

## LEGISLATIVE BILL 198

Approved by the Governor March 22, 2005

Introduced by Raikes, 25

AN ACT relating to schools; to amend section 79-475, Reissue Revised Statutes of Nebraska, and section 79-1022, Revised Statutes Supplement, 2004; to provide for state aid payment adjustments to reflect transfers of property as prescribed; to harmonize provisions; and to repeal the original sections.

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

Section 1. (1) State aid payments shall be adjusted to reflect transfers of property due to annexation, to any dissolution of a Class I school district, and to any reorganization involving one or more Class I school districts.

(2) This section applies whenever:

(a) A Class I school district dissolves or reorganizes in such a manner that the parcels of property making up the Class I district prior to the dissolution or reorganization which were affiliated with a Class II, III, IV, or V school district do not become part of the Class II, III, IV, or V school district with which such parcels of property were affiliated; or

(b) Property within the boundaries of a Class II, III, IV, V, or VI school district is transferred to another school district due to a change in the school district boundaries in response to annexation of the transferred property by a city or village.

(3) To qualify for additional state aid pursuant to this section, the school district from which property is being transferred shall apply on a form prescribed by the State Department of Education on or before August 20 preceding the first school fiscal year for which the property will not be available for taxation for the school district's general fund levy. On or before such deadline, the applicant school district shall send copies of the application to the high school districts of the local systems receiving valuation in the transfer. For purposes of this section, property is deemed transferred from the school district whether the property was within the boundaries of the school district or the property was affiliated with the school district.

(4) Upon receipt of the application, the department, with the assistance of the Property Tax Administrator, shall calculate the amount of additional state aid, if any, that the local system, as defined in section 79-1003, for the applicant school district would have received for such school fiscal year if the adjusted valuation for the transferred property had not been included in the adjusted valuation of such local system for the calculation of state aid for such school fiscal year. On or before September 20 of such school fiscal year, the department shall certify to the applicant school district the amount of additional state aid, if any, the district will receive. Except as otherwise provided in this subsection, if such applicant school district receives a lump-sum payment pursuant to subsection (2) of section 79-1022, such lump-sum payment shall be increased by the amount of additional state aid. Except as otherwise provided in this subsection, if such applicant school district does not receive a lump-sum payment pursuant to such subsection, state aid payments shall be increased by one-tenth of the amount of additional state aid for each of the ten state aid payments for such school fiscal year. If a portion of the total reduction calculated pursuant to subsection (5) of this section for local systems receiving valuation in the transfer of property that is the subject of the application is delayed until future years, the additional state aid to be paid in the school fiscal year described in subsection (3) of this section shall be reduced by the amount of the total reduction that is delayed until future years. The amount of the reduction shall be paid as additional aid in the next school fiscal year.

(5) The state aid payments shall be reduced for the high school district of each receiving local system. An amount equal to the additional state aid calculated pursuant to subsection (4) of this section for the local system of an applicant school district shall be attributed to the local systems receiving valuation in such transfer based upon the ratio of the adjusted valuation received by each local system divided by the total adjusted valuation transferred from the applicant school district. If such high school district receives a lump-sum payment pursuant to subsection (2) of section 79-1022, such lump-sum payment shall be reduced by the amount attributed to the receiving local system. If the high school district of a receiving local

system does not receive a lump-sum payment pursuant to such subsection, state aid payments shall be reduced by one-tenth of the amount attributed to such receiving local system for each of the ten state aid payments for such school fiscal year. If the total reduction is greater than the total state aid payments for such school fiscal year, the remainder shall be subtracted from state aid payments in future school fiscal years until the total reduction has been subtracted from state aid payments. On or before September 20 of such school fiscal year, the department shall certify to the high school district of the receiving local system the amount of the reduction in state aid.

(6) For purposes of the final calculation of state aid pursuant to section 79-1065, the adjusted valuation of the property that was transferred shall also be transferred for purposes of adjusted valuation for the final calculation of state aid. For determining adjustments in state aid pursuant to section 79-1065, the final calculation of state aid shall be compared to the state aid certified for such school fiscal year combined with any adjustments in state aid payments and transfers from other districts pursuant to this section.

Sec. 2. Section 79-475, Reissue Revised Statutes of Nebraska, is amended to read:

79-475. Whenever an existing school district, or a part thereof, is merged into a Class III or IV school district under the provisions of section 79-407, 79-408, or 79-473, such merger shall be effective on ~~June 1 of the year following the first full school year after such merger~~ July 1 immediately following the effective date of the change of city or village boundaries which caused the merger pursuant to section 79-407, 79-408, or 79-473.

Sec. 3. Section 79-1022, Revised Statutes Supplement, 2004, is amended to read:

79-1022. (1) On or before June 15, 2003, and on or before February 1 for each year thereafter, the department shall determine the amounts to be distributed to each local system and each district pursuant to the Tax Equity and Educational Opportunities Support Act and shall certify the amounts to the Director of Administrative Services, the Auditor of Public Accounts, and each district. The amount to be distributed to each district from the amount certified for a local system shall be proportional based on the weighted formula students attributed to each district in the local system. On or before June 15, 2003, and on or before February 1 for each year thereafter, the department shall report the necessary funding level to the Governor, the Appropriations Committee of the Legislature, and the Education Committee of the Legislature. Certified state aid amounts, including adjustments pursuant to section 1 of this act, shall be shown as budgeted non-property-tax receipts and deducted prior to calculating the property tax request in the district's general fund budget statement as provided to the Auditor of Public Accounts pursuant to section 79-1024.

(2) Except as provided in ~~subsection (3) of this section and~~ subsection (8) of section 79-1016, ~~and section 79-1033, and section 1 of this act~~ the amounts certified pursuant to subsection (1) of this section shall be distributed in ten as nearly as possible equal payments on the last business day of each month beginning in September of each ensuing school fiscal year and ending in June of the following year, except that when a school district is to receive a monthly payment of less than one thousand dollars, such payment shall be one lump-sum payment on the last business day of December during the ensuing school fiscal year.

~~(3) For school fiscal year 2002-03, except as provided in subsection (8) of section 79-1016 and section 79-1033, the amounts certified pursuant to subsection (1) of this section shall be distributed according to the payment schedule in this subsection on the last business day of each month listed, except that when a school district is to receive ten thousand dollars or less, such payment shall be one lump-sum payment on the last business day of December. The amount distributed each month shall be equal to the amount certified pursuant to subsection (1) of this section multiplied by the applicable percentage, rounded to the nearest cent. The percentages are:~~

~~(a) For September, October, November, and December, seven and seven-tenths percent;~~

~~(b) For January, February, March, and April, ten percent; and~~

~~(c) For May and June, fourteen and six-tenths percent.~~

Sec. 4. Original section 79-475, Reissue Revised Statutes of Nebraska, and section 79-1022, Revised Statutes Supplement, 2004, are repealed.