

LEGISLATURE OF NEBRASKA
ONE HUNDRED THIRD LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 346

Introduced by Kolowski, 31.

Read first time January 18, 2013

Committee: Revenue

A BILL

1 FOR AN ACT relating to schools; to amend sections 77-3442, 79-1003,
2 and 79-1028.01, Revised Statutes Cumulative Supplement,
3 2012; to authorize school districts to levy for school
4 security measures as prescribed; to redefine a term; to
5 authorize school districts to exceed budget authority as
6 prescribed; to authorize the creation of school funds; to
7 repeal the original sections; and to declare an
8 emergency.

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

1 Section 1. Section 77-3442, Revised Statutes Cumulative
2 Supplement, 2012, is amended to read:

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

7 (2)(a) Except as provided in subdivision (2)(e) of this
8 section, school districts and multiple-district school systems,
9 except learning communities and school districts that are members of
10 learning communities, may levy a maximum levy of one dollar and five
11 cents per one hundred dollars of taxable valuation of property
12 subject to the levy.

13 (b) For each fiscal year, learning communities may levy a
14 maximum levy for the general fund budgets of member school districts
15 of ninety-five cents per one hundred dollars of taxable valuation of
16 property subject to the levy. The proceeds from the levy pursuant to
17 this subdivision shall be distributed pursuant to section 79-1073.

18 (c) Except as provided in subdivision (2)(e) of this
19 section, for each fiscal year, school districts that are members of
20 learning communities may levy for purposes of such districts' general
21 fund budget and special building funds a maximum combined levy of the
22 difference of one dollar and five cents on each one hundred dollars
23 of taxable property subject to the levy minus the learning community
24 levies pursuant to subdivisions (2)(b) and (2)(g) of this section for
25 such learning community.

1 (d) Excluded from the limitations in subdivisions (2)(a)
2 and (2)(c) of this section are amounts levied to pay for sums agreed
3 to be paid by a school district to certificated employees in exchange
4 for a voluntary termination of employment and amounts levied to pay
5 for special building funds and sinking funds established for projects
6 commenced prior to April 1, 1996, for construction, expansion, or
7 alteration of school district buildings. For purposes of this
8 ~~subsection,~~ subdivision, commenced means any action taken by the
9 school board on the record which commits the board to expend district
10 funds in planning, constructing, or carrying out the project.

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

20 (f) For school fiscal year 2002-03 through school fiscal
21 year 2007-08, school districts and multiple-district school systems
22 may, upon a three-fourths majority vote of the school board of the
23 school district, the board of the unified system, or the school board
24 of the high school district of the multiple-district school system
25 that is not a unified system, exceed the maximum levy prescribed by

1 subdivision (2)(a) of this section in an amount equal to the net
2 difference between the amount of state aid that would have been
3 provided under the Tax Equity and Educational Opportunities Support
4 Act without the temporary aid adjustment factor as defined in section
5 79-1003 for the ensuing school fiscal year for the school district or
6 multiple-district school system and the amount provided with the
7 temporary aid adjustment factor. The State Department of Education
8 shall certify to the school districts and multiple-district school
9 systems the amount by which the maximum levy may be exceeded for the
10 next school fiscal year pursuant to this subdivision (f) of this
11 subsection on or before February 15 for school fiscal years 2004-05
12 through 2007-08.

13 (g) For each fiscal year, learning communities may levy a
14 maximum levy of two cents on each one hundred dollars of taxable
15 property subject to the levy for special building funds for member
16 school districts. The proceeds from the levy pursuant to this
17 subdivision shall be distributed pursuant to section 79-1073.01.

18 (h) For each fiscal year, learning communities may levy a
19 maximum levy of two cents on each one hundred dollars of taxable
20 property subject to the levy for elementary learning center facility
21 leases, for remodeling of leased elementary learning center
22 facilities, and for up to fifty percent of the estimated cost for
23 focus school or program capital projects approved by the learning
24 community coordinating council pursuant to section 79-2111.

25 (i) For each fiscal year, learning communities may levy a

1 maximum levy of one cent on each one hundred dollars of taxable
2 property subject to the levy for elementary learning center
3 employees, for contracts with other entities or individuals who are
4 not employees of the learning community for elementary learning
5 center programs and services, and for pilot projects, except that no
6 more than ten percent of such levy may be used for elementary
7 learning center employees.

8 (j) For each fiscal year, school districts may, upon a
9 two-thirds majority vote of the school board of the school district,
10 levy a maximum levy of one cent on each one hundred dollars of
11 taxable property subject to the levy for school security measures.
12 The levy authorized in this subdivision shall be excluded from the
13 limitations in subdivisions (2)(a) and (2)(c) of this section. The
14 proceeds of such levy shall be deposited by the school district into
15 a fund created pursuant to section 4 of this act.

16 (3)(a) For fiscal years 2011-12 and 2012-13, community
17 college areas may levy a maximum of ten and one-quarter cents per one
18 hundred dollars of taxable valuation of property subject to the levy
19 for operating expenditures and may also levy the additional levies
20 provided in subdivisions (1)(b) and (c) of section 85-1517.

21 (b) For fiscal year 2013-14 and each fiscal year
22 thereafter, community college areas may levy the levies provided in
23 subdivisions (2)(a) through (c) of section 85-1517, in accordance
24 with the provisions of such subdivisions. A community college area
25 may exceed the levy provided in subdivision (2)(b) of section 85-1517

1 by the amount necessary to retire general obligation bonds assumed by
2 the community college area or issued pursuant to section 85-1515
3 according to the terms of such bonds or for any obligation pursuant
4 to section 85-1535 entered into prior to January 1, 1997.

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

8 (b) Natural resources districts shall also have the power
9 and authority to levy a tax equal to the dollar amount by which their
10 restricted funds budgeted to administer and implement ground water
11 management activities and integrated management activities under the
12 Nebraska Ground Water Management and Protection Act exceed their
13 restricted funds budgeted to administer and implement ground water
14 management activities and integrated management activities for
15 FY2003-04, not to exceed one cent on each one hundred dollars of
16 taxable valuation annually on all of the taxable property within the
17 district.

18 (c) In addition, natural resources districts located in a
19 river basin, subbasin, or reach that has been determined to be fully
20 appropriated pursuant to section 46-714 or designated as
21 overappropriated pursuant to section 46-713 by the Department of
22 Natural Resources shall also have the power and authority to levy a
23 tax equal to the dollar amount by which their restricted funds
24 budgeted to administer and implement ground water management
25 activities and integrated management activities under the Nebraska

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

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

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

23 (b) Incorporated cities and villages which are within the
24 boundaries of a municipal county may levy a maximum levy of ninety
25 cents per one hundred dollars of taxable valuation of property

1 subject to the levy. The maximum levy shall include amounts paid to a
2 municipal county for county services, amounts levied to pay for sums
3 to support a library pursuant to section 51-201, a museum pursuant to
4 section 51-501, a visiting community nurse, home health nurse, or
5 home health agency pursuant to section 71-1637, or a statue,
6 memorial, or monument pursuant to section 80-202.

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

16 (8) Counties may levy or authorize a maximum levy of
17 fifty cents per one hundred dollars of taxable valuation of property
18 subject to the levy, except that five cents per one hundred dollars
19 of taxable valuation of property subject to the levy may only be
20 levied to provide financing for the county's share of revenue
21 required under an agreement or agreements executed pursuant to the
22 Interlocal Cooperation Act or the Joint Public Agency Act. The
23 maximum levy shall include amounts levied to pay for sums to support
24 a library pursuant to section 51-201 or museum pursuant to section
25 51-501. The county may allocate up to fifteen cents of its authority

1 to other political subdivisions subject to allocation of property tax
2 authority under subsection (1) of section 77-3443 and not
3 specifically covered in this section to levy taxes as authorized by
4 law which do not collectively exceed fifteen cents per one hundred
5 dollars of taxable valuation on any parcel or item of taxable
6 property. The county may allocate to one or more other political
7 subdivisions subject to allocation of property tax authority by the
8 county under subsection (1) of section 77-3443 some or all of the
9 county's five cents per one hundred dollars of valuation authorized
10 for support of an agreement or agreements to be levied by the
11 political subdivision for the purpose of supporting that political
12 subdivision's share of revenue required under an agreement or
13 agreements executed pursuant to the Interlocal Cooperation Act or the
14 Joint Public Agency Act. If an allocation by a county would cause
15 another county to exceed its levy authority under this section, the
16 second county may exceed the levy authority in order to levy the
17 amount allocated. Property tax levies for costs of reassumption of
18 the assessment function pursuant to section 77-1340 or 77-1340.04 are
19 not included in the levy limits established in this subsection for
20 fiscal years 2010-11 through 2013-14.

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

1 (10) Property tax levies (a) for judgments, except
2 judgments or orders from the Commission of Industrial Relations,
3 obtained against a political subdivision which require or obligate a
4 political subdivision to pay such judgment, to the extent such
5 judgment is not paid by liability insurance coverage of a political
6 subdivision, (b) for preexisting lease-purchase contracts approved
7 prior to July 1, 1998, (c) for bonds as defined in section 10-134
8 approved according to law and secured by a levy on property except as
9 provided in section 44-4317 for bonded indebtedness issued by
10 educational service units and school districts, and (d) for payments
11 by a public airport to retire interest-free loans from the Department
12 of Aeronautics in lieu of bonded indebtedness at a lower cost to the
13 public airport are not included in the levy limits established by
14 this section.

15 (11) The limitations on tax levies provided in this
16 section are to include all other general or special levies provided
17 by law. Notwithstanding other provisions of law, the only exceptions
18 to the limits in this section are those provided by or authorized by
19 sections 77-3442 to 77-3444.

20 (12) Tax levies in excess of the limitations in this
21 section shall be considered unauthorized levies under section 77-1606
22 unless approved under section 77-3444.

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

1 (14) For school districts that file a binding resolution
2 on or before May 9, 2008, with the county assessors, county clerks,
3 and county treasurers for all counties in which the school district
4 has territory pursuant to subsection (7) of section 79-458, if the
5 combined levies, except levies for bonded indebtedness approved by
6 the voters of the school district and levies for the refinancing of
7 such bonded indebtedness, are in excess of the greater of (a) one
8 dollar and twenty cents per one hundred dollars of taxable valuation
9 of property subject to the levy or (b) the maximum levy authorized by
10 a vote pursuant to section 77-3444, all school district levies,
11 except levies for bonded indebtedness approved by the voters of the
12 school district and levies for the refinancing of such bonded
13 indebtedness, shall be considered unauthorized levies under section
14 77-1606.

15 Sec. 2. Section 79-1003, Revised Statutes Cumulative
16 Supplement, 2012, is amended to read:

17 79-1003 For purposes of the Tax Equity and Educational
18 Opportunities Support Act:

19 (1) Adjusted general fund operating expenditures means
20 (a) for school fiscal years 2010-11 through 2012-13, the difference
21 of the general fund operating expenditures as calculated pursuant to
22 subdivision (22) of this section increased by, or for aid calculated
23 for school fiscal year 2010-11 multiplied by, the cost growth factor
24 calculated pursuant to section 79-1007.10, minus the transportation
25 allowance, special receipts allowance, poverty allowance, limited

1 English proficiency allowance, distance education and
2 telecommunications allowance, elementary site allowance, elementary
3 class size allowance, summer school allowance, instructional time
4 allowance, teacher education allowance, and focus school and program
5 allowance, and (b) for school fiscal year 2013-14 and each school
6 fiscal year thereafter, the difference of the general fund operating
7 expenditures as calculated pursuant to subdivision (22) of this
8 section increased by the cost growth factor calculated pursuant to
9 section 79-1007.10, minus the transportation allowance, special
10 receipts allowance, poverty allowance, limited English proficiency
11 allowance, distance education and telecommunications allowance,
12 elementary site allowance, summer school allowance, instructional
13 time allowance, teacher education allowance, and focus school and
14 program allowance;

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

25 (3) Allocated income tax funds means the amount of

1 assistance paid to a local system pursuant to section 79-1005.01 as
2 adjusted by the minimum levy adjustment pursuant to section
3 79-1008.02;

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

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

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

13 (7) Categorical funds means funds limited to a specific
14 purpose by federal or state law, including, but not limited to, Title
15 I funds, Title VI funds, federal vocational education funds, federal
16 school lunch funds, Indian education funds, Head Start funds, and
17 funds from the Education Innovation Fund. Categorical funds does not
18 include funds received pursuant to section 79-1028.02 or 79-1028.04;

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

22 (9) Converted contract means an expired contract that was
23 in effect for at least fifteen school years beginning prior to school
24 year 2012-13 for the education of students in a nonresident district
25 in exchange for tuition from the resident district when the

1 expiration of such contract results in the nonresident district
2 educating students, who would have been covered by the contract if
3 the contract were still in effect, as option students pursuant to the
4 enrollment option program established in section 79-234;

5 (10) Converted contract option student means a student
6 who will be an option student pursuant to the enrollment option
7 program established in section 79-234 for the school fiscal year for
8 which aid is being calculated and who would have been covered by a
9 converted contract if the contract were still in effect and such
10 school fiscal year is the first school fiscal year for which such
11 contract is not in effect;

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

13 (12) District means any Class I, II, III, IV, V, or VI
14 school district and, beginning with the calculation of state aid for
15 school fiscal year 2011-12 and each school fiscal year thereafter, a
16 unified system as defined in section 79-4,108;

17 (13) Ensuing school fiscal year means the school fiscal
18 year following the current school fiscal year;

19 (14) Equalization aid means the amount of assistance
20 calculated to be paid to a local system pursuant to sections
21 79-1007.11 to 79-1007.23, 79-1007.25, 79-1008.01 to 79-1022,
22 79-1022.02, 79-1028.02, and 79-1028.04;

23 (15) Fall membership means the total membership in
24 kindergarten through grade twelve attributable to the local system as
25 reported on the fall school district membership reports for each

1 district pursuant to section 79-528;

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

4 (17) Formula students means:

5 (a) For state aid certified pursuant to section 79-1022,
6 the sum of the product of fall membership from the school fiscal year
7 immediately preceding the school fiscal year in which the aid is to
8 be paid multiplied by the average ratio of average daily membership
9 to fall membership for the second school fiscal year immediately
10 preceding the school fiscal year in which the aid is to be paid and
11 the prior two school fiscal years plus sixty percent of the qualified
12 early childhood education fall membership plus tuitioned students
13 from the school fiscal year immediately preceding the school fiscal
14 year in which aid is to be paid minus the product of the number of
15 students enrolled in kindergarten that is not full-day kindergarten
16 from the fall membership multiplied by 0.5; and

17 (b) For the final calculation of state aid pursuant to
18 section 79-1065, the sum of average daily membership plus sixty
19 percent of the qualified early childhood education average daily
20 membership plus tuitioned students minus the product of the number of
21 students enrolled in kindergarten that is not full-day kindergarten
22 from the average daily membership multiplied by 0.5 from the school
23 fiscal year immediately preceding the school fiscal year in which aid
24 was paid;

25 (18) Free lunch and free milk student means a student who

1 qualified for free lunches or free milk from the most recent data
2 available on November 1 of the school fiscal year immediately
3 preceding the school fiscal year in which aid is to be paid;

4 (19) Full-day kindergarten means kindergarten offered by
5 a district for at least one thousand thirty-two instructional hours;

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

14 (21) General fund expenditures means all expenditures
15 from the general fund;

16 (22) General fund operating expenditures means:

17 (a) For state aid calculated for school fiscal years
18 2010-11 and 2011-12, as reported on the annual financial report for
19 the second school fiscal year immediately preceding the school fiscal
20 year in which aid is to be paid, the total general fund expenditures
21 minus (i) the amount of all receipts to the general fund, to the
22 extent that such receipts are not included in local system formula
23 resources, from early childhood education tuition, summer school
24 tuition, educational entities as defined in section 79-1201.01 for
25 providing distance education courses through the Educational Service

1 Unit Coordinating Council to such educational entities, private
2 foundations, individuals, associations, charitable organizations, the
3 textbook loan program authorized by section 79-734, federal impact
4 aid, and levy override elections pursuant to section 77-3444, (ii)
5 the amount of expenditures for categorical funds, tuition paid,
6 transportation fees paid to other districts, adult education,
7 community services, redemption of the principal portion of general
8 fund debt service, retirement incentive plans authorized by section
9 79-855, and staff development assistance authorized by section
10 79-856, (iii) the amount of any transfers from the general fund to
11 any bond fund and transfers from other funds into the general fund,
12 (iv) any legal expenses in excess of fifteen-hundredths of one
13 percent of the formula need for the school fiscal year in which the
14 expenses occurred, (v) expenditures to pay for sums agreed to be paid
15 by a school district to certificated employees in exchange for a
16 voluntary termination occurring prior to July 1, 2009, and (vi)(A)
17 expenditures in school fiscal years 2009-10 through 2013-14 to pay
18 for employer contributions pursuant to subsection (2) of section
19 79-958 to the School Employees Retirement System of the State of
20 Nebraska to the extent that such expenditures exceed the employer
21 contributions under such subsection that would have been made at a
22 contribution rate of seven and thirty-five hundredths percent or (B)
23 expenditures in school fiscal years 2009-10 through 2013-14 to pay
24 for school district contributions pursuant to subdivision (1)(c)(i)
25 of section 79-9,113 to the retirement system established pursuant to

1 the Class V School Employees Retirement Act to the extent that such
2 expenditures exceed the school district contributions under such
3 subdivision that would have been made at a contribution rate of seven
4 and thirty-seven hundredths percent; ~~and~~

5 (b) For state aid calculated for school fiscal ~~years~~ year
6 2012-13, ~~and each school fiscal year thereafter,~~ as reported on the
7 annual financial report for the second school fiscal year immediately
8 preceding the school fiscal year in which aid is to be paid, the
9 total general fund expenditures minus (i) the amount of all receipts
10 to the general fund, to the extent that such receipts are not
11 included in local system formula resources, from early childhood
12 education tuition, summer school tuition, educational entities as
13 defined in section 79-1201.01 for providing distance education
14 courses through the Educational Service Unit Coordinating Council to
15 such educational entities, private foundations, individuals,
16 associations, charitable organizations, the textbook loan program
17 authorized by section 79-734, federal impact aid, and levy override
18 elections pursuant to section 77-3444, (ii) the amount of
19 expenditures for categorical funds, tuition paid, transportation fees
20 paid to other districts, adult education, community services,
21 redemption of the principal portion of general fund debt service,
22 retirement incentive plans authorized by section 79-855, and staff
23 development assistance authorized by section 79-856, (iii) the amount
24 of any transfers from the general fund to any bond fund and transfers
25 from other funds into the general fund, (iv) any legal expenses in

1 excess of fifteen-hundredths of one percent of the formula need for
2 the school fiscal year in which the expenses occurred, (v)
3 expenditures to pay for sums agreed to be paid by a school district
4 to certificated employees in exchange for a voluntary termination
5 occurring prior to July 1, 2009, or occurring on or after the last
6 day of the 2010-11 school year and prior to the first day of the
7 2013-14 school year, (vi)(A) expenditures in school fiscal years
8 2009-10 through 2016-17 to pay for employer contributions pursuant to
9 subsection (2) of section 79-958 to the School Employees Retirement
10 System of the State of Nebraska to the extent that such expenditures
11 exceed the employer contributions under such subsection that would
12 have been made at a contribution rate of seven and thirty-five
13 hundredths percent or (B) expenditures in school fiscal years 2009-10
14 through 2016-17 to pay for school district contributions pursuant to
15 subdivision (1)(c)(i) of section 79-9,113 to the retirement system
16 established pursuant to the Class V School Employees Retirement Act
17 to the extent that such expenditures exceed the school district
18 contributions under such subdivision that would have been made at a
19 contribution rate of seven and thirty-seven hundredths percent, and
20 (vii) any amounts paid by the district for lobbyist fees and expenses
21 reported to the Clerk of the Legislature pursuant to section 49-1483;
22 and -

23 (c) For state aid calculated for school fiscal years
24 2013-14 and each school fiscal year thereafter, as reported on the
25 annual financial report for the second school fiscal year immediately

1 preceding the school fiscal year in which aid is to be paid, the
2 total general fund expenditures minus (i) the amount of all receipts
3 to the general fund, to the extent that such receipts are not
4 included in local system formula resources, from early childhood
5 education tuition, summer school tuition, educational entities as
6 defined in section 79-1201.01 for providing distance education
7 courses through the Educational Service Unit Coordinating Council to
8 such educational entities, private foundations, individuals,
9 associations, charitable organizations, the textbook loan program
10 authorized by section 79-734, federal impact aid, and levy override
11 elections pursuant to section 77-3444, (ii) the amount of
12 expenditures for categorical funds, tuition paid, transportation fees
13 paid to other districts, adult education, community services,
14 redemption of the principal portion of general fund debt service,
15 retirement incentive plans authorized by section 79-855, and staff
16 development assistance authorized by section 79-856, (iii) the amount
17 of any transfers from the general fund to any bond fund and transfers
18 from other funds into the general fund, (iv) any legal expenses in
19 excess of fifteen-hundredths of one percent of the formula need for
20 the school fiscal year in which the expenses occurred, (v)
21 expenditures to pay for sums agreed to be paid by a school district
22 to certificated employees in exchange for a voluntary termination
23 occurring prior to July 1, 2009, or occurring on or after the last
24 day of the 2010-11 school year and prior to the first day of the
25 2013-14 school year, (vi)(A) expenditures in school fiscal years

1 2009-10 through 2016-17 to pay for employer contributions pursuant to
2 subsection (2) of section 79-958 to the School Employees Retirement
3 System of the State of Nebraska to the extent that such expenditures
4 exceed the employer contributions under such subsection that would
5 have been made at a contribution rate of seven and thirty-five
6 hundredths percent or (B) expenditures in school fiscal years 2009-10
7 through 2016-17 to pay for school district contributions pursuant to
8 subdivision (1)(c)(i) of section 79-9,113 to the retirement system
9 established pursuant to the Class V School Employees Retirement Act
10 to the extent that such expenditures exceed the school district
11 contributions under such subdivision that would have been made at a
12 contribution rate of seven and thirty-seven hundredths percent, (vii)
13 any amounts paid by the district for lobbyist fees and expenses
14 reported to the Clerk of the Legislature pursuant to section 49-1483,
15 and (viii) expenditures of funds received from the levy authorized in
16 subdivision (2)(j) of section 77-3442 for school security measures.

17 For purposes of this subdivision (22) of this section,
18 receipts from levy override elections shall equal ninety-nine percent
19 of the difference of the total general fund levy minus a levy of one
20 dollar and five cents per one hundred dollars of taxable valuation
21 multiplied by the assessed valuation for school districts that have
22 voted pursuant to section 77-3444 to override the maximum levy
23 provided pursuant to section 77-3442;

24 (23) High school district means a school district
25 providing instruction in at least grades nine through twelve;

1 (24) Income tax liability means the amount of the
2 reported income tax liability for resident individuals pursuant to
3 the Nebraska Revenue Act of 1967 less all nonrefundable credits
4 earned and refunds made;

5 (25) Income tax receipts means the amount of income tax
6 collected pursuant to the Nebraska Revenue Act of 1967 less all
7 nonrefundable credits earned and refunds made;

8 (26) Limited English proficiency students means the
9 number of students with limited English proficiency in a district
10 from the most recent data available on November 1 of the school
11 fiscal year preceding the school fiscal year in which aid is to be
12 paid plus the difference of such students with limited English
13 proficiency minus the average number of limited English proficiency
14 students for such district, prior to such addition, for the three
15 immediately preceding school fiscal years if such difference is
16 greater than zero;

17 (27) Local system means a learning community for purposes
18 of calculation of state aid for the second full school fiscal year
19 after becoming a learning community and each school fiscal year
20 thereafter, a unified system, a Class VI district and the associated
21 Class I districts, or a Class II, III, IV, or V district and any
22 affiliated Class I districts or portions of Class I districts. The
23 membership, expenditures, and resources of Class I districts that are
24 affiliated with multiple high school districts will be attributed to
25 local systems based on the percent of the Class I valuation that is

1 affiliated with each high school district;

2 (28) Low-income child means a child under nineteen years
3 of age living in a household having an annual adjusted gross income
4 for the second calendar year preceding the beginning of the school
5 fiscal year for which aid is being calculated equal to or less than
6 the maximum household income that would allow a student from a family
7 of four people to be a free lunch and free milk student during the
8 school fiscal year immediately preceding the school fiscal year for
9 which aid is being calculated;

10 (29) Low-income students means the number of low-income
11 children within the district multiplied by the ratio of the formula
12 students in the district divided by the total children under nineteen
13 years of age residing in the district as derived from income tax
14 information;

15 (30) Most recently available complete data year means the
16 most recent single school fiscal year for which the annual financial
17 report, fall school district membership report, annual statistical
18 summary, Nebraska income tax liability by school district for the
19 calendar year in which the majority of the school fiscal year falls,
20 and adjusted valuation data are available;

21 (31) Poverty students means the number of low-income
22 students or the number of students who are free lunch and free milk
23 students in a district plus the difference of the number of low-
24 income students or the number of students who are free lunch and free
25 milk students in a district, whichever is greater, minus the average

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

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

19 (33) Qualified early childhood education fall membership
20 means the product of membership on the last Friday in September 2006
21 and each year thereafter of students who will be eligible to attend
22 kindergarten the following school year and are enrolled in an early
23 childhood education program approved by the department pursuant to
24 section 79-1103 for such school district for such school year
25 multiplied by the ratio of the planned instructional hours of the

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

8 (34) Regular route transportation means the
9 transportation of students on regularly scheduled daily routes to and
10 from the attendance center;

11 (35) Reorganized district means any district involved in
12 a consolidation and currently educating students following
13 consolidation;

14 (36) School year or school fiscal year means the fiscal
15 year of a school district as defined in section 79-1091;

16 (37) Sparse local system means a local system that is not
17 a very sparse local system but which meets the following criteria:

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

24 (b)(i) Less than one and one-half formula students per
25 square mile in the local system and (ii) more than fifteen miles

1 between each high school attendance center and the next closest high
2 school attendance center on paved roads;

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

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

11 (38) Special education means specially designed
12 kindergarten through grade twelve instruction pursuant to section
13 79-1125, and includes special education transportation;

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

22 (40) State aid means the amount of assistance paid to a
23 district pursuant to the Tax Equity and Educational Opportunities
24 Support Act;

25 (41) State board means the State Board of Education;

1 (42) State support means all funds provided to districts
2 by the State of Nebraska for the general fund support of elementary
3 and secondary education;

4 (43) Statewide average basic funding per formula student
5 means the statewide total basic funding for all districts divided by
6 the statewide total formula students for all districts;

7 (44) Statewide average general fund operating
8 expenditures per formula student means the statewide total general
9 fund operating expenditures for all districts divided by the
10 statewide total formula students for all districts;

11 (45) Teacher has the definition found in section 79-101;

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

24 (47) Tuition receipts from converted contracts means
25 tuition receipts received by a district from another district in the

1 most recently available complete data year pursuant to a converted
2 contract prior to the expiration of the contract;

3 (48) Tuitioned students means students in kindergarten
4 through grade twelve of the district whose tuition is paid by the
5 district to some other district or education agency; and

6 (49) Very sparse local system means a local system that
7 has:

8 (a)(i) Less than one-half student per square mile in each
9 county in which each high school attendance center is located based
10 on the school district census, (ii) less than one formula student per
11 square mile in the local system, and (iii) more than fifteen miles
12 between the high school attendance center and the next closest high
13 school attendance center on paved roads; or

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

19 Sec. 3. Section 79-1028.01, Revised Statutes Cumulative
20 Supplement, 2012, is amended to read:

21 79-1028.01 (1) For each school fiscal year, a school
22 district may exceed its budget authority for the general fund budget
23 of expenditures as calculated pursuant to section 79-1023 for such
24 school fiscal year by a specific dollar amount for the following
25 exclusions:

1 (a) Expenditures for repairs to infrastructure damaged by
2 a natural disaster which is declared a disaster emergency pursuant to
3 the Emergency Management Act;

4 (b) Expenditures for judgments, except judgments or
5 orders from the Commission of Industrial Relations, obtained against
6 a school district which require or obligate a school district to pay
7 such judgment, to the extent such judgment is not paid by liability
8 insurance coverage of a school district;

9 (c) Expenditures pursuant to the Retirement Incentive
10 Plan authorized in section 79-855 or the Staff Development Assistance
11 authorized in section 79-856;

12 (d) Expenditures of amounts received from educational
13 entities as defined in section 79-1201.01 for providing distance
14 education courses through the Educational Service Unit Coordinating
15 Council to such educational entities;

16 (e) Expenditures to pay another school district for the
17 transfer of land from such other school district;

18 (f) Expenditures in school fiscal years 2009-10 through
19 2016-17 to pay for employer contributions pursuant to subsection (2)
20 of section 79-958 to the School Employees Retirement System of the
21 State of Nebraska to the extent that such expenditures exceed the
22 employer contributions under such subsection that would have been
23 made at a contribution rate of seven and thirty-five hundredths
24 percent;

25 (g) Expenditures in school fiscal years 2009-10 through

1 2016-17 to pay for school district contributions pursuant to
2 subdivision (1)(c)(i) of section 79-9,113 to the retirement system
3 established pursuant to the Class V School Employees Retirement Act
4 to the extent that such expenditures exceed the school district
5 contributions under such subdivision that would have been made at a
6 contribution rate of seven and thirty-seven hundredths percent;

7 (h) Expenditures for sums agreed to be paid by a school
8 district to certificated employees in exchange for a voluntary
9 termination occurring prior to July 1, 2009, or occurring on or after
10 the last day of the 2010-11 school year and prior to the first day of
11 the 2013-14 school year;

12 (i) Any expenditures in school fiscal years 2016-17 and
13 2017-18 of amounts specified in the notice provided by the
14 Commissioner of Education pursuant to section 79-309.01 for teacher
15 performance pay;

16 (j) The special education budget of expenditures; ~~and~~

17 (k) Expenditures of special grant funds; ~~and~~ -

18 (l) Expenditures of funds received from the levy
19 authorized in subdivision (2)(j) of section 77-3442 for school
20 security measures.

21 (2) For each school fiscal year, a school district may
22 exceed its budget authority for the general fund budget of
23 expenditures as calculated pursuant to section 79-1023 for such
24 school fiscal year by a specific dollar amount and include such
25 dollar amount in the budget of expenditures used to calculate budget

1 authority for the general fund budget of expenditures pursuant to
2 section 79-1023 for future years for the following exclusions:

3 (a) Expenditures of incentive payments or base fiscal
4 year incentive payments to be received in such school fiscal year
5 pursuant to section 79-1011;

6 (b) The first school fiscal year the district will be
7 participating in Network Nebraska for the full school fiscal year,
8 for the difference of the estimated expenditures for such school
9 fiscal year for telecommunications services, access to data
10 transmission networks that transmit data to and from the school
11 district, and the transmission of data on such networks as such
12 expenditures are defined by the department for purposes of the
13 distance education and telecommunications allowance minus the dollar
14 amount of such expenditures for the second school fiscal year
15 preceding the first full school fiscal year the district participates
16 in Network Nebraska; and

17 (c) Expenditures for new elementary attendance sites in
18 the first year of operation or the first year of operation after
19 being closed for at least one school year if such elementary
20 attendance site will most likely qualify for the elementary site
21 allowance in the immediately following school fiscal year as
22 determined by the state board.

23 (3) The state board shall approve, deny, or modify the
24 amount allowed for any exclusions to the budget authority for the
25 general fund budget of expenditures pursuant to this section.

1 Sec. 4. If a school district makes a levy for school
2 security measures pursuant to subdivision (2)(j) of section 77-3442,
3 the school board or board of education of such school district shall
4 establish a school security fund for the proceeds of such levy. Such
5 funds shall be used only for school security measures.

6 Sec. 5. Original sections 77-3442, 79-1003, and
7 79-1028.01, Revised Statutes Cumulative Supplement, 2012, are
8 repealed.