

E AND R AMENDMENTS TO LB 545

Introduced by Enrollment and Review Committee: Nordquist, 7,
Chairperson

1 1. Strike the original sections and all amendments
2 thereto and insert the following new sections:

3 Section 1. Section 9-812, Reissue Revised Statutes of
4 Nebraska, as amended by section 1, Legislative Bill 547, One
5 Hundred First Legislature, First Session, 2009, is amended to read:

6 9-812 (1) All money received from the operation of
7 lottery games conducted pursuant to the State Lottery Act in
8 Nebraska shall be credited to the State Lottery Operation Trust
9 Fund, which fund is hereby created. All payments of the costs
10 of establishing and maintaining the lottery games shall be made
11 from the State Lottery Operation Cash Fund. In accordance with
12 legislative appropriations, money for payments for expenses of the
13 division shall be transferred from the State Lottery Operation
14 Trust Fund to the State Lottery Operation Cash Fund, which fund
15 is hereby created. All money necessary for the payment of lottery
16 prizes shall be transferred from the State Lottery Operation Trust
17 Fund to the State Lottery Prize Trust Fund, which fund is hereby
18 created. The amount used for the payment of lottery prizes shall
19 not be less than forty percent of the dollar amount of the lottery
20 tickets which have been sold.

21 (2) (a) Beginning October 1, 2003, and until July 1, 2009,
22 a portion of the dollar amount of the lottery tickets which have
23 been sold on an annualized basis shall be transferred from the

1 State Lottery Operation Trust Fund to the Education Innovation
2 Fund, the Nebraska Scholarship Fund, the Nebraska Environmental
3 Trust Fund, the Nebraska State Fair Board, and the Compulsive
4 Gamblers Assistance Fund, except that the dollar amount transferred
5 shall not be less than the dollar amount transferred to the funds
6 in fiscal year 2002-03.

7 (b) On and after July 1, 2009, at least twenty-five
8 percent of the dollar amount of the lottery tickets which have been
9 sold on an annualized basis shall be transferred from the State
10 Lottery Operation Trust Fund to the Education Innovation Fund,
11 the Nebraska Scholarship Fund, the Nebraska Environmental Trust
12 Fund, the Nebraska State Fair Board, and the Compulsive Gamblers
13 Assistance Fund.

14 (3) Of the money available to be transferred to the
15 Education Innovation Fund, the Nebraska Scholarship Fund, the
16 Nebraska Environmental Trust Fund, the Nebraska State Fair Board,
17 and the Compulsive Gamblers Assistance Fund:

18 (a) The first five hundred thousand dollars shall be
19 transferred to the Compulsive Gamblers Assistance Fund to be used
20 as provided in section 71-817;

21 (b) Nineteen and three-fourths percent of the money
22 remaining after the payment of prizes and operating expenses and
23 the initial transfer to the Compulsive Gamblers Assistance Fund
24 shall be transferred to the Education Innovation Fund;

25 (c) Twenty-four and three-fourths percent of the money
26 remaining after the payment of prizes and operating expenses and
27 the initial transfer to the Compulsive Gamblers Assistance Fund

1 shall be transferred to the Nebraska Scholarship Fund;

2 (d) Forty-four and one-half percent of the money
3 remaining after the payment of prizes and operating expenses and
4 the initial transfer to the Compulsive Gamblers Assistance Fund
5 shall be transferred to the Nebraska Environmental Trust Fund to be
6 used as provided in the Nebraska Environmental Trust Act;

7 (e) Ten percent of the money remaining after the payment
8 of prizes and operating expenses and the initial transfer to
9 the Compulsive Gamblers Assistance Fund shall be transferred to
10 the Nebraska State Fair Board if the most populous city within
11 the county in which the fair is located provides matching funds
12 equivalent to ten percent of the funds available for transfer. Such
13 matching funds may be obtained from the city and any other private
14 or public entity, except that no portion of such matching funds
15 shall be provided by the state. If the Nebraska State Fair ceases
16 operations, ten percent of the money remaining after the payment
17 of prizes and operating expenses and the initial transfer to the
18 Compulsive Gamblers Assistance Fund shall be transferred to the
19 General Fund; and

20 (f) One percent of the money remaining after the payment
21 of prizes and operating expenses and the initial transfer to the
22 Compulsive Gamblers Assistance Fund shall be transferred to the
23 Compulsive Gamblers Assistance Fund to be used as provided in
24 section 71-817.

25 (4) (a) The Education Innovation Fund is created. At least
26 seventy-five percent of the lottery proceeds allocated to the
27 Education Innovation Fund shall be available for disbursement.

1 (b) For fiscal year 2005-06, the Education Innovation
2 Fund shall be allocated as follows: The first one million dollars
3 shall be transferred to the School District Reorganization Fund,
4 and the remaining amount shall be allocated to the General Fund
5 after operating expenses for the Excellence in Education Council
6 are deducted.

7 (c) For fiscal year 2006-07, the Education Innovation
8 Fund shall be allocated as follows: The first two hundred fifty
9 thousand dollars shall be transferred to the Attracting Excellence
10 to Teaching Program Cash Fund to fund the Attracting Excellence
11 to Teaching Program Act, the next one million dollars shall
12 be transferred to the School District Reorganization Fund, and
13 the amount remaining in the Education Innovation Fund shall be
14 allocated, after administrative expenses, for distance education
15 equipment and incentives pursuant to sections 79-1336 and 79-1337.

16 (d) For fiscal year 2007-08, the Education Innovation
17 Fund shall be allocated as follows: The first five hundred thousand
18 dollars shall be transferred to the Attracting Excellence to
19 Teaching Program Cash Fund to fund the Attracting Excellence to
20 Teaching Program Act, and the amount remaining in the Education
21 Innovation Fund shall be allocated, after administrative expenses,
22 for distance education equipment and incentives pursuant to
23 sections 79-1336 and 79-1337.

24 (e) For fiscal year 2008-09, the Education Innovation
25 Fund shall be allocated as follows: The first seven hundred
26 fifty thousand dollars shall be transferred to the Attracting
27 Excellence to Teaching Program Cash Fund to fund the Attracting

1 Excellence to Teaching Program Act, and the amount remaining in the
2 Education Innovation Fund shall be allocated, after administrative
3 expenses, for distance education equipment and incentives pursuant
4 to sections 79-1336 and 79-1337.

5 (f) For fiscal year 2009-10, the Education Innovation
6 Fund shall be allocated as follows: Any amounts transferred to the
7 Education Innovation Fund from the School District Reorganization
8 Fund shall be returned to the School District Reorganization Fund
9 first, the next one million dollars shall be transferred to the
10 Excellence in Teaching Cash Fund to fund the Excellence in Teaching
11 Act, and the amount remaining in the Education Innovation Fund
12 shall be allocated, after administrative expenses, for distance
13 education equipment and incentives pursuant to sections 79-1336 and
14 79-1337.

15 ~~(f)~~ (g) For fiscal years 2009-10 2010-11 through 2015-16,
16 the Education Innovation Fund shall be allocated as follows: The
17 first one million dollars shall be transferred to the Excellence
18 in Teaching Cash Fund to fund the Excellence in Teaching Act, and
19 the amount remaining in the Education Innovation Fund shall be
20 allocated, after administrative expenses, for distance education
21 equipment and incentives pursuant to sections 79-1336 and 79-1337.

22 ~~(g)~~ (h) For fiscal year 2016-17 and each fiscal year
23 thereafter, the Education Innovation Fund shall be allocated, after
24 administrative expenses, for education purposes as provided by the
25 Legislature.

26 (5) Any money in the State Lottery Operation Trust
27 Fund, the State Lottery Operation Cash Fund, the State Lottery

1 Prize Trust Fund, or the Education Innovation Fund available
2 for investment shall be invested by the state investment officer
3 pursuant to the Nebraska Capital Expansion Act and the Nebraska
4 State Funds Investment Act.

5 (6) Unclaimed prize money on a winning lottery ticket
6 shall be retained for a period of time prescribed by rules and
7 regulations. If no claim is made within such period, the prize
8 money shall be used at the discretion of the Tax Commissioner for
9 any of the purposes prescribed in this section.

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

12 77-3446 Base limitation means the budget limitation rate
13 applicable to school districts and the limitation on growth of
14 restricted funds applicable to other political subdivisions prior
15 to any increases in the rate as a result of special actions
16 taken by a supermajority of any governing board or of any
17 exception allowed by law. The base limitation is two and one-half
18 percent until adjusted, except that the base limitation for school
19 districts for school fiscal years 2003-04 and 2004-05 is zero.
20 2009-10 through 2012-13 is one and one-half percent. The base
21 limitation may be adjusted annually by the Legislature to reflect
22 changes in the prices of services and products used by school
23 districts and political subdivisions.

24 Sec. 3. Section 79-1001, Reissue Revised Statutes of
25 Nebraska, is amended to read:

26 79-1001 Sections 79-1001 to 79-1033 and sections 19 and
27 20 of this act shall be known and may be cited as the Tax Equity

1 and Educational Opportunities Support Act.

2 Sec. 4. Section 79-1003, Reissue Revised Statutes of
3 Nebraska, is amended to read:

4 79-1003 For purposes of the Tax Equity and Educational
5 Opportunities Support Act:

6 (1) Adjusted general fund operating expenditures means

7 (a) for school fiscal years before school fiscal year 2007-08,
8 general fund operating expenditures as calculated pursuant to
9 subdivision (21) of this section minus the transportation allowance

10 and minus the special receipts allowance, (b) for school fiscal
11 year 2007-08, general fund operating expenditures as calculated
12 pursuant to subdivision (21) of this section minus the sum of

13 the transportation, special receipts, and distance education
14 and telecommunications allowances, (c) for school fiscal year
15 2008-09, the difference of the product of the general fund

16 operating expenditures as calculated pursuant to subdivision (21)
17 of this section multiplied by the cost growth factor calculated
18 pursuant to section 79-1007.10 minus the transportation allowance,

19 special receipts allowance, poverty allowance, limited English
20 proficiency allowance, distance education and telecommunications
21 allowance, elementary site allowance, elementary class size

22 allowance, summer school allowance, and focus school and program
23 allowance, (d) for school fiscal years 2009-10 through 2012-13,
24 the difference of the product of the general fund operating

25 expenditures as calculated pursuant to subdivision (21) of this
26 section multiplied by the cost growth factor calculated pursuant
27 to section 79-1007.10 minus the transportation allowance, special

1 receipts allowance, poverty allowance, limited English proficiency
2 allowance, distance education and telecommunications allowance,
3 elementary site allowance, elementary class size allowance, summer
4 school allowance, instructional time allowance, and focus school
5 and program allowance, and (e) for school fiscal year 2013-14
6 and each school fiscal year thereafter, the difference of the
7 product of the general fund operating expenditures as calculated
8 pursuant to subdivision (21) of this section multiplied by the
9 cost growth factor calculated pursuant to section 79-1007.10
10 minus the transportation allowance, special receipts allowance,
11 poverty allowance, limited English proficiency allowance, distance
12 education and telecommunications allowance, elementary site
13 allowance, summer school allowance, instructional time allowance,
14 and focus school and program allowance;

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

26 (3) Allocated income tax funds means the amount of
27 assistance paid to a local system pursuant to section 79-1005.01 or

1 79-1005.02 as adjusted by the minimum levy adjustment pursuant to
2 section 79-1008.02;

3 (4) Average daily attendance of a student who resides on
4 Indian land means average daily attendance of a student who resides
5 on Indian land from the most recent data available on November 1
6 preceding the school fiscal year in which aid is to be paid;

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

13 (6) Base fiscal year means the first school fiscal year
14 following the school fiscal year in which the reorganization or
15 unification occurred;

16 (7) Board means the school board of each school district;

17 (8) Categorical funds means funds limited to a specific
18 purpose by federal or state law, including, but not limited to,
19 Title I funds, Title VI funds, federal vocational education funds,
20 federal school lunch funds, Indian education funds, Head Start
21 funds, and funds from the Education Innovation Fund;

22 (9) Consolidate means to voluntarily reduce the number of
23 school districts providing education to a grade group and does not
24 include dissolution pursuant to section 79-498;

25 (10) Department means the State Department of Education;

26 (11) District means any Class I, II, III, IV, V, or VI
27 school district;

1 (12) Ensuing school fiscal year means the school fiscal
2 year following the current school fiscal year;

3 (13) Equalization aid means the amount of assistance
4 calculated to be paid to a local system pursuant to sections
5 79-1007.11 to 79-1007.23, 79-1008.01 to 79-1022, and 79-1022.02;

6 (14) Fall membership means the total membership in
7 kindergarten through grade twelve attributable to the local system
8 as reported on the fall school district membership reports for each
9 district pursuant to section 79-528;

10 (15) Fiscal year means the state fiscal year which is the
11 period from July 1 to the following June 30;

12 (16) Formula students means:

13 (a) For school fiscal years prior to school fiscal year
14 2008-09, (i) for state aid certified pursuant to section 79-1022,
15 the sum of fall membership from the school fiscal year immediately
16 preceding the school fiscal year in which the aid is to be paid,
17 multiplied by the average ratio of average daily membership to fall
18 membership for the second school fiscal year immediately preceding
19 the school fiscal year in which aid is to be paid and the prior
20 two school fiscal years, plus qualified early childhood education
21 fall membership plus tuitioned students from the school fiscal year
22 immediately preceding the school fiscal year in which the aid is
23 to be paid and (ii) for final calculation of state aid pursuant to
24 section 79-1065, the sum of average daily membership plus qualified
25 early childhood education average daily membership plus tuitioned
26 students from the school fiscal year immediately preceding the
27 school fiscal year in which the aid was paid; and

1 (b) For school fiscal year 2008-09 and each school fiscal
2 year thereafter, (i) for state aid certified pursuant to section
3 79-1022, the sum of the product of fall membership from the school
4 fiscal year immediately preceding the school fiscal year in which
5 the aid is to be paid multiplied by the average ratio of average
6 daily membership to fall membership for the second school fiscal
7 year immediately preceding the school fiscal year in which the aid
8 is to be paid and the prior two school fiscal years plus sixty
9 percent of the qualified early childhood education fall membership
10 plus tuitioned students from the school fiscal year immediately
11 preceding the school fiscal year in which aid is to be paid minus
12 the product of the number of students enrolled in kindergarten that
13 is not full-day kindergarten from the fall membership multiplied by
14 0.5 and (ii) for final calculation of state aid pursuant to section
15 79-1065, the sum of average daily membership plus sixty percent of
16 the qualified early childhood education average daily membership
17 plus tuitioned students minus the product of the number of students
18 enrolled in kindergarten that is not full-day kindergarten from the
19 average daily membership multiplied by 0.5 from the school fiscal
20 year immediately preceding the school fiscal year in which aid was
21 paid;

22 (17) Free lunch and free milk student means a student
23 who qualified for free lunches or free milk from the most recent
24 data available on November 1 of the school fiscal year immediately
25 preceding the school fiscal year in which aid is to be paid;

26 (18) Full-day kindergarten means kindergarten offered by
27 a district for at least one thousand thirty-two instructional

1 hours;

2 (19) General fund budget of expenditures means the total
3 budget of disbursements and transfers for general fund purposes as
4 certified in the budget statement adopted pursuant to the Nebraska
5 Budget Act, except that for purposes of the limitation imposed in
6 section 79-1023 and the calculation pursuant to subdivision (2) of
7 section 79-1027.01, the general fund budget of expenditures does
8 not include any special grant funds, exclusive of local matching
9 funds, received by a district;

10 (20) General fund expenditures means all expenditures
11 from the general fund;

12 (21) General fund operating expenditures means:

13 (a) For state aid calculated for school fiscal years
14 prior to school fiscal year 2008-09, the total general fund
15 expenditures minus categorical funds, tuition paid, transportation
16 fees paid to other districts, adult education, summer school,
17 community services, redemption of the principal portion of general
18 fund debt service, retirement incentive plans, staff development
19 assistance, and transfers from other funds into the general fund
20 for the second school fiscal year immediately preceding the school
21 fiscal year in which aid is to be paid as reported on the annual
22 financial report prior to December 1 of the school fiscal year
23 immediately preceding the school fiscal year in which aid is to be
24 paid;

25 (b) For state aid calculated for school fiscal year
26 2008-09, as reported for the second school fiscal year immediately
27 preceding the school fiscal year in which aid is to be paid

1 on the annual financial report submitted prior to December
2 1 of the school fiscal year immediately preceding the school
3 fiscal year in which aid is to be paid, the total general
4 fund expenditures minus (i) the amount of all receipts to
5 the general fund, to the extent that such receipts are not
6 included in local system formula resources, from early childhood
7 education tuition, summer school tuition, educational entities as
8 defined in section 79-1201.01 for providing distance education
9 courses through the Educational Service Unit Coordinating Council
10 to such educational entities, private foundations, individuals,
11 associations, charitable organizations, the textbook loan program
12 authorized by section 79-734, and federal impact aid, (ii)
13 the amount of expenditures for categorical funds, tuition paid,
14 transportation fees paid to other districts, adult education,
15 community services, redemption of the principal portion of general
16 fund debt service, retirement incentive plans authorized by section
17 79-855, and staff development assistance authorized by section
18 79-856, and (iii) the amount of any transfers from the general fund
19 to any bond fund and transfers from other funds into the general
20 fund;

21 (c) For state aid calculated for school fiscal year
22 2009-10, as reported for the second school fiscal year immediately
23 preceding the school fiscal year in which aid is to be paid
24 on the annual financial report submitted prior to December
25 1 of the school fiscal year immediately preceding the school
26 fiscal year in which aid is to be paid, the total general
27 fund expenditures minus (i) the amount of all receipts to

1 the general fund, to the extent that such receipts are not
2 included in local system formula resources, from early childhood
3 education tuition, summer school tuition, educational entities as
4 defined in section 79-1201.01 for providing distance education
5 courses through the Educational Service Unit Coordinating Council
6 to such educational entities, private foundations, individuals,
7 associations, charitable organizations, the textbook loan program
8 authorized by section 79-734, and federal impact aid, (ii)
9 the amount of expenditures for categorical funds, tuition paid,
10 transportation fees paid to other districts, adult education,
11 community services, redemption of the principal portion of general
12 fund debt service, retirement incentive plans authorized by section
13 79-855, and staff development assistance authorized by section
14 79-856, (iii) the amount of any transfers from the general fund to
15 any bond fund and transfers from other funds into the general fund,
16 and (iv) any legal expenses in excess of fifteen-hundredths of one
17 percent of the formula need for the school fiscal year in which the
18 expenses occurred; and

19 (d) For state aid calculated for school fiscal year
20 2010-11 and each school fiscal year thereafter, as reported for
21 the second school fiscal year immediately preceding the school
22 fiscal year in which aid is to be paid on the annual financial
23 report submitted prior to December 1 of the school fiscal year
24 immediately preceding the school fiscal year in which aid is to be
25 paid, the total general fund expenditures minus (i) the amount of
26 all receipts to the general fund, to the extent that such receipts
27 are not included in local system formula resources, from early

1 childhood education tuition, summer school tuition, educational
2 entities as defined in section 79-1201.01 for providing distance
3 education courses through the Educational Service Unit Coordinating
4 Council to such educational entities, private foundations,
5 individuals, associations, charitable organizations, the textbook
6 loan program authorized by section 79-734, federal impact aid,
7 and levy override elections pursuant to section 77-3444, (ii)
8 the amount of expenditures for categorical funds, tuition paid,
9 transportation fees paid to other districts, adult education,
10 community services, redemption of the principal portion of general
11 fund debt service, retirement incentive plans authorized by section
12 79-855, and staff development assistance authorized by section
13 79-856, (iii) the amount of any transfers from the general fund to
14 any bond fund and transfers from other funds into the general fund,
15 ~~and~~ (iv) any legal expenses in excess of fifteen-hundredths of one
16 percent of the formula need for the school fiscal year in which
17 the expenses occurred, (v) expenditures to pay for sums agreed to
18 be paid by a school district to certificated employees in exchange
19 for a voluntary termination occurring prior to July 1, 2009, and
20 (vi) (A) expenditures in school fiscal years 2009-10 through 2013-14
21 to pay for employer contributions pursuant to subsection (2) of
22 section 79-958 to the School Retirement System of the State of
23 Nebraska to the extent that such expenditures exceed the employer
24 contributions under such subsection that would have been made at a
25 contribution rate of seven and thirty-five hundredths percent or
26 (B) expenditures in school fiscal years 2009-10 through 2013-14
27 to pay for school district contributions pursuant to subdivision

1 (1) (b) (i) of section 79-9,113 to the Class V School Employees
2 Retirement System to the extent that such expenditures exceed the
3 school district contributions under such subdivision that would
4 have been made at a contribution rate of seven and thirty-seven
5 hundredths percent.

6 For purposes of this subdivision (21) of this section,
7 receipts from levy override elections shall equal ninety-nine
8 percent of the difference of the total general fund levy minus
9 a levy of one dollar and five cents per one hundred dollars of
10 taxable valuation multiplied by the assessed valuation for school
11 districts that have voted pursuant to section 77-3444 to override
12 the maximum levy provided pursuant to section 77-3442;

13 (22) High school district means a school district
14 providing instruction in at least grades nine through twelve;

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

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

22 (25) Limited English proficiency students means (a) for
23 school fiscal years prior to school fiscal year 2009-10, the number
24 of students with limited English proficiency in a district from
25 the most recent data available on November 1 of the school fiscal
26 year preceding the school fiscal year in which aid is to be paid
27 and (b) for school fiscal year 2009-10 and each school fiscal year

1 thereafter, the number of students with limited English proficiency
2 in a district from the most recent data available on November 1 of
3 the school fiscal year preceding the school fiscal year in which
4 aid is to be paid plus the difference of such students with limited
5 English proficiency minus the average number of limited English
6 proficiency students for such district, prior to such addition,
7 for the three immediately preceding school fiscal years if such
8 difference is greater than zero;

9 (26) Local system means a learning community, a unified
10 system, a Class VI district and the associated Class I districts,
11 or a Class II, III, IV, or V district and any affiliated Class
12 I districts or portions of Class I districts. The membership,
13 expenditures, and resources of Class I districts that are
14 affiliated with multiple high school districts will be attributed
15 to local systems based on the percent of the Class I valuation that
16 is affiliated with each high school district;

17 (27) Low-income child means (a) for school fiscal years
18 prior to 2008-09, a child under nineteen years of age living in
19 a household having an annual adjusted gross income of fifteen
20 thousand dollars or less for the second calendar year preceding
21 the beginning of the school fiscal year for which aid is being
22 calculated and (b) for school fiscal year 2008-09 and each school
23 fiscal year thereafter, a child under nineteen years of age living
24 in a household having an annual adjusted gross income for the
25 second calendar year preceding the beginning of the school fiscal
26 year for which aid is being calculated equal to or less than the
27 maximum household income that would allow a student from a family

1 of four people to be a free lunch and free milk student during the
2 school fiscal year immediately preceding the school fiscal year for
3 which aid is being calculated;

4 (28) Low-income students means the number of low-income
5 children within the district multiplied by the ratio of the formula
6 students in the district divided by the total children under
7 nineteen years of age residing in the district as derived from
8 income tax information;

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

15 (30) Poverty students means (a) for school fiscal years
16 prior to school fiscal year 2009-10, the number of low-income
17 students or the number of students who are free lunch and free milk
18 students in a district, whichever is greater, and (b) for school
19 fiscal year 2009-10 and each school fiscal year thereafter, the
20 number of low-income students or the number of students who are
21 free lunch and free milk students in a district plus the difference
22 of the number of low-income students or the number of students
23 who are free lunch and free milk students in a district, whichever
24 is greater, minus the average number of poverty students for
25 such district, prior to such addition, for the three immediately
26 preceding school fiscal years if such difference is greater than
27 zero;

1 (31) Qualified early childhood education average daily
2 membership means the product of the average daily membership for
3 school fiscal year 2006-07 and each school fiscal year thereafter
4 of students who will be eligible to attend kindergarten the
5 following school year and are enrolled in an early childhood
6 education program approved by the department pursuant to section
7 79-1103 for such school district for such school year multiplied by
8 the ratio of the actual instructional hours of the program divided
9 by one thousand thirty-two if: (a) The program is receiving a grant
10 pursuant to such section for the third year; (b) the program has
11 already received grants pursuant to such section for three years;
12 or (c) the program has been approved pursuant to subsection (5) of
13 section 79-1103 for such school year and the two preceding school
14 years, including any such students in portions of any of such
15 programs receiving an expansion grant;

16 (32) Qualified early childhood education fall membership
17 means the product of membership on the last Friday in September
18 2006 and each year thereafter of students who will be eligible
19 to attend kindergarten the following school year and are enrolled
20 in an early childhood education program approved by the department
21 pursuant to section 79-1103 for such school district for such
22 school year multiplied by the ratio of the planned instructional
23 hours of the program divided by one thousand thirty-two if: (a)
24 The program is receiving a grant pursuant to such section for the
25 third year; (b) the program has already received grants pursuant to
26 such section for three years; or (c) the program has been approved
27 pursuant to subsection (5) of section 79-1103 for such school year

1 and the two preceding school years, including any such students in
2 portions of any of such programs receiving an expansion grant;

3 (33) Regular route transportation means the
4 transportation of students on regularly scheduled daily routes to
5 and from the attendance center;

6 (34) Reorganized district means any district involved
7 in a consolidation and currently educating students following
8 consolidation;

9 (35) School year or school fiscal year means the fiscal
10 year of a school district as defined in section 79-1091;

11 (36) Sparse local system means a local system that is not
12 a very sparse local system but which meets the following criteria:

13 (a) (i) Less than two students per square mile in the
14 county in which each high school is located, based on the school
15 district census, (ii) less than one formula student per square
16 mile in the local system, and (iii) more than ten miles between
17 each high school attendance center and the next closest high school
18 attendance center on paved roads;

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

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

26 (d) (i) Less than two formula students per square mile in
27 the local system and (ii) the local system includes an area equal

1 to ninety-five percent or more of the square miles in the largest
2 county in which a high school attendance center is located in the
3 local system;

4 (37) Special education means specially designed
5 kindergarten through grade twelve instruction pursuant to section
6 79-1125, and includes special education transportation;

7 (38) Special grant funds means the budgeted receipts for
8 grants, including, but not limited to, Title I funds, Title VI
9 funds, funds from the Education Innovation Fund, reimbursements
10 for wards of the court, short-term borrowings including, but
11 not limited to, registered warrants and tax anticipation notes,
12 interfund loans, insurance settlements, and reimbursements to
13 county government for previous overpayment. The state board shall
14 approve a listing of grants that qualify as special grant funds;

15 (39) State aid means the amount of assistance paid to a
16 district pursuant to the Tax Equity and Educational Opportunities
17 Support Act;

18 (40) State board means the State Board of Education;

19 (41) State support means all funds provided to districts
20 by the State of Nebraska for the general fund support of elementary
21 and secondary education;

22 (42) Statewide average basic funding per formula student
23 means the statewide total basic funding for all districts divided
24 by the statewide total formula students for all districts;

25 (43) Statewide average general fund operating
26 expenditures per formula student means the statewide total
27 general fund operating expenditures for all districts divided by

1 the statewide total formula students for all districts;

2 (44) Teacher has the definition found in section 79-101;

3 (45) Temporary aid adjustment factor means (a) for school
4 fiscal years before school fiscal year 2007-08, one and one-fourth
5 percent of the sum of the local system's transportation allowance,
6 the local system's special receipts allowance, and the product
7 of the local system's adjusted formula students multiplied by
8 the average formula cost per student in the local system's
9 cost grouping and (b) for school fiscal year 2007-08, one and
10 one-fourth percent of the sum of the local system's transportation
11 allowance, special receipts allowance, and distance education and
12 telecommunications allowance and the product of the local system's
13 adjusted formula students multiplied by the average formula cost
14 per student in the local system's cost grouping;

15 (46) Tuitioned students means students in kindergarten
16 through grade twelve of the district whose tuition is paid by the
17 district to some other district or education agency; and

18 (47) Very sparse local system means a local system that
19 has:

20 (a) (i) Less than one-half student per square mile in
21 each county in which each high school attendance center is located
22 based on the school district census, (ii) less than one formula
23 student per square mile in the local system, and (iii) more than
24 fifteen miles between the high school attendance center and the
25 next closest high school attendance center on paved roads; or

26 (b) (i) More than four hundred fifty square miles in the
27 local system, (ii) less than one-half student per square mile in

1 the local system, and (iii) more than fifteen miles between each
2 high school attendance center and the next closest high school
3 attendance center on paved roads.

4 Sec. 5. Section 79-1007.07, Reissue Revised Statutes of
5 Nebraska, is amended to read:

6 79-1007.07 (1)(a) For school fiscal year 2007-08, the
7 annual financial report required pursuant to section 79-528 shall
8 include:

9 (i) The amount of federal funds received based on poverty
10 as defined by the federal program providing the funds; and

11 (ii) The expenditures and sources of funding for each
12 program related to poverty with a narrative description of the
13 program and the method used to allocate money to the program and
14 within the program.

15 (b) The department shall set up accounting codes for the
16 receipts and expenditures required to be reported on the annual
17 financial report pursuant to this subsection. The department shall
18 also determine for each school district an amount that shall
19 be deemed the poverty allowance for purposes of this section.
20 Such amount shall equal the adjustments to the weighted formula
21 students pursuant to subdivision (1)(c)(iii) of section 79-1007.01
22 multiplied by the average formula cost per student in the school
23 district's cost grouping.

24 (2)(a) For school fiscal year 2008-09 and each school
25 fiscal year thereafter, the annual financial report required
26 pursuant to section 79-528 shall include:

27 (i) The amount of the poverty allowance used in the

1 certification of state aid pursuant to section 79-1022 for such
2 school fiscal year;

3 (ii) The amount of federal funds received based on
4 poverty as defined by the federal program providing the funds;

5 (iii) The expenditures and sources of funding for each
6 program related to poverty with a narrative description of the
7 program, the method used to allocate money to the program and
8 within the program, and the program's relationship to the poverty
9 plan submitted pursuant to section 79-1013 for such school fiscal
10 year;

11 (iv) The expenditures and sources of funding for support
12 costs directly attributable to implementing the district's poverty
13 plan; and

14 (v) An explanation of how any required elements of the
15 poverty plan for such school fiscal year were met.

16 (b) The department shall set up accounting codes for the
17 receipts and expenditures required to be reported on the annual
18 financial report pursuant to this subsection.

19 (3) For school fiscal year 2009-10 and each school
20 fiscal year thereafter, the department shall determine the poverty
21 allowance expenditures using the reported expenditures on the
22 annual financial report for the most recently available complete
23 data year that would include in the poverty allowance expenditures
24 only those expenditures that were used to specifically address
25 issues related to the education of students living in poverty or
26 to the implementation of the poverty plan, that do not replace
27 expenditures that would have occurred if the students involved in

1 the program did not live in poverty, that are not included in
2 other allowances, and that are paid for with noncategorical funds
3 generated by state or local taxes or funds distributed through the
4 Tax Equity and Educational Opportunities Support Act pursuant to
5 the federal American Recovery and Reinvestment Act of 2009. The
6 department shall establish a procedure to allow school districts to
7 receive preapproval for categories of expenditures that could be
8 included in poverty allowance expenditures.

9 (4) For school fiscal year 2009-10 and each school fiscal
10 year thereafter, if the poverty allowance expenditures do not
11 equal 117.65 percent or more of the poverty allowance for the
12 most recently available complete data year, the department shall
13 calculate a poverty allowance correction. The poverty allowance
14 correction shall equal the poverty allowance minus eighty-five
15 percent of the poverty allowance expenditures. If the poverty
16 allowance expenditures do not equal fifty percent or more of the
17 allowance for such school fiscal year, the school district shall
18 also be disqualified from receiving a poverty allowance for the
19 school fiscal year for which aid is being calculated.

20 (5) For school fiscal year 2010-11 and each school fiscal
21 year thereafter, if the department determines that the school
22 district did not meet the required elements of the poverty plan
23 for the most recently available complete data year, the department
24 shall calculate a poverty allowance correction equal to fifty
25 percent of the poverty allowance for such school fiscal year and
26 the school district shall also be disqualified from receiving a
27 poverty allowance for the school fiscal year for which aid is being

1 calculated. Any poverty allowance correction calculated pursuant to
2 this subsection shall be added to any poverty allowance correction
3 calculated pursuant to subsection (4) of this section to arrive at
4 the total poverty allowance correction.

5 (6) The department may request additional information
6 from any school district to assist with calculations and
7 determinations pursuant to this section. If the school district
8 does not provide information upon the request of the department
9 pursuant to this section, the school district shall be disqualified
10 from receiving a poverty allowance for the school fiscal year for
11 which aid is being calculated.

12 (7) The department shall annually provide the Legislature
13 with a report containing a general description of the expenditures
14 and funding sources for programs related to poverty statewide and
15 specific descriptions of the expenditures and funding sources for
16 programs related to poverty for each school district.

17 (8) The state board shall establish a procedure for
18 appeal of decisions of the department to the state board for a
19 final determination.

20 Sec. 6. Section 79-1007.09, Reissue Revised Statutes of
21 Nebraska, is amended to read:

22 79-1007.09 (1)(a) For school fiscal year 2007-08, the
23 annual financial report required pursuant to section 79-528 shall
24 include:

25 (i) The amount of federal funds received based on
26 students who are limited English proficient as defined by the
27 federal program providing the funds; and

1 (ii) The expenditures and sources of funding for each
2 program related to limited English proficiency with a narrative
3 description of the program and the method used to allocate money to
4 the program and within the program.

5 (b) The department shall set up accounting codes for the
6 receipts and expenditures required to be reported on the annual
7 financial report pursuant to this subsection. The department shall
8 also determine for each school district an amount that shall
9 be deemed the limited English proficiency allowance for purposes
10 of this section. Such amount shall equal the adjustments to the
11 weighted formula students pursuant to subdivision (1)(c)(ii) of
12 section 79-1007.01 multiplied by the average formula cost per
13 student in the school district's cost grouping.

14 (2)(a) For school fiscal year 2008-09 and each school
15 fiscal year thereafter, the annual financial report required
16 pursuant to section 79-528 shall include:

17 (i) The amount of the limited English proficiency
18 allowance used in the certification of state aid pursuant to
19 section 79-1022 for such school fiscal year;

20 (ii) The amount of federal funds received based on
21 students who are limited English proficient as defined by the
22 federal program providing the funds;

23 (iii) The expenditures and sources of funding for each
24 program related to limited English proficiency with a narrative
25 description of the program, the method used to allocate money to
26 the program and within the program, and the program's relationship
27 to the limited English proficiency plan submitted pursuant to

1 section 79-1014 for such school fiscal year;

2 (iv) The expenditures and sources of funding for support
3 costs directly attributable to implementing the district's limited
4 English proficiency plan; and

5 (v) An explanation of how any required elements of the
6 limited English proficiency plan for such school fiscal year were
7 met.

8 (b) The department shall set up accounting codes for the
9 receipts and expenditures required to be reported on the annual
10 financial report pursuant to this subsection.

11 (3) For school fiscal year 2009-10 and each school fiscal
12 year thereafter, the department shall determine the limited English
13 proficiency allowance expenditures using the reported expenditures
14 on the annual financial report for the most recently available
15 complete data year that would only include in the limited English
16 proficiency allowance expenditures those expenditures that were
17 used to specifically address issues related to the education of
18 students with limited English proficiency or to the implementation
19 of the limited English proficiency plan, that do not replace
20 expenditures that would have occurred if the students involved
21 in the program did not have limited English proficiency, that
22 are not included in other allowances, and that are paid for
23 with noncategorical funds generated by state or local taxes
24 or funds distributed through the Tax Equity and Educational
25 Opportunities Support Act pursuant to the federal American Recovery
26 and Reinvestment Act of 2009. The department shall establish a
27 procedure to allow school districts to receive preapproval for

1 categories of expenditures that could be included in limited
2 English proficiency allowance expenditures.

3 (4) For school fiscal year 2009-10 and each school fiscal
4 year thereafter, if the limited English proficiency allowance
5 expenditures do not equal 117.65 percent or more of the limited
6 English proficiency allowance for the most recently available
7 complete data year, the department shall calculate a limited
8 English proficiency allowance correction. The limited English
9 proficiency allowance correction shall equal the limited English
10 proficiency allowance minus eighty-five percent of the limited
11 English proficiency allowance expenditures. If the limited English
12 proficiency allowance expenditures do not equal fifty percent or
13 more of the allowance for such school fiscal year, the school
14 district shall also be disqualified from receiving a limited
15 English proficiency allowance for the school fiscal year for which
16 aid is being calculated.

17 (5) For school fiscal year 2010-11 and each school fiscal
18 year thereafter, if the department determines that the school
19 district did not meet the required elements of the limited English
20 proficiency plan for the most recently available complete data
21 year, the department shall calculate a limited English proficiency
22 allowance correction equal to fifty percent of the limited English
23 proficiency allowance for such school fiscal year and the school
24 district shall also be disqualified from receiving a limited
25 English proficiency allowance for the school fiscal year for which
26 aid is being calculated. Any limited English proficiency allowance
27 correction calculated pursuant to this subsection shall be added

1 to any limited English proficiency allowance correction calculated
2 pursuant to subsection (4) of this section to arrive at the total
3 limited English proficiency allowance correction.

4 (6) The department may request additional information
5 from any school district to assist with calculations and
6 determinations pursuant to this section. If the school district
7 does not provide information upon the request of the department
8 pursuant to this section, the school district shall be disqualified
9 from receiving a limited English proficiency allowance for the
10 school fiscal year for which aid is being calculated.

11 (7) The department shall annually provide the Legislature
12 with a report containing a general description of the expenditures
13 and funding sources for programs related to limited English
14 proficiency statewide and specific descriptions of the expenditures
15 and funding sources for programs related to limited English
16 proficiency for each school district.

17 (8) The state board shall establish a procedure for
18 appeal of decisions of the department to the state board for a
19 final determination.

20 Sec. 7. Section 79-1007.10, Reissue Revised Statutes of
21 Nebraska, is amended to read:

22 79-1007.10 (1) For state aid calculated for ~~school fiscal~~
23 ~~year 2008-09 and each school fiscal year thereafter,~~ all school
24 fiscal years except school fiscal years 2009-10 through 2013-14,
25 the cost growth factor shall equal the sum of: ~~(1)~~ (a) One; plus
26 ~~(2)~~ (b) the basic allowable growth rate pursuant to section 79-1025
27 for the school fiscal year in which the aid is to be distributed;

1 plus ~~(3)~~ (c) the basic allowable growth rate pursuant to section
2 79-1025 for the school fiscal year immediately preceding the school
3 fiscal year in which the aid is to be distributed; plus ~~(4)~~ (d) one
4 percent.

5 (2) (a) For state aid calculated for school fiscal year
6 2009-10, the cost growth factor shall equal the sum of: (i) One;
7 plus (ii) the basic allowable growth rate pursuant to section
8 79-1025 for the school fiscal year in which the aid is to be
9 distributed; plus (iii) the basic allowable growth rate pursuant to
10 section 79-1025 for the school fiscal year immediately preceding
11 the school fiscal year in which the aid is to be distributed; plus
12 (iv) one and five-tenths percent.

13 (b) For state aid calculated for school fiscal year
14 2010-11, the cost growth factor shall equal the sum of: (i) One;
15 plus (ii) the basic allowable growth rate pursuant to section
16 79-1025 for the school fiscal year in which the aid is to be
17 distributed; plus (iii) the basic allowable growth rate pursuant to
18 section 79-1025 for the school fiscal year immediately preceding
19 the school fiscal year in which the aid is to be distributed; plus
20 (iv) two percent.

21 (c) For state aid calculated for school fiscal years
22 2011-12 through 2013-14, the cost growth factor shall equal the sum
23 of: (i) One; plus (ii) the basic allowable growth rate pursuant to
24 section 79-1025 for the school fiscal year in which the aid is to
25 be distributed; plus (iii) the basic allowable growth rate pursuant
26 to section 79-1025 for the school fiscal year immediately preceding
27 the school fiscal year in which the aid is to be distributed; plus

1 (iv) one and five-tenths percent.

2 Sec. 8. Section 79-1007.11, Reissue Revised Statutes of
3 Nebraska, is amended to read:

4 79-1007.11 (1) Except as otherwise provided in this
5 section, for school fiscal year 2008-09, each school district's
6 formula need shall equal the difference of the sum of the school
7 district's basic funding, poverty allowance, limited English
8 proficiency allowance, elementary class size allowance, focus
9 school and program allowance, summer school allowance, special
10 receipts allowance, transportation allowance, elementary site
11 allowance, distance education and telecommunications allowance,
12 averaging adjustment, and teacher education adjustment, minus
13 the sum of the limited English proficiency allowance correction,
14 poverty allowance correction, and local choice adjustment.

15 (2) Except as otherwise provided in this section, for
16 school fiscal years 2009-10 and 2010-11, each school district's
17 formula need shall equal the difference of the sum of the
18 school district's basic funding, poverty allowance, limited
19 English proficiency allowance, elementary class size allowance,
20 focus school and program allowance, summer school allowance,
21 special receipts allowance, transportation allowance, elementary
22 site allowance, instructional time allowance, distance education
23 and telecommunications allowance, averaging adjustment, teacher
24 education adjustment, new learning community transportation
25 adjustment, student growth adjustment, and new school adjustment,
26 minus the sum of the limited English proficiency allowance
27 correction, poverty allowance correction, and local choice

1 adjustment.

2 (3) Except as otherwise provided in this section, for
3 school fiscal years 2011-12 and 2012-13, each school district's
4 formula need shall equal the difference of the sum of the
5 school district's basic funding, poverty allowance, limited
6 English proficiency allowance, elementary class size allowance,
7 focus school and program allowance, summer school allowance,
8 special receipts allowance, transportation allowance, elementary
9 site allowance, instructional time allowance, distance education
10 and telecommunications allowance, averaging adjustment, teacher
11 education adjustment, new learning community transportation
12 adjustment, student growth adjustment, any positive student growth
13 adjustment correction, and new school adjustment, minus the sum
14 of the limited English proficiency allowance correction, poverty
15 allowance correction, any negative student growth adjustment
16 correction, and local choice adjustment.

17 (4) Except as otherwise provided in this section, for
18 school fiscal year 2013-14 and each school fiscal year thereafter,
19 each school district's formula need shall equal the difference of
20 the sum of the school district's basic funding, poverty allowance,
21 limited English proficiency allowance, focus school and program
22 allowance, summer school allowance, special receipts allowance,
23 transportation allowance, elementary site allowance, instructional
24 time allowance, distance education and telecommunications
25 allowance, averaging adjustment, teacher education adjustment,
26 new learning community transportation adjustment, student growth
27 adjustment, any positive student growth adjustment correction,

1 and new school adjustment, minus the sum of the limited English
2 proficiency allowance correction, poverty allowance correction, any
3 negative student growth adjustment correction, and local choice
4 adjustment.

5 (5) If the formula need calculated for a school district
6 pursuant to subsections (1) through (4) of this section is less
7 than one hundred percent of the formula need for such district
8 for the school fiscal year immediately preceding the school fiscal
9 year for which aid is being calculated, the formula need for such
10 district shall equal one hundred percent of the formula need for
11 such district for the school fiscal year immediately preceding the
12 school fiscal year for which aid is being calculated.

13 (6) Except as provided in subsection (8) of this section,
14 if ~~If~~ the formula need calculated for a school district pursuant
15 to subsections (1) through (4) of this section is more than one
16 hundred twelve percent of the formula need for such district for
17 the school fiscal year immediately preceding the school fiscal
18 year for which aid is being calculated, the formula need for such
19 district shall equal one hundred twelve percent of the formula
20 need for such district for the school fiscal year immediately
21 preceding the school fiscal year for which aid is being calculated,
22 except that the formula need shall not be reduced pursuant to
23 this subsection for any district (a) receiving a student growth
24 adjustment for the school fiscal year for which aid is being
25 calculated or (b) for school fiscal year 2008-09, for which
26 the formula students for the certification of aid pursuant to
27 section 79-1022 for school fiscal year 2008-09 minus the formula

1 students for the certification of aid pursuant to section 79-1022
2 for school fiscal year 2007-08 equals at least the greater of
3 twenty-five students or one percent of the formula students for the
4 certification of aid pursuant to section 79-1022 for school fiscal
5 year 2007-08.

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

20 (8) For state aid calculated for the first full school
21 fiscal year of a new learning community, if the formula need
22 calculated for a member school district pursuant to subsections
23 (1) through (5) of this section is less than the sum of the
24 school district's state aid certified for the school fiscal year
25 immediately preceding the first full school fiscal year of the
26 learning community plus the school district's other actual receipts
27 included in local system formula resources pursuant to section

1 79-1018.01 for such school fiscal year plus the product of the
2 school district's general fund levy for such school fiscal year up
3 to one dollar and five cents multiplied by the school district's
4 assessed valuation for such school fiscal year, the formula need
5 for such school district for the school fiscal year for which aid
6 is being calculated shall equal such sum.

7 Sec. 9. Section 79-1007.18, Reissue Revised Statutes of
8 Nebraska, is amended to read:

9 79-1007.18 (1) For school fiscal year 2008-09 and each
10 school fiscal year thereafter, the department shall calculate an
11 averaging adjustment for districts if the basic funding per formula
12 student is less than the statewide average basic funding per
13 ~~formula student~~ averaging adjustment threshold and the general
14 fund levy for the school fiscal year immediately preceding the
15 school fiscal year for which aid is being calculated was at least
16 ninety-six cents per one hundred dollars of taxable valuation
17 for aid calculated for school fiscal year 2008-09 and at least
18 one dollar per one hundred dollars of taxable valuation for aid
19 calculated for school fiscal year 2009-10 and each school fiscal
20 year thereafter. For school districts that are members of a
21 learning community, the general fund levy for purposes of this
22 section includes both the common general fund levy and the school
23 district general fund levy authorized pursuant to subdivisions
24 (2)(b) and (2)(c) of section 77-3442. The averaging adjustment
25 ~~for aid calculated for school fiscal year 2008-09~~ shall equal
26 seventy-five percent of the product of the district's formula
27 students multiplied by the percentage specified in subsection (4)

1 or (5) of this section for such district of the difference between
2 the statewide average basic funding per formula student averaging
3 adjustment threshold minus such district's basic funding per
4 formula student. The averaging adjustment for aid calculated for
5 school fiscal year 2009-10 and each school fiscal year thereafter
6 shall equal the district's formula students multiplied by the
7 percentage specified in this section for such district of the
8 difference between the statewide average basic funding per formula
9 student minus such district's basic funding per formula student.

10 (2) (a) For school fiscal year 2008-09, the averaging
11 adjustment threshold shall equal the statewide average basic
12 funding per formula student.

13 (b) For school fiscal year 2009-10 and each school fiscal
14 year thereafter, the averaging adjustment threshold shall equal the
15 lesser of (i) the averaging adjustment threshold for the school
16 fiscal year immediately preceding the school fiscal year for which
17 aid is being calculated increased by the sum of the basic allowable
18 growth rate plus five-tenths of one percent or (ii) the statewide
19 average basic funding per formula student for the school fiscal
20 year for which aid is being calculated.

21 ~~(2)~~ (3) The percentage to be used in the calculation of
22 an averaging adjustment shall be based on the general fund levy for
23 the school fiscal year immediately preceding the school fiscal year
24 for which aid is being calculated.

25 ~~(3)~~ (4) The percentages to be used in the calculation of
26 averaging adjustments for school fiscal year 2008-09 shall be as
27 follows:

1 (a) If such levy was at least ninety-six cents per one
2 hundred dollars of taxable valuation but less than ninety-seven
3 cents per one hundred dollars of taxable valuation, the percentage
4 shall be ten percent;

5 (b) If such levy was at least ninety-seven cents per one
6 hundred dollars of taxable valuation but less than ninety-eight
7 cents per one hundred dollars of taxable valuation, the percentage
8 shall be twenty percent;

9 (c) If such levy was at least ninety-eight cents per
10 one hundred dollars of taxable valuation but less than ninety-nine
11 cents per one hundred dollars of taxable valuation, the percentage
12 shall be thirty percent;

13 (d) If such levy was at least ninety-nine cents per one
14 hundred dollars of taxable valuation but less than one dollar per
15 one hundred dollars of taxable valuation, the percentage shall be
16 forty percent;

17 (e) If such levy was at least one dollar per one hundred
18 dollars of taxable valuation but less than one dollar and one cent
19 per one hundred dollars of taxable valuation, the percentage shall
20 be fifty percent;

21 (f) If such levy was at least one dollar and one cent per
22 one hundred dollars of taxable valuation but less than one dollar
23 and two cents per one hundred dollars of taxable valuation, the
24 percentage shall be sixty percent;

25 (g) If such levy was at least one dollar and two
26 cents per one hundred dollars of taxable valuation but less than
27 one dollar and three cents per one hundred dollars of taxable

1 valuation, the percentage shall be seventy percent;

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

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

9 ~~(4)~~ (5) The percentages to be used in the calculation
10 of averaging adjustments for school fiscal year 2009-10 and each
11 school fiscal year thereafter shall be as follows:

12 (a) If such levy was at least one dollar per one hundred
13 dollars of taxable valuation but less than one dollar and one cent
14 per one hundred dollars of taxable valuation, the percentage shall
15 be fifty percent;

16 (b) If such levy was at least one dollar and one cent per
17 one hundred dollars of taxable valuation but less than one dollar
18 and two cents per one hundred dollars of taxable valuation, the
19 percentage shall be sixty percent;

20 (c) If such levy was at least one dollar and two
21 cents per one hundred dollars of taxable valuation but less than
22 one dollar and three cents per one hundred dollars of taxable
23 valuation, the percentage shall be seventy percent;

24 (d) If such levy was at least one dollar and three cents
25 per one hundred dollars of taxable valuation but less than one
26 dollar and four cents per one hundred dollars of taxable valuation,
27 the percentage shall be eighty percent; and

1 (e) If such levy was at least one dollar and four cents
2 per one hundred dollars of taxable valuation, the percentage shall
3 be ninety percent.

4 Sec. 10. Section 79-1007.23, Reissue Revised Statutes of
5 Nebraska, is amended to read:

6 79-1007.23 For state aid calculated for school fiscal
7 year 2009-10 and each school fiscal year thereafter:

8 (1) The department shall calculate an instructional time
9 allowance for each district equal to the product of the formula
10 students of such district multiplied by the instructional time
11 factor for such district multiplied by eighty-five percent of the
12 statewide average general fund operating expenditures per formula
13 student;

14 (2) The instructional time factor shall equal the
15 difference of the ratio of the district's average hours of
16 instruction for each full-time student during the regular school
17 year for the most recently available complete data year divided by:

18 (a) For state aid calculated for school fiscal year 2009-10, the
19 comparison group average hours of instruction for each full-time
20 student during the regular school year for the most recently
21 available complete data year minus one; or (b) for state aid
22 calculated for school fiscal year 2010-11 and each school fiscal
23 year thereafter, the statewide average hours of instruction for
24 each full-time student during the regular school year for the most
25 recently available complete data year minus one, except that if
26 the result is less than zero, the instructional time factor shall
27 equal zero; and

1 (3) ~~The department shall develop a form for determining~~
2 ~~the district's average hours of instruction for each full-time~~
3 ~~student. The comparison group average hours of instruction for each~~
4 full-time student shall be an average of the averages for ~~the~~
5 all school districts in the comparison group. The average hours
6 of instruction shall be defined by the department and shall not
7 include extracurricular activities outside of the regular school
8 day or time designated for students to eat lunch. The statewide
9 average hours of instruction for each full-time student shall be an
10 average of the averages for all school districts.

11 Sec. 11. Section 79-1011, Reissue Revised Statutes of
12 Nebraska, is amended to read:

13 79-1011 (1) To encourage consolidation of Class II and
14 III school districts with less than three hundred ninety students,
15 incentives shall be paid to reorganized Class II, III, IV, or V
16 districts resulting from consolidations which meet the requirements
17 of this section. This section shall only apply to consolidations
18 with an effective date after May 31, ~~2005,~~ 2009, and before June 1,
19 ~~2007.~~ 2011.

20 (2) To qualify for incentive payments under this section,
21 the consolidation must be approved for incentive payments by
22 the State Committee for the Reorganization of School Districts.
23 Consolidating school districts shall file an application with the
24 state committee on or before June 15, 2009, or within thirty days
25 following the issuance of the boundary change order pursuant to
26 subsection (1) of section 79-479, whichever is later. The state
27 committee shall approve or disapprove incentive payments within

1 thirty days after receipt of the application.

2 (3) For incentive payments to be approved by the
3 state committee, a reorganization study, including efficiency,
4 demographic, curriculum, facility, financial, and community
5 components, must be completed prior to the reorganization. If
6 a study containing such elements ~~is~~ has been completed and the
7 study indicates that the reorganization will most likely result
8 in more efficiency in the delivery of educational services or
9 greater educational opportunities, the state committee may approve
10 incentive payments.

11 (4) Incentive payments shall be based on the number of
12 students moving from Class II or III school districts with less
13 than three hundred ninety students into a reorganized Class II,
14 III, IV, or V school district with at least three hundred ninety
15 students based on the average daily membership in each affected
16 district in the school fiscal year immediately preceding the first
17 school fiscal year the boundary change will be in effect and the
18 average daily membership the consolidated district would have had
19 following the boundary change if it had occurred in the school
20 fiscal year immediately preceding the first school fiscal year
21 the boundary change will be in effect. The ~~per-student~~ incentive
22 amount for each district involved in the reorganization having an
23 average daily membership of less than three hundred ninety students
24 shall equal ~~four~~ one hundred twenty-five thousand dollars ~~minus~~
25 plus the product of five hundred dollars per student multiplied by
26 the difference of three hundred ninety students minus the average
27 daily membership in such district. ~~multiplied by the ratio of three~~

1 ~~thousand divided by three hundred ninety. The total incentives for~~
2 ~~each such district shall equal the district's per-student incentive~~
3 ~~amount multiplied by the district's average daily membership.~~

4 ~~(5) For school fiscal years 2005-06 and 2006-07, one~~
5 ~~million dollars shall be transferred from the Education Innovation~~
6 ~~Fund to the School District Reorganization Fund pursuant to section~~
7 ~~9-812.~~

8 ~~(6)~~ (5) Except as otherwise provided in this subsection,
9 base fiscal year incentive payments shall equal fifty percent of
10 the amount calculated pursuant to subsection (4) of this section.
11 Base fiscal year incentive payments shall be calculated as of
12 August 2 immediately preceding the base fiscal year and shall be
13 paid directly to the reorganized district from the School District
14 Reorganization Fund pursuant to subsection ~~(5)~~ (6) of this section.
15 The payments shall be made in ten as nearly as possible equal
16 payments on the last business day of each month, beginning in
17 September and ending the following June, for the base fiscal year.
18 If the total amount of base fiscal year incentive payments for
19 that school fiscal year exceeds the amount in the School District
20 Reorganization Fund, the base fiscal year incentive payments shall
21 be reduced proportionately so that the total amount of base fiscal
22 year incentive payments equals the amount ~~in the fund.~~ of funds
23 so appropriated. The base fiscal year incentive payments shall not
24 be included in local system formula resources as calculated under
25 section 79-1018.01.

26 ~~(7)~~ (6) The amount calculated pursuant to subsection (4)
27 of this section minus the amount of base fiscal year incentive

1 payments pursuant to subsection ~~(6)~~ (5) of this section shall
2 be paid out of any remaining funds in the School District
3 Reorganization Fund after base fiscal year incentive payments.
4 If the total amount of second-year incentive payments exceeds
5 the remaining funds, the second-year incentive payments shall be
6 reduced proportionately so that the total amount of second-year
7 incentive payments equals the amount in the fund. Second-year
8 incentive payments shall not be included in local system formula
9 resources as calculated pursuant to section 79-1018.01. included
10 in the distribution of state aid for the first school fiscal year
11 following the base fiscal year.

12 Sec. 12. Section 79-1012, Reissue Revised Statutes of
13 Nebraska, is amended to read:

14 79-1012 The School District Reorganization Fund is
15 created. The fund shall be administered by the department. The fund
16 shall consist of money transferred from the Education Innovation
17 Fund and shall be used to provide payments to reorganized school
18 districts pursuant to section 79-1011, through June 30, 2008, and
19 to provide temporary funding for aggregation routing equipment
20 and network transport costs for Network Nebraska pursuant to
21 section 86-5,101 through June 30, 2010. Any money in excess of
22 the difference of two hundred thousand dollars minus any amount
23 previously used to provide temporary funding for aggregation
24 routing equipment and network transport costs for Network Nebraska
25 pursuant to section 86-5,101 remaining in the fund on July 1,
26 2008, shall be transferred to the Education Innovation Fund on such
27 date. Any money remaining in the School District Reorganization

1 Fund on July 1, ~~2010~~, 2013, shall be transferred to the Education
2 Innovation Fund on such date. Any money in the School District
3 Reorganization Fund available for investment shall be invested
4 by the state investment officer pursuant to the Nebraska Capital
5 Expansion Act and the Nebraska State Funds Investment Act.

6 Sec. 13. Section 79-1017.01, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 79-1017.01 Local system formula resources includes
9 retirement aid determined under section 20 of this act, allocated
10 income tax funds determined for each such district pursuant to the
11 provisions of section 79-1005.01 or 79-1005.02, and adjustments
12 pursuant to section 79-1008.02.

13 Sec. 14. Section 79-1022, Reissue Revised Statutes of
14 Nebraska, as amended by section 1, Legislative Bill 548, One
15 Hundred First Legislature, First Session, 2009, is amended to read:

16 79-1022 (1) On or before June 1, 2009, on or before March
17 1, 2010, and on or before February 1 of each year thereafter,
18 the department shall determine the amounts to be distributed to
19 each local system and each district pursuant to the Tax Equity
20 and Educational Opportunities Support Act and shall certify the
21 amounts to the Director of Administrative Services, the Auditor of
22 Public Accounts, each learning community, and each district. The
23 amount to be distributed to each district that is not a member
24 of a learning community from the amount certified for a local
25 system shall be proportional based on: (a) For school fiscal years
26 prior to school fiscal year 2008-09, the weighted formula students
27 attributed to each district in the local system; and (b) for school

1 fiscal year 2008-09 and each school fiscal year thereafter, the
2 formula students attributed to each district in the local system.
3 ~~For the first five complete school fiscal years for a learning~~
4 ~~community,~~ the amount to be distributed to each district that is a
5 member of such learning community shall be determined pursuant to
6 ~~section 79-1015.~~ For each school fiscal year thereafter, the
7 amount to be distributed to each district that is a member of a
8 learning community from the amount certified for the local system
9 shall be proportional based on the formula needs calculated for
10 each district in the local system. On or before June 1, 2009, on
11 or before March 1, 2010, and on or before February 1 of each year
12 thereafter, the department shall report the necessary funding level
13 to the Governor, the Appropriations Committee of the Legislature,
14 and the Education Committee of the Legislature. Certified state
15 aid amounts, including adjustments pursuant to section 79-1065.02,
16 shall be shown as budgeted non-property-tax receipts and deducted
17 prior to calculating the property tax request in the district's
18 general fund budget statement as provided to the Auditor of Public
19 Accounts pursuant to section 79-1024.

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

1 the last business day of December during the ensuing school fiscal
2 year.

3 Sec. 15. Section 79-1023, Reissue Revised Statutes of
4 Nebraska, as amended by section 2, Legislative Bill 548, One
5 Hundred First Legislature, First Session, 2009, is amended to read:

6 79-1023 (1) On or before June 1, 2009, on or before March
7 1, 2010, and on or before February 1 of each year thereafter,
8 the department shall determine and certify to each school district
9 the maximum general fund budget of expenditures minus the special
10 education budget of expenditures for the immediately following
11 school fiscal year.

12 ~~(2) For school fiscal years prior to 2008-09, no Class~~
13 ~~II, III, IV, V, or VI district shall increase its general fund~~
14 ~~budget of expenditures more than the local system's applicable~~
15 ~~allowable growth rate.~~

16 ~~(3) For school fiscal year 2008-09 and each school~~
17 ~~fiscal year thereafter, except (2) Except as provided in section~~
18 ~~79-1028.01, no school district shall have a general fund budget of~~
19 ~~expenditures minus special grant funds and the special education~~
20 ~~budget of expenditures more than the greater of (a) the product~~
21 ~~of the difference of the general fund budget of expenditures~~
22 ~~minus special grant funds and the special education budget of~~
23 ~~expenditures for the immediately preceding school fiscal year~~
24 ~~multiplied by the sum of one plus the local system's applicable~~
25 ~~allowable growth rate or (b) (i) except as otherwise provided in~~
26 ~~subdivision (b)(ii) of this subsection, the difference of one~~
27 ~~hundred twenty percent of formula need for such school fiscal year~~

1 minus the product of the sum of one plus the basic allowable
2 growth rate for such school fiscal year multiplied by the special
3 education budget of expenditures as filed on the school district
4 budget statement on or before September 20 for the immediately
5 preceding school fiscal year or (ii) for school fiscal years
6 2009-10 and 2010-11, the difference of one hundred sixteen and
7 fifteen-hundredths percent of formula need for such school fiscal
8 year minus the product of the sum of one plus the basic allowable
9 growth rate for such school fiscal year multiplied by the special
10 education budget of expenditures as filed on the school district
11 budget statement on or before September 20 for the immediately
12 preceding school fiscal year.

13 Sec. 16. Section 79-1026.01, Reissue Revised Statutes
14 of Nebraska, as amended by section 3, Legislative Bill 548, One
15 Hundred First Legislature, First Session, 2009, is amended to read:

16 79-1026.01 For school fiscal year 2008-09 and each school
17 fiscal year thereafter, on or before June 1, 2009, on or before
18 March 1, 2010, and on or before February 1 of each year thereafter,
19 the department shall determine and certify to each Class II, III,
20 IV, or V district an applicable allowable growth rate carried out
21 at least four decimal places as follows:

22 (1) The department shall establish a target budget level
23 range of general fund operating expenditure levels for each school
24 fiscal year for each school district which shall begin at twenty
25 percent less than the school district's formula need and end at the
26 school district's formula need. The beginning point of the range
27 shall be assigned a number equal to the maximum allowable growth

1 rate established in section 79-1025, and the end point of the range
2 shall be assigned a number equal to the basic allowable growth rate
3 as prescribed in such section such that the lower end of the range
4 shall be assigned the maximum allowable growth rate and the higher
5 end of the range shall be assigned the basic allowable growth rate;
6 and

7 (2) For each school fiscal year, each school district's
8 general fund operating expenditures shall be compared to its target
9 budget level along the range described in subdivision (1) of
10 this section to arrive at an applicable allowable growth rate
11 as follows: If each school district's general fund operating
12 expenditures fall below the lower end of the range, such applicable
13 allowable growth rate shall be the maximum growth rate identified
14 in section 79-1025. If each school district's general fund
15 operating expenditures are greater than the higher end of the
16 range, the school district's allowable growth rate shall be the
17 basic allowable growth rate identified in such section. If each
18 school district's general fund operating expenditures fall between
19 the lower end and the higher end of the range, the department shall
20 use a linear interpolation calculation between the end points of
21 the range to arrive at the applicable allowable growth rate for the
22 school district.

23 Sec. 17. Section 79-1027, Reissue Revised Statutes of
24 Nebraska, as amended by section 4, Legislative Bill 548, One
25 Hundred First Legislature, First Session, 2009, is amended to read:

26 79-1027 No district shall adopt a budget, which includes
27 total requirements of depreciation funds, necessary employee

1 benefit fund cash reserves, and necessary general fund cash
2 reserves, exceeding the applicable allowable reserve percentages
3 of total general fund budget of expenditures as specified in the
4 schedule set forth in this section.

5	Average daily	Allowable
6	membership of	reserve
7	district	percentage
8	0 - 471	45
9	471.01 - 3,044	35
10	3,044.01 - 10,000	25
11	10,000.01 and over	20

12 On or before June 1, 2009, on or before March 1, 2010,
13 and on or before February 1 each year thereafter, the department
14 shall determine and certify each district's applicable allowable
15 reserve percentage.

16 Each district with combined necessary general fund cash
17 reserves, total requirements of depreciation funds, and necessary
18 employee benefit fund cash reserves less than the applicable
19 allowable reserve percentage specified in this section may,
20 notwithstanding the district's applicable allowable growth rate,
21 increase its necessary general fund cash reserves such that the
22 total necessary general fund cash reserves, total requirements
23 of depreciation funds, and necessary employee benefit fund
24 cash reserves do not exceed such applicable allowable reserve
25 percentage.

26 Sec. 18. Section 79-1028.01, Reissue Revised Statutes of
27 Nebraska, is amended to read:

1 79-1028.01 (1) For school fiscal year 2008-09 and each
2 school fiscal year thereafter, a school district may exceed its
3 maximum general fund budget of expenditures minus the special
4 education budget of expenditures by a specific dollar amount for:

5 ~~(1)~~ (a) Expenditures for repairs to infrastructure
6 damaged by a natural disaster which is declared a disaster
7 emergency pursuant to the Emergency Management Act;

8 ~~(2)~~ (b) Expenditures for judgments, except judgments
9 or orders from the Commission of Industrial Relations, obtained
10 against a school district which require or obligate a school
11 district to pay such judgment, to the extent such judgment is not
12 paid by liability insurance coverage of a school district;

13 ~~(3)~~ (c) Expenditures pursuant to the Retirement Incentive
14 Plan authorized in section 79-855 or the Staff Development
15 Assistance authorized in section 79-856;

16 ~~(4)~~ (d) Expenditures of incentive payments or base fiscal
17 year incentive payments to be received in such school fiscal year
18 pursuant to section 79-1011;

19 ~~(5)~~ (e) Expenditures of amounts received from educational
20 entities as defined in section 79-1201.01 for providing distance
21 education courses through the Educational Service Unit Coordinating
22 Council to such educational entities;

23 ~~(6)~~ (f) Either ~~(a)~~ (i) the first and second school fiscal
24 years the district will be participating in Network Nebraska for
25 the full school fiscal year or ~~(b)~~ (ii) school fiscal year 2008-09,
26 if the school district participated in Network Nebraska for all of
27 school fiscal year 2007-08, for the difference of the estimated

1 expenditures for such school fiscal year for telecommunications
2 services, access to data transmission networks that transmit data
3 to and from the school district, and the transmission of data on
4 such networks as such expenditures are defined by the department
5 for purposes of the distance education and telecommunications
6 allowance minus the dollar amount of such expenditures for the
7 second school fiscal year preceding the first full school fiscal
8 year the district participates in Network Nebraska; and

9 ~~(7) (g) Expenditures to pay another school district for~~
10 ~~the transfer of land from such other school district;~~

11 (h) Expenditures in school fiscal years 2009-10 through
12 2013-14 to pay for employer contributions pursuant to subsection
13 (2) of section 79-958 to the School Retirement System of the
14 State of Nebraska to the extent that such expenditures exceed the
15 employer contributions under such subsection that would have been
16 made at a contribution rate of seven and thirty-five hundredths
17 percent; and

18 (i) Expenditures in school fiscal years 2009-10 through
19 2013-14 to pay for school district contributions pursuant to
20 subdivision (1)(b)(i) of section 79-9,113 to the Class V School
21 Employees Retirement System to the extent that such expenditures
22 exceed the school district contributions under such subdivision
23 that would have been made at a contribution rate of seven and
24 thirty-seven hundredths percent.

25 (2) For school fiscal year 2009-10 and each school fiscal
26 year thereafter, a school district may exceed its maximum general
27 fund budget of expenditures minus the special education budget of

1 expenditures by a specific dollar amount for expenditures for sums
2 agreed to be paid by a school district to certificated employees
3 in exchange for a voluntary termination occurring prior to July 1,
4 2009.

5 (3) The state board shall approve, deny, or modify the
6 amount allowed for any exception to the maximum general fund budget
7 of expenditures minus the special education budget of expenditures
8 pursuant to this section.

9 Sec. 19. For each of school fiscal years 2009-10 and
10 2010-11, the American Recovery and Reinvestment Act percentage
11 shall equal the amount of funding from the federal American
12 Recovery and Reinvestment Act of 2009 to be distributed through
13 the Tax Equity and Educational Opportunities Support Act for
14 such school fiscal year divided by the total equalization aid
15 to be distributed pursuant to the Tax Equity and Educational
16 Opportunities Support Act for such school fiscal year. For
17 each school district, the American Recovery and Reinvestment Act
18 allocation shall equal the equalization aid to be distributed to
19 the school district for such school fiscal year multiplied by
20 the American Recovery and Reinvestment Act percentage for such
21 school fiscal year. Such allocation shall only be distributed to
22 the school district upon approval by the Governor based on an
23 application submitted by the school district and shall be accounted
24 for and spent by the school district in accordance with the
25 application and the federal American Recovery and Reinvestment Act
26 of 2009. Such allocation shall not be considered a special grant
27 fund and shall be considered state aid for all purposes except

1 as otherwise provided in this section and the federal American
2 Recovery and Reinvestment Act of 2009.

3 Sec. 20. For school fiscal years 2009-10 through 2013-14,
4 an amount calculated by the department shall be paid to each school
5 district as retirement aid equal to the product of fifteen million
6 dollars multiplied by the school district's salary percentage. The
7 school district's salary percentage shall equal the total salary
8 reported by the school district on the annual financial report
9 for the most recently available complete data year divided by the
10 total salary reported by all school districts in the state on the
11 annual financial report for the most recently available complete
12 data year.

13 Sec. 21. Section 79-1031.01, Reissue Revised Statutes
14 of Nebraska, as amended by section 5, Legislative Bill 548, One
15 Hundred First Legislature, First Session, 2009, is amended to read:

16 79-1031.01 The Appropriations Committee of the
17 Legislature shall annually include the amount necessary to fund the
18 state aid that will be certified to school districts on or before
19 June 1, 2009, on or before March 1, 2010, and on or before February
20 1 for each school year thereafter in its recommendations to the
21 Legislature to carry out the requirements of the Tax Equity and
22 Educational Opportunities Support Act.

23 Sec. 22. Section 79-1073, Reissue Revised Statutes of
24 Nebraska, is amended to read:

25 79-1073 On or before September 1 for each year, each
26 learning community coordinating council shall determine the
27 expected amounts to be distributed to each member school district

1 from general fund property tax receipts pursuant to subdivision
2 (2) (b) of section 77-3442 and shall certify such amounts to each
3 member school district and the State Department of Education.
4 For the first three school fiscal years for which the learning
5 community levies a common general fund property tax for school
6 districts, such property tax receipts shall be divided among
7 member school districts proportionally based on the greater of (1)
8 the difference of the school district's formula need calculated
9 pursuant to the Tax Equity and Educational Opportunities Support
10 Act minus the sum of the state aid certified pursuant to section
11 79-1022 and the other actual receipts included in local system
12 formula resources pursuant to section 79-1018.01 for the school
13 fiscal year for which the distribution is being made or (2) the
14 difference of the sum of the state aid certified for the school
15 fiscal year immediately preceding the first school fiscal year for
16 which the learning community levies a common general fund property
17 tax for school districts plus the product of the school district's
18 general fund levy for such school fiscal year multiplied by the
19 assessed valuation for such school fiscal year minus the state
20 aid certified pursuant to section 79-1022 for the school fiscal
21 year for which the distribution is being made. Thereafter, such
22 Such property tax receipts shall be divided among member school
23 districts proportionally based on the difference of the school
24 district's formula need calculated pursuant to section 79-1007.11
25 minus the sum of the state aid certified pursuant to section
26 79-1022 and the other actual receipts included in local system
27 formula resources pursuant to section 79-1018.01 for the school

1 fiscal year for which the distribution is being made.

2 Each time a learning community coordinating council
3 distributes property tax receipts to member school districts,
4 the amount to be distributed to each district shall be proportional
5 based on the total amounts to be distributed to each member school
6 district for the school fiscal year.

7 Sec. 23. Section 79-10,110, Reissue Revised Statutes of
8 Nebraska, is amended to read:

9 79-10,110 (1) After making a determination that an actual
10 or potential environmental hazard or accessibility barrier exists,
11 that a life safety code violation exists, or that expenditures
12 are needed for indoor air quality or mold abatement and prevention
13 within the school buildings or grounds under its control, a school
14 board may make and deliver to the county clerk of such county
15 in which any part of the school district is situated, not later
16 than the date provided in section 13-508, an itemized estimate of
17 the amounts necessary to be expended for the abatement of such
18 environmental hazard, for accessibility barrier elimination, or for
19 modifications for life safety code violations, indoor air quality,
20 or mold abatement and prevention in such school buildings or
21 grounds. The board shall conduct a public hearing on the itemized
22 estimate prior to presenting such estimate to the county clerk.
23 Notice of the place and time of such hearing shall, at least five
24 days prior to the date set for hearing, be published in a newspaper
25 of general circulation within the school district. The board shall
26 designate the particular environmental hazard abatement project,
27 accessibility barrier elimination project, or modification for life

1 safety code violations, indoor air quality, or mold abatement and
2 prevention for which the tax levy provided for by this section will
3 be expended, the period of years, which shall not exceed ten years,
4 for which the tax will be levied for such project, and the amount
5 of the levy for each year of the period.

6 (2) After a public hearing, a school board may undertake
7 any qualified capital purpose in any qualified zone academy under
8 its control and may levy a tax as provided in this section to
9 repay a qualified zone academy bond issued for such undertaking.
10 The board shall designate the particular qualified capital purpose
11 for which the qualified zone academy bond was issued and for which
12 the tax levy provided for by this section will be expended, the
13 period of years, not exceeding fifteen, for which the tax will be
14 levied for such qualified zone academy bond, and the amount of the
15 levy for each year of the period. The hearing required by this
16 subsection shall be held only after notice of such hearing has been
17 published for three consecutive weeks prior to the hearing in a
18 legal newspaper published or of general circulation in the school
19 district.

20 (3) After a public hearing, a school board may undertake
21 construction of a new public school facility or the acquisition
22 of land on which such a facility is to be constructed or any
23 expansion, rehabilitation, modernization, renovation, or repair of
24 any existing school facilities under its control and may levy a tax
25 to repay any type or form of bond for such undertaking permitted
26 by the federal American Recovery and Reinvestment Act of 2009.
27 The board shall designate the particular project or projects for

1 which the bond will be issued and for which the tax levy provided
2 by this section will be expended, the period of years for which
3 the tax will be levied to repay such bond, not exceeding thirty
4 years or such other period of years for the type of bond as
5 permitted by the federal American Recovery and Reinvestment Act of
6 2009, and the amount of the levy for each year of such period.
7 Prior to the public hearing, the school board shall prepare an
8 itemized estimate of the amounts necessary to be expended for the
9 project or projects. The hearing required by the subsection shall
10 be held only after notice of such hearing has been published for
11 three consecutive weeks prior to the hearing in a legal newspaper
12 published or of general circulation in the school district. The
13 bond to be issued under this subsection may consist of any type
14 or form of bond permitted by the federal American Recovery and
15 Reinvestment Act of 2009.

16 ~~(3)~~ (4) The board may designate more than one project
17 under subsection (1) of this section, more than one ~~or~~ qualified
18 capital purpose under subsection (2) of this section, or more
19 than one American Recovery and Reinvestment Act of 2009 purpose
20 under subsection (3) of this section and levy a tax pursuant
21 to this section for each such project, ~~or~~ qualified capital
22 purpose, or American Recovery and Reinvestment Act of 2009 purpose,
23 concurrently or consecutively, as the case may be, if the aggregate
24 levy in each year and the duration of each such levy will not
25 exceed the limitations specified in this section. Each levy for a
26 project, a ~~or~~ qualified capital purpose, or an American Recovery
27 and Reinvestment Act of 2009 purpose which is authorized by this

1 section may be imposed for such duration as the board specifies,
2 notwithstanding the contemporaneous existence or subsequent
3 imposition of any other levy for another project, ~~or~~ qualified
4 capital purpose, or American Recovery and Reinvestment Act of 2009
5 purpose imposed pursuant to this section and notwithstanding the
6 subsequent issuance by the district of bonded indebtedness payable
7 from its general fund levy.

8 ~~(4)~~ (5) The county clerk shall levy such taxes, not to
9 exceed five and one-fifth cents per one hundred dollars of taxable
10 valuation for Class II, III, IV, V, and VI districts, and not to
11 exceed the limits set for Class I districts in section 79-10,124,
12 on the taxable property of the district necessary to (a) cover the
13 environmental hazard abatement or accessibility barrier elimination
14 project costs or costs for modification for life safety code
15 violations, indoor air quality, or mold abatement and prevention
16 itemized by the board pursuant to subsection (1) of this section
17 and (b) repay any qualified zone academy bonds or American Recovery
18 and Reinvestment Act of 2009 bonds pursuant to subsection (2) or
19 (3) of this section. Such taxes shall be collected by the county
20 treasurer at the same time and in the same manner as county taxes
21 are collected and when collected shall be paid to the treasurer of
22 the district and used to cover the project costs.

23 ~~(5)~~ (6) If such board operates grades nine through
24 twelve as part of an affiliated school system, it shall designate
25 the fraction of the project or undertaking to be conducted for
26 the benefit of grades nine through twelve. Such fraction shall
27 be raised by a levy placed upon all of the taxable value of

1 all taxable property in the affiliated school system pursuant to
2 subsection (2) of section 79-1075. The balance of the project or
3 undertaking to be conducted for the benefit of grades kindergarten
4 through eight shall be raised by a levy placed upon all of the
5 taxable value of all taxable property in the district which is
6 governed by such board. The combined rate for both levies in the
7 high school district, to be determined by such board, shall not
8 exceed five and one-fifth cents on each one hundred dollars of
9 taxable value.

10 ~~(6)~~ (7) Each board which submits an itemized estimate
11 shall establish an environmental hazard abatement and accessibility
12 barrier elimination project account, a life safety code
13 modification project account, an indoor air quality project
14 account, or a mold abatement and prevention project account, ~~and~~
15 each board which undertakes a qualified capital purpose shall
16 establish a qualified capital purpose undertaking account, within
17 the qualified capital purpose undertaking fund, and each board
18 which undertakes an American Recovery and Reinvestment Act of 2009
19 purpose shall establish an American Recovery and Reinvestment Act
20 of 2009 purpose undertaking account. Taxes collected pursuant to
21 this section shall be credited to the appropriate account to cover
22 the project or undertaking costs. Such estimates may be presented
23 to the county clerk and taxes levied accordingly.

24 ~~(7)~~ (8) For purposes of this section:

25 (a) Abatement includes, but is not limited to, any
26 inspection and testing regarding environmental hazards, any
27 maintenance to reduce, lessen, put an end to, diminish, moderate,

1 decrease, control, dispose of, or eliminate environmental hazards,
2 any removal or encapsulation of environmentally hazardous material
3 or property, any restoration or replacement of material or
4 property, any related architectural and engineering services, and
5 any other action to reduce or eliminate environmental hazards in
6 the school buildings or on the school grounds under the board's
7 control, except that abatement does not include the encapsulation
8 of any material containing more than one percent friable asbestos;

9 (b) Accessibility barrier means anything which impedes
10 entry into, exit from, or use of any building or facility by all
11 people;

12 (c) Accessibility barrier elimination includes, but is
13 not limited to, inspection for and removal of accessibility
14 barriers, maintenance to reduce, lessen, put an end to, diminish,
15 control, dispose of, or eliminate accessibility barriers, related
16 restoration or replacement of facilities or property, any related
17 architectural and engineering services, and any other action to
18 eliminate accessibility barriers in the school buildings or grounds
19 under the board's control;

20 (d) American Recovery and Reinvestment Act of 2009 bond
21 means any type or form of bond permitted by the federal American
22 Recovery and Reinvestment Act of 2009;

23 (e) American Recovery and Reinvestment Act of 2009
24 purpose means any construction of a new public school facility
25 or the acquisition of land on which such a facility is to
26 be constructed or any expansion, rehabilitation, modernization,
27 renovation, or repair of any existing school facilities financed in

1 whole or in part with an American Recovery and Reinvestment Act of
2 2009 bond;

3 ~~(d)~~ (f) Environmental hazard means any contamination of
4 the air, water, or land surface or subsurface caused by any
5 substance adversely affecting human health or safety if such
6 substance has been declared hazardous by a federal or state
7 statute, rule, or regulation;

8 ~~(e)~~ (g) Modification for indoor air quality includes, but
9 is not limited to, any inspection and testing regarding indoor
10 air quality, any maintenance to reduce, lessen, put an end to,
11 diminish, moderate, decrease, control, dispose of, or eliminate
12 indoor air quality problems, any restoration or replacement of
13 material or related architectural and engineering services, and any
14 other action to reduce or eliminate indoor air quality problems
15 or to enhance air quality conditions in new or existing school
16 buildings or on school grounds under the control of a school board;

17 ~~(f)~~ (h) Modification for life safety code violation
18 includes, but is not limited to, any inspection and testing
19 regarding life safety codes, any maintenance to reduce, lessen,
20 put an end to, diminish, moderate, decrease, control, dispose of,
21 or eliminate life safety hazards, any restoration or replacement
22 of material or property, any related architectural and engineering
23 services, and any other action to reduce or eliminate life safety
24 hazards in new or existing school buildings or on school grounds
25 under the control of a school board;

26 ~~(g)~~ (i) Modification for mold abatement and prevention
27 includes, but is not limited to, any inspection and testing

1 regarding mold abatement and prevention, any maintenance to reduce,
2 lessen, put an end to, diminish, moderate, decrease, control,
3 dispose of, or eliminate mold problems, any restoration or
4 replacement of material or related architectural and engineering
5 services, and any other action to reduce or eliminate mold problems
6 or to enhance air quality conditions in new or existing school
7 buildings or on school grounds under the control of a school board;

8 ~~(h)~~ (j) Qualified capital purpose means (i)
9 rehabilitating or repairing the public school facility in
10 which the qualified zone academy is established, ~~or~~ (ii) providing
11 equipment for use at such qualified zone academy, or (iii)
12 constructing school facilities for which a build America bond is
13 to be issued;

14 ~~(i)~~ (k) Qualified zone academy has the meaning found in
15 26 U.S.C. 1397E(d)(4), as such section existed on ~~April 6, 2001,~~
16 January 1, 2009;

17 ~~(j)~~ (l) Qualified zone academy allocation means the
18 allocation of the qualified zone academy bond limitation by the
19 State Department of Education to the qualified zone academies
20 pursuant to 26 U.S.C. 1397E(e)(2), as such section existed on ~~April~~
21 ~~6, 2001,~~ January 1, 2009; and

22 ~~(k)~~ (m) Qualified zone academy bond has the meaning found
23 in 26 U.S.C. 1397E(d)(1), as such section existed on ~~May 8, 2001,~~
24 January 1, 2009.

25 ~~(8)~~ (9) Accessibility barrier elimination project
26 costs includes, but is not limited to, inspection, maintenance,
27 accounting, emergency services, consultation, or any other action

1 to reduce or eliminate accessibility barriers.

2 ~~(9)~~ (10) For the purpose of paying amounts necessary
3 for the abatement of environmental hazards, accessibility barrier
4 elimination, or modifications for life safety code violations,
5 indoor air quality, ~~or~~ mold abatement and prevention, or for an
6 American Recovery and Reinvestment Act of 2009 purpose, the board
7 may borrow money, establish a sinking fund, and issue bonds and
8 other evidences of indebtedness of the district, which bonds and
9 other evidences of indebtedness shall be secured by and payable
10 from an irrevocable pledge by the district of amounts received in
11 respect of the tax levy provided for by this section and any other
12 funds of the district available therefor. Bonds and other evidences
13 of indebtedness issued by a district pursuant to this subsection
14 shall not constitute a general obligation of the district or be
15 payable from any portion of its general fund levy.

16 ~~(10)~~ (11) The total principal amount of bonds for
17 modifications to correct life safety code violations, for indoor
18 air quality problems, ~~or~~ for mold abatement and prevention, or for
19 an American Recovery and Reinvestment Act of 2009 purpose which
20 may be issued pursuant to this section shall not exceed the total
21 amount specified in the itemized estimate described in ~~subsection~~
22 ~~(1)~~ subsections (1) and (3) of this section.

23 ~~(11)~~ (12) The total principal amount of qualified zone
24 academy bonds which may be issued pursuant to this section for
25 qualified capital purposes with respect to a qualified zone academy
26 shall not exceed the qualified zone academy allocation granted
27 to the board by the department. The total amount that may be

1 financed by qualified zone academy bonds pursuant to this section
2 for qualified purposes with respect to a qualified zone academy
3 shall not exceed seven and one-half million dollars statewide in a
4 single year. In any year that the Nebraska qualified zone academy
5 allocations exceed seven and one-half million dollars for qualified
6 capital purposes to be financed with qualified zone academy bonds
7 issued pursuant to this section, (a) the department shall reduce
8 such allocations proportionally such that the statewide total for
9 such allocations equals seven and one-half million dollars and
10 (b) the difference between the Nebraska allocation and seven and
11 one-half million dollars shall be available to qualified zone
12 academies for requests that will be financed with qualified zone
13 academy bonds issued without the benefit of this section.

14 Nothing in this section directs the State Department of
15 Education to give any preference to allocation requests that will
16 be financed with qualified zone academy bonds issued pursuant to
17 this section.

18 (13) The State Department of Education shall establish
19 procedures for allocating bond authority to school boards as may be
20 necessary pursuant to an American Recovery and Reinvestment Act of
21 2009 bond.

22 Sec. 24. Original sections 77-3446, 79-1001, 79-1003,
23 79-1007.07, 79-1007.09, 79-1007.10, 79-1007.11, 79-1007.18,
24 79-1007.23, 79-1011, 79-1012, 79-1017.01, 79-1028.01, 79-1073, and
25 79-10,110, Reissue Revised Statutes of Nebraska, section 9-812,
26 Reissue Revised Statutes of Nebraska, as amended by section 1,
27 Legislative Bill 547, One Hundred First Legislature, First Session,

1 2009, and sections 79-1022, 79-1023, 79-1026.01, 79-1027, and
2 79-1031.01, Reissue Revised Statutes of Nebraska, as amended by
3 sections 1, 2, 3, 4, and 5, respectively, Legislative Bill 548, One
4 Hundred First Legislature, First Session, 2009, are repealed.

5 Sec. 25. The following sections are outright repealed:
6 Sections 79-1015 and 86-5,101, Reissue Revised Statutes of
7 Nebraska.

8 Sec. 26. Since an emergency exists, this act takes effect
9 when passed and approved according to law.

10 2. On page 1, strike beginning with "the" in line 1
11 through line 8 and insert "education; to amend sections 77-3446,
12 79-1001, 79-1003, 79-1007.07, 79-1007.09, 79-1007.10, 79-1007.11,
13 79-1007.18, 79-1007.23, 79-1011, 79-1012, 79-1017.01, 79-1028.01,
14 79-1073, and 79-10,110, Reissue Revised Statutes of Nebraska,
15 section 9-812, Reissue Revised Statutes of Nebraska, as amended
16 by section 1, Legislative Bill 547, One Hundred First Legislature,
17 First Session, 2009, and sections 79-1022, 79-1023, 79-1026.01,
18 79-1027, and 79-1031.01, Reissue Revised Statutes of Nebraska, as
19 amended by sections 1, 2, 3, 4, and 5, respectively, Legislative
20 Bill 548, One Hundred First Legislature, First Session, 2009;
21 to change and eliminate provisions relating to the distribution
22 of state lottery funds for education, budget limitations, the
23 Tax Equity and Educational Opportunities Support Act, learning
24 communities, construction or alteration of or acquisition of land
25 for public school facilities, and funding for Network Nebraska; to
26 harmonize provisions; to repeal the original sections; to outright
27 repeal sections 79-1015 and 86-5,101, Reissue Revised Statutes of

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1 Nebraska; and to declare an emergency.".