference increased by an amount equal to
24 any student growth adjustment calculated for the school fiscal year for
25 which budget authority is being calculated, or (c) one hundred ten
26 percent of formula need for the school fiscal year for which budget
27 authority is being calculated minus the special education budget of
28 expenditures as filed on the school district budget statement on or
29 before September 20 for the immediately preceding school fiscal year,
30 which special education budget of expenditures is increased by the basic
31 allowable growth rate for the school fiscal year for which budget

1 authority is being calculated.

2 (3) For any school fiscal year for which the budget authority for
3 the general fund budget of expenditures for a school district is based on
4 a student growth adjustment, the budget authority for the general fund
5 budget of expenditures for such school district shall be adjusted in
6 future years to reflect any student growth adjustment corrections related
7 to such student growth adjustment.

8 Sec. 22. Section 79-1025, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 79-1025 The basic allowable growth rate for general fund
11 expenditures and all other purposes under the Tax Equity and Educational
12 Opportunities Support Act other than expenditures for special education
13 and the determination of budget authority pursuant to section 79-1023 for
14 school fiscal year 2019-20 shall be the base limitation established under
15 section 77-3446. The budget authority for special education for all
16 classes of school districts shall be the actual anticipated expenditures
17 for special education subject to the approval of the state board. Such
18 budget authority and funds generated pursuant to such budget authority
19 shall be used only for special education expenditures. The basic
20 allowable growth rate for purposes of the determination of budget
21 authority pursuant to section 79-1023 for school fiscal year 2019-20
22 shall be two and one half percent.

23 Sec. 23. Section 79-1027, Revised Statutes Cumulative Supplement,
24 2018, is amended to read:

25 79-1027 No district shall adopt a budget, which includes total
26 requirements of depreciation funds, necessary employee benefit fund cash
27 reserves, and necessary general fund cash reserves, exceeding the
28 applicable allowable reserve percentages of total general fund budget of
29 expenditures as specified in the schedule set forth in this section.

30 Average daily Allowable
31 membership of reserve

1	district	percentage
2	0 - 471	45
3	471.01 - 3,044	35
4	3,044.01 - 10,000	25
5	10,000.01 and over	20

6 On or before June 10, 2019 ~~June 1, 2017~~, and on or before March 1
7 each year thereafter, the department shall determine and certify each
8 district's applicable allowable reserve percentage for the ensuing school
9 fiscal year.

10 Each district with combined necessary general fund cash reserves,
11 total requirements of depreciation funds, and necessary employee benefit
12 fund cash reserves less than the applicable allowable reserve percentage
13 specified in this section may, notwithstanding the district's applicable
14 allowable growth rate, increase its necessary general fund cash reserves
15 such that the total necessary general fund cash reserves, total
16 requirements of depreciation funds, and necessary employee benefit fund
17 cash reserves do not exceed such applicable allowable reserve percentage.

18 Sec. 24. Section 79-1031.01, Revised Statutes Cumulative Supplement,
19 2018, is amended to read:

20 79-1031.01 The Appropriations Committee of the Legislature shall
21 annually include the amount necessary to fund the state aid that will be
22 certified to school districts on or before June 10, 2019 ~~June 1, 2017~~,
23 and on or before March 1 of each year thereafter for each ensuing school
24 fiscal year in its recommendations to the Legislature to carry out the
25 requirements of the Tax Equity and Educational Opportunities Support Act.

26 Sec. 25. Original sections 77-3442, 77-3446, 77-4209, 77-4212, and
27 79-1025, Reissue Revised Statutes of Nebraska, and sections 79-1001,
28 79-1003, 79-1005.01, 79-1007.11, 79-1007.18, 79-1008.01, 79-1009,
29 79-1015.01, 79-1016, 79-1017.01, 79-1022, 79-1022.02, 79-1023, 79-1027,
30 and 79-1031.01, Revised Statutes Cumulative Supplement, 2018, are
31 repealed.

1 Sec. 26. The following section is outright repealed: Section
2 79-1008.02, Revised Statutes Cumulative Supplement, 2018.

3 Sec. 27. Since an emergency exists, this act takes effect when
4 passed and approved according to law.