

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 280

Introduced by Davis, 43.

Read first time January 14, 2015

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 79-1001, 79-1003, 79-1007.11, 79-1007.18, 79-1008.02, 79-1015.01,
3 79-1016, 79-1017.01, and 79-1023, Reissue Revised Statutes of
4 Nebraska, and section 77-3442, Revised Statutes Cumulative
5 Supplement, 2014; to authorize a school-funding surtax; to reduce
6 the levy authority for school districts and learning communities; to
7 change the Tax Equity and Educational Opportunities Support Act; to
8 harmonize provisions; to repeal the original sections; and to
9 declare an emergency.
10 Be it enacted by the people of the State of Nebraska,

1 Section 1. (1) For purposes of this section:

2 (a) School board has the same meaning as in section 79-101;

3 (b) School district has the same meaning as in section 79-101; and

4 (c) Supermajority means sixty-seven percent or more.

5 (2) A school-funding surtax is hereby imposed on any individual with
6 an income tax liability under section 77-2715.03. The surtax shall be
7 equal to the individual's income tax liability under section 77-2715.03
8 multiplied by the rate determined pursuant to subsection (4) of this
9 section. The surtax shall be collected at the same time and in the same
10 manner as the state individual income tax. The Tax Commissioner shall
11 prescribe withholding tables to be used in collecting the surtax.

12 (3) The surtax imposed by this section shall be owed either to a
13 school district or the state as follows:

14 (a) For each resident and partial-year resident, the surtax shall be
15 owed to the school district of residence as indicated on the individual's
16 state income tax return. The Tax Commissioner shall determine the total
17 surtax owed to each school district and shall distribute such amount to
18 the school district on or before July 1 of each year.

19 (b) For each nonresident, the surtax shall be owed to the state. The
20 Tax Commissioner shall determine the total surtax owed to the state and
21 shall remit such amount to the State Treasurer for credit to the General
22 Fund on or before July 1 of each year.

23 (4) The rate of the surtax imposed by this section shall be:

24 (a) For nonresidents, nineteen and four-tenths percent; and

25 (b) For residents and partial-year residents, the rate set by the
26 school board of the school district in which the resident or partial-year
27 resident resides, which rate shall be nineteen and four-tenths percent
28 unless the school board establishes a rate in excess of nineteen and
29 four-tenths percent under either of the following methods:

30 (i) The school board of such school district may, by supermajority
31 vote, approve a rate of twenty-one and nine-tenths percent, twenty-four

1 and four-tenths percent, twenty-six and nine-tenths percent, or twenty-
2 nine and nine-tenths percent, which may last up to five years. After five
3 years, the rate shall return to nineteen and four-tenths percent. The
4 school board shall notify the Tax Commissioner of such increased rate; or
5 (ii) The school board of such school district may, by majority vote,
6 pass a resolution to place the issue of exceeding the rate of nineteen
7 and four-tenths percent before the registered voters of the school
8 district at any primary, general, or special election. The school board
9 shall deliver a copy of such resolution to the county clerk or election
10 commissioner of every county which contains all or part of the school
11 district. The resolution shall include the increased rate which would be
12 imposed and the duration of the increased rate. The increased rate shall
13 be twenty-one and nine-tenths percent, twenty-four and four-tenths
14 percent, twenty-six and nine-tenths percent, or twenty-nine and nine-
15 tenths percent, and such increased rate shall not have a duration greater
16 than five years. Any resolution calling for a special election shall be
17 filed with the county clerk or election commissioner no later than thirty
18 days prior to the date of the election, and the time of publication and
19 providing a copy of the notice of election required in section 32-802
20 shall be no later than twenty days prior to the election. The county
21 clerk or election commissioner shall place the issue on the ballot at an
22 election as called for in the resolution which is at least thirty days
23 after receipt of the resolution. The election shall be held pursuant to
24 the Election Act. A school board may pass no more than one resolution
25 calling for an election pursuant to this subdivision during any one
26 calendar year. If a majority of the votes cast upon the ballot question
27 are in favor of the increased rate, the increased rate shall be imposed
28 and the school board shall notify the Tax Commissioner of such increased
29 rate. If a majority of those voting on the ballot question are opposed to
30 the increased rate, the increased rate shall not be imposed and the
31 school board shall notify the Tax Commissioner that the rate shall be

1 nineteen and four-tenths percent.

2 (5) School districts shall notify the Tax Commissioner by August 1
3 each year of the school district's surtax rate to be imposed for the
4 following tax year. School districts shall consider the funds to be
5 raised from such surtax in setting their property tax levies.

6 (6) The Tax Commissioner shall adjust income tax forms to include
7 calculation of the school-funding surtax.

8 Sec. 2. Section 77-3442, Revised Statutes Cumulative Supplement,
9 2014, is amended to read:

10 77-3442 (1) Property tax levies for the support of local governments
11 for fiscal years beginning on or after July 1, 1998, shall be limited to
12 the amounts set forth in this section except as provided in section
13 77-3444.

14 (2)(a) Except as provided in subdivision (2)(e) of this section,
15 school districts and multiple-district school systems, except learning
16 communities and school districts that are members of learning
17 communities, may levy a maximum levy of (i) one dollar and five cents per
18 one hundred dollars of taxable valuation of property subject to the levy
19 for fiscal years prior to fiscal year 2017-18, (ii) ninety-five cents per
20 one hundred dollars of taxable valuation of property subject to the levy
21 for fiscal year 2017-18, (iii) ninety cents per one hundred dollars of
22 taxable valuation of property subject to the levy for fiscal year
23 2018-19, (iv) eighty-five cents per one hundred dollars of taxable
24 valuation of property subject to the levy for fiscal year 2019-20, and
25 (v) eighty and one-half cents per one hundred dollars of taxable
26 valuation of property subject to the levy for fiscal year 2020-21 and
27 each fiscal year thereafter.

28 (b) For each fiscal year, learning communities may levy a maximum
29 levy for the general fund budgets of member school districts of (i)
30 ninety-five cents per one hundred dollars of taxable valuation of
31 property subject to the levy for fiscal years prior to fiscal year

1 2017-18, (ii) eighty-five cents per one hundred dollars of taxable
2 valuation of property subject to the levy for fiscal year 2017-18, (iii)
3 eighty cents per one hundred dollars of taxable valuation of property
4 subject to the levy for fiscal year 2018-19, (iv) seventy-five cents per
5 one hundred dollars of taxable valuation of property subject to the levy
6 for fiscal year 2019-20, and (v) seventy and one-half cents per one
7 hundred dollars of taxable valuation of property subject to the levy for
8 fiscal year 2020-21 and each fiscal year thereafter. The proceeds from
9 the levy pursuant to this subdivision shall be distributed pursuant to
10 section 79-1073.

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

20 (d) Excluded from the limitations in subdivisions (2)(a) and (2)(c)
21 of this section are amounts levied to pay for sums agreed to be paid by a
22 school district to certificated employees in exchange for a voluntary
23 termination of employment and amounts levied to pay for special building
24 funds and sinking funds established for projects commenced prior to April
25 1, 1996, for construction, expansion, or alteration of school district
26 buildings. For purposes of this subsection, commenced means any action
27 taken by the school board on the record which commits the board to expend
28 district funds in planning, constructing, or carrying out the project.

29 (e) Federal aid school districts may exceed the maximum levy
30 prescribed by subdivision (2)(a) or (2)(c) of this section only to the
31 extent necessary to qualify to receive federal aid pursuant to Title VIII

1 of Public Law 103-382, as such title existed on September 1, 2001. For
2 purposes of this subdivision, federal aid school district means any
3 school district which receives ten percent or more of the revenue for its
4 general fund budget from federal government sources pursuant to Title
5 VIII of Public Law 103-382, as such title existed on September 1, 2001.

6 (f) For school fiscal year 2002-03 through school fiscal year
7 2007-08, school districts and multiple-district school systems may, upon
8 a three-fourths majority vote of the school board of the school district,
9 the board of the unified system, or the school board of the high school
10 district of the multiple-district school system that is not a unified
11 system, exceed the maximum levy prescribed by subdivision (2)(a) of this
12 section in an amount equal to the net difference between the amount of
13 state aid that would have been provided under the Tax Equity and
14 Educational Opportunities Support Act without the temporary aid
15 adjustment factor as defined in section 79-1003 for the ensuing school
16 fiscal year for the school district or multiple-district school system
17 and the amount provided with the temporary aid adjustment factor. The
18 State Department of Education shall certify to the school districts and
19 multiple-district school systems the amount by which the maximum levy may
20 be exceeded for the next school fiscal year pursuant to this subdivision
21 (f) of this subsection on or before February 15 for school fiscal years
22 2004-05 through 2007-08.

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

28 (h) For each fiscal year, learning communities may levy a maximum
29 levy of one-half cent on each one hundred dollars of taxable property
30 subject to the levy for elementary learning center facility leases, for
31 remodeling of leased elementary learning center facilities, and for up to

1 fifty percent of the estimated cost for focus school or program capital
2 projects approved by the learning community coordinating council pursuant
3 to section 79-2111.

4 (i) For each fiscal year, learning communities may levy a maximum
5 levy of one and one-half cents on each one hundred dollars of taxable
6 property subject to the levy for early childhood education programs for
7 children in poverty, for elementary learning center employees, for
8 contracts with other entities or individuals who are not employees of the
9 learning community for elementary learning center programs and services,
10 and for pilot projects, except that no more than ten percent of such levy
11 may be used for elementary learning center employees.

12 (j) The changes made to subsection (2) of this section by this
13 legislative bill shall not affect any levies imposed pursuant to section
14 77-3444 prior to the effective date of this act.

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

20 (b) For fiscal year 2013-14 and each fiscal year thereafter,
21 community college areas may levy the levies provided in subdivisions (2)
22 (a) through (c) of section 85-1517, in accordance with the provisions of
23 such subdivisions. A community college area may exceed the levy provided
24 in subdivision (2)(b) of section 85-1517 by the amount necessary to
25 retire general obligation bonds assumed by the community college area or
26 issued pursuant to section 85-1515 according to the terms of such bonds
27 or for any obligation pursuant to section 85-1535 entered into prior to
28 January 1, 1997.

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

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

10 (c) In addition, natural resources districts located in a river
11 basin, subbasin, or reach that has been determined to be fully
12 appropriated pursuant to section 46-714 or designated as overappropriated
13 pursuant to section 46-713 by the Department of Natural Resources shall
14 also have the power and authority to levy a tax equal to the dollar
15 amount by which their restricted funds budgeted to administer and
16 implement ground water management activities and integrated management
17 activities under the Nebraska Ground Water Management and Protection Act
18 exceed their restricted funds budgeted to administer and implement ground
19 water management activities and integrated management activities for
20 FY2005-06, not to exceed three cents on each one hundred dollars of
21 taxable valuation on all of the taxable property within the district for
22 fiscal year 2006-07 and each fiscal year thereafter through fiscal year
23 2017-18.

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

28 (6)(a) Incorporated cities and villages which are not within the
29 boundaries of a municipal county may levy a maximum levy of forty-five
30 cents per one hundred dollars of taxable valuation of property subject to
31 the levy plus an additional five cents per one hundred dollars of taxable

1 valuation to provide financing for the municipality's share of revenue
2 required under an agreement or agreements executed pursuant to the
3 Interlocal Cooperation Act or the Joint Public Agency Act. The maximum
4 levy shall include amounts levied to pay for sums to support a library
5 pursuant to section 51-201, museum pursuant to section 51-501, visiting
6 community nurse, home health nurse, or home health agency pursuant to
7 section 71-1637, or statue, memorial, or monument pursuant to section
8 80-202.

9 (b) Incorporated cities and villages which are within the boundaries
10 of a municipal county may levy a maximum levy of ninety cents per one
11 hundred dollars of taxable valuation of property subject to the levy. The
12 maximum levy shall include amounts paid to a municipal county for county
13 services, amounts levied to pay for sums to support a library pursuant to
14 section 51-201, a museum pursuant to section 51-501, a visiting community
15 nurse, home health nurse, or home health agency pursuant to section
16 71-1637, or a statue, memorial, or monument pursuant to section 80-202.

17 (7) Sanitary and improvement districts which have been in existence
18 for more than five years may levy a maximum levy of forty cents per one
19 hundred dollars of taxable valuation of property subject to the levy, and
20 sanitary and improvement districts which have been in existence for five
21 years or less shall not have a maximum levy. Unconsolidated sanitary and
22 improvement districts which have been in existence for more than five
23 years and are located in a municipal county may levy a maximum of eighty-
24 five cents per hundred dollars of taxable valuation of property subject
25 to the levy.

26 (8) Counties may levy or authorize a maximum levy of fifty cents per
27 one hundred dollars of taxable valuation of property subject to the levy,
28 except that five cents per one hundred dollars of taxable valuation of
29 property subject to the levy may only be levied to provide financing for
30 the county's share of revenue required under an agreement or agreements
31 executed pursuant to the Interlocal Cooperation Act or the Joint Public

1 Agency Act. The maximum levy shall include amounts levied to pay for sums
2 to support a library pursuant to section 51-201 or museum pursuant to
3 section 51-501. The county may allocate up to fifteen cents of its
4 authority to other political subdivisions subject to allocation of
5 property tax authority under subsection (1) of section 77-3443 and not
6 specifically covered in this section to levy taxes as authorized by law
7 which do not collectively exceed fifteen cents per one hundred dollars of
8 taxable valuation on any parcel or item of taxable property. The county
9 may allocate to one or more other political subdivisions subject to
10 allocation of property tax authority by the county under subsection (1)
11 of section 77-3443 some or all of the county's five cents per one hundred
12 dollars of valuation authorized for support of an agreement or agreements
13 to be levied by the political subdivision for the purpose of supporting
14 that political subdivision's share of revenue required under an agreement
15 or agreements executed pursuant to the Interlocal Cooperation Act or the
16 Joint Public Agency Act. If an allocation by a county would cause another
17 county to exceed its levy authority under this section, the second county
18 may exceed the levy authority in order to levy the amount allocated.
19 Property tax levies for costs of reassumption of the assessment function
20 pursuant to section 77-1340 or 77-1340.04 are not included in the levy
21 limits established in this subsection for fiscal years 2010-11 through
22 2013-14.

23 (9) Municipal counties may levy or authorize a maximum levy of one
24 dollar per one hundred dollars of taxable valuation of property subject
25 to the levy. The municipal county may allocate levy authority to any
26 political subdivision or entity subject to allocation under section
27 77-3443.

28 (10) Property tax levies (a) for judgments, except judgments or
29 orders from the Commission of Industrial Relations, obtained against a
30 political subdivision which require or obligate a political subdivision
31 to pay such judgment, to the extent such judgment is not paid by

1 liability insurance coverage of a political subdivision, (b) for
2 preexisting lease-purchase contracts approved prior to July 1, 1998, (c)
3 for bonds as defined in section 10-134 approved according to law and
4 secured by a levy on property except as provided in section 44-4317 for
5 bonded indebtedness issued by educational service units and school
6 districts, and (d) for payments by a public airport to retire interest-
7 free loans from the Department of Aeronautics in lieu of bonded
8 indebtedness at a lower cost to the public airport are not included in
9 the levy limits established by this section.

10 (11) The limitations on tax levies provided in this section are to
11 include all other general or special levies provided by law.
12 Notwithstanding other provisions of law, the only exceptions to the
13 limits in this section are those provided by or authorized by sections
14 77-3442 to 77-3444.

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

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

21 (14) For school districts that file a binding resolution on or
22 before May 9, 2008, with the county assessors, county clerks, and county
23 treasurers for all counties in which the school district has territory
24 pursuant to subsection (7) of section 79-458, if the combined levies,
25 except levies for bonded indebtedness approved by the voters of the
26 school district and levies for the refinancing of such bonded
27 indebtedness, are in excess of the greater of (a) one dollar and twenty
28 cents per one hundred dollars of taxable valuation of property subject to
29 the levy or (b) the maximum levy authorized by a vote pursuant to section
30 77-3444, all school district levies, except levies for bonded
31 indebtedness approved by the voters of the school district and levies for

1 the refinancing of such bonded indebtedness, shall be considered
2 unauthorized levies under section 77-1606.

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

5 79-1001 Sections 79-1001 to 79-1033 and section 12 of this act shall
6 be known and may be cited as the Tax Equity and Educational Opportunities
7 Support Act.

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

10 79-1003 For purposes of the Tax Equity and Educational Opportunities
11 Support Act:

12 (1) Adjusted general fund operating expenditures means (a) for
13 school fiscal years 2013-14 through 2015-16, the difference of the
14 general fund operating expenditures as calculated pursuant to subdivision
15 (22) of this section increased by the cost growth factor calculated
16 pursuant to section 79-1007.10, minus the transportation allowance,
17 special receipts allowance, poverty allowance, limited English
18 proficiency allowance, distance education and telecommunications
19 allowance, elementary site allowance, summer school allowance,
20 instructional time allowance, teacher education allowance, and focus
21 school and program allowance, and (b) for school fiscal year 2016-17 and
22 each school fiscal year thereafter, the difference of the general fund
23 operating expenditures as calculated pursuant to subdivision (22) of this
24 section increased by the cost growth factor calculated pursuant to
25 section 79-1007.10, minus the transportation allowance, special receipts
26 allowance, poverty allowance, limited English proficiency allowance,
27 distance education and telecommunications allowance, elementary site
28 allowance, summer school allowance, and focus school and program
29 allowance;

30 (2) Adjusted valuation means the assessed valuation of taxable
31 property of each local system in the state, adjusted pursuant to the

1 adjustment factors described in section 79-1016. Adjusted valuation means
2 the adjusted valuation for the property tax year ending during the school
3 fiscal year immediately preceding the school fiscal year in which the aid
4 based upon that value is to be paid. For purposes of determining the
5 local effort rate yield pursuant to section 79-1015.01, adjusted
6 valuation does not include the value of any property which a court, by a
7 final judgment from which no appeal is taken, has declared to be
8 nontaxable or exempt from taxation;

9 (3) Allocated income tax funds means the amount of assistance paid
10 to a local system pursuant to section 79-1005.01 as adjusted by the
11 minimum levy adjustment pursuant to section 79-1008.02;

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

17 (5) Base fiscal year means the first school fiscal year following
18 the school fiscal year in which the reorganization or unification
19 occurred;

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

21 (7) Categorical funds means funds limited to a specific purpose by
22 federal or state law, including, but not limited to, Title I funds, Title
23 VI funds, federal vocational education funds, federal school lunch funds,
24 Indian education funds, Head Start funds, and funds from the Education
25 Innovation Fund. Categorical funds does not include funds received
26 pursuant to section 79-1028.02 or 79-1028.04;

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

30 (9) Converted contract means an expired contract that was in effect
31 for at least fifteen school years beginning prior to school year 2012-13

1 for the education of students in a nonresident district in exchange for
2 tuition from the resident district when the expiration of such contract
3 results in the nonresident district educating students, who would have
4 been covered by the contract if the contract were still in effect, as
5 option students pursuant to the enrollment option program established in
6 section 79-234;

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

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

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

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

20 (14) Equalization aid means the amount of assistance calculated to
21 be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23,
22 79-1007.25, 79-1008.01 to 79-1022, 79-1022.02, 79-1028.02, and
23 79-1028.04;

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

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

30 (17) Formula students means:

31 (a) For state aid certified pursuant to section 79-1022, the sum of

1 the product of fall membership from the school fiscal year immediately
2 preceding the school fiscal year in which the aid is to be paid
3 multiplied by the average ratio of average daily membership to fall
4 membership for the second school fiscal year immediately preceding the
5 school fiscal year in which the aid is to be paid and the prior two
6 school fiscal years plus sixty percent of the qualified early childhood
7 education fall membership plus tuitioned students from the school fiscal
8 year immediately preceding the school fiscal year in which aid is to be
9 paid minus the product of the number of students enrolled in kindergarten
10 that is not full-day kindergarten from the fall membership multiplied by
11 0.5; and

12 (b) For the final calculation of state aid pursuant to section
13 79-1065, the sum of average daily membership plus sixty percent of the
14 qualified early childhood education average daily membership plus
15 tuitioned students minus the product of the number of students enrolled
16 in kindergarten that is not full-day kindergarten from the average daily
17 membership multiplied by 0.5 from the school fiscal year immediately
18 preceding the school fiscal year in which aid was paid;

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

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

25 (20) General fund budget of expenditures means the total budget of
26 disbursements and transfers for general fund purposes as certified in the
27 budget statement adopted pursuant to the Nebraska Budget Act, except that
28 for purposes of the limitation imposed in section 79-1023 and the
29 calculation pursuant to subdivision (2) of section 79-1027.01, the
30 general fund budget of expenditures does not include any special grant
31 funds, exclusive of local matching funds, received by a district;

1 (21) General fund expenditures means all expenditures from the
2 general fund;

3 (22) General fund operating expenditures means for state aid
4 calculated for school fiscal years 2012-13 and each school fiscal year
5 thereafter, as reported on the annual financial report for the second
6 school fiscal year immediately preceding the school fiscal year in which
7 aid is to be paid, the total general fund expenditures minus (a) the
8 amount of all receipts to the general fund, to the extent that such
9 receipts are not included in local system formula resources, from early
10 childhood education tuition, summer school tuition, educational entities
11 as defined in section 79-1201.01 for providing distance education courses
12 through the Educational Service Unit Coordinating Council to such
13 educational entities, private foundations, individuals, associations,
14 charitable organizations, the textbook loan program authorized by section
15 79-734, federal impact aid, and levy override elections pursuant to
16 section 77-3444, (b) the amount of expenditures for categorical funds,
17 tuition paid, transportation fees paid to other districts, adult
18 education, community services, redemption of the principal portion of
19 general fund debt service, retirement incentive plans authorized by
20 section 79-855, and staff development assistance authorized by section
21 79-856, (c) the amount of any transfers from the general fund to any bond
22 fund and transfers from other funds into the general fund, (d) any legal
23 expenses in excess of fifteen-hundredths of one percent of the formula
24 need for the school fiscal year in which the expenses occurred, (e)
25 expenditures to pay for sums agreed to be paid by a school district to
26 certificated employees in exchange for a voluntary termination occurring
27 prior to July 1, 2009, occurring on or after the last day of the 2010-11
28 school year and prior to the first day of the 2013-14 school year, or, to
29 the extent that a district has demonstrated to the State Board of
30 Education pursuant to section 79-1028.01 that the agreement will result
31 in a net savings in salary and benefit costs to the school district over

1 a five-year period, occurring on or after the first day of the 2013-14
2 school year, (f)(i) expenditures to pay for employer contributions
3 pursuant to subsection (2) of section 79-958 to the School Employees
4 Retirement System of the State of Nebraska to the extent that such
5 expenditures exceed the employer contributions under such subsection that
6 would have been made at a contribution rate of seven and thirty-five
7 hundredths percent or (ii) expenditures to pay for school district
8 contributions pursuant to subdivision (1)(c)(i) of section 79-9,113 to
9 the retirement system established pursuant to the Class V School
10 Employees Retirement Act to the extent that such expenditures exceed the
11 school district contributions under such subdivision that would have been
12 made at a contribution rate of seven and thirty-seven hundredths percent,
13 and (g) 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 For purposes of this subdivision (22) of this section, receipts from
16 levy override elections shall equal ninety-nine percent of the difference
17 of the total general fund levy minus the maximum levy authorized in
18 subdivision (2)(a) of section 77-3442 for the applicable fiscal year a
19 levy of one dollar and five cents per one hundred dollars of taxable
20 valuation multiplied by the assessed valuation for school districts that
21 have voted pursuant to section 77-3444 to override the maximum levy
22 provided pursuant to section 77-3442;

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

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

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

31 (26) Limited English proficiency students means the number of

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

8 (27) Local system means a learning community for purposes of
9 calculation of state aid for the second full school fiscal year after
10 becoming a learning community and each school fiscal year thereafter, a
11 unified system, a Class VI district and the associated Class I districts,
12 or a Class II, III, IV, or V district and any affiliated Class I
13 districts or portions of Class I districts. The membership, expenditures,
14 and resources of Class I districts that are affiliated with multiple high
15 school districts will be attributed to local systems based on the percent
16 of the Class I valuation that is affiliated with each high school
17 district;

18 (28) Low-income child means a child under nineteen years of age
19 living in a household having an annual adjusted gross income for the
20 second calendar year preceding the beginning of the school fiscal year
21 for which aid is being calculated equal to or less than the maximum
22 household income that would allow a student from a family of four people
23 to be a free lunch and free milk student during the school fiscal year
24 immediately preceding the school fiscal year for which aid is being
25 calculated;

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

30 (30) Most recently available complete data year means the most
31 recent single school fiscal year for which the annual financial report,

1 fall school district membership report, annual statistical summary,
2 Nebraska income tax liability by school district for the calendar year in
3 which the majority of the school fiscal year falls, and adjusted
4 valuation data are available;

5 (31) Poverty students means the number of low-income students or the
6 number of students who are free lunch and free milk students in a
7 district plus the difference of the number of low-income students or the
8 number of students who are free lunch and free milk students in a
9 district, whichever is greater, minus the average number of poverty
10 students for such district, prior to such addition, for the three
11 immediately preceding school fiscal years if such difference is greater
12 than zero;

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

27 (33) Qualified early childhood education fall membership means the
28 product of membership on the last Friday in September 2006 and each year
29 thereafter of students who will be eligible to attend kindergarten the
30 following school year and are enrolled in an early childhood education
31 program approved by the department pursuant to section 79-1103 for such

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

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

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

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

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

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

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

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

30 (d)(i) Less than two formula students per square mile in the local
31 system and (ii) the local system includes an area equal to ninety-five

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

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

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

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

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

16 (42) State support means all funds provided to districts by the
17 State of Nebraska for the general fund support of elementary and
18 secondary education;

19 (43) Statewide average basic funding per formula student means the
20 statewide total basic funding for all districts divided by the statewide
21 total formula students for all districts;

22 (44) Statewide average general fund operating expenditures per
23 formula student means the statewide total general fund operating
24 expenditures for all districts divided by the statewide total formula
25 students for all districts;

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

27 (46) Temporary aid adjustment factor means (a) for school fiscal
28 years before school fiscal year 2007-08, one and one-fourth percent of
29 the sum of the local system's transportation allowance, the local
30 system's special receipts allowance, and the product of the local
31 system's adjusted formula students multiplied by the average formula cost

1 per student in the local system's cost grouping and (b) for school fiscal
2 year 2007-08, one and one-fourth percent of the sum of the local system's
3 transportation allowance, special receipts allowance, and distance
4 education and telecommunications allowance and the product of the local
5 system's adjusted formula students multiplied by the average formula cost
6 per student in the local system's cost grouping;

7 (47) Tuition receipts from converted contracts means tuition
8 receipts received by a district from another district in the most
9 recently available complete data year pursuant to a converted contract
10 prior to the expiration of the contract;

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

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

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

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

26 Sec. 5. Section 79-1007.11, Reissue Revised Statutes of Nebraska, is
27 amended to read:

28 79-1007.11 (1) Except as otherwise provided in this section, for
29 school fiscal years 2013-14 through 2015-16, each school district's
30 formula need shall equal the difference of the sum of the school
31 district's basic funding, poverty allowance, limited English proficiency

1 allowance, focus school and program allowance, summer school allowance,
2 special receipts allowance, transportation allowance, elementary site
3 allowance, instructional time allowance, teacher education allowance,
4 distance education and telecommunications allowance, averaging
5 adjustment, new learning community transportation adjustment, student
6 growth adjustment, any positive student growth adjustment correction, and
7 new school adjustment, minus the sum of the limited English proficiency
8 allowance correction, poverty allowance correction, and any negative
9 student growth adjustment correction.

10 (2) Except as otherwise provided in this section, for school fiscal
11 year 2016-17 and each school fiscal year thereafter, each school
12 district's formula need shall equal the difference of the sum of the
13 school district's basic funding, poverty allowance, limited English
14 proficiency allowance, focus school and program allowance, summer school
15 allowance, special receipts allowance, transportation allowance,
16 elementary site allowance, distance education and telecommunications
17 allowance, averaging adjustment, new learning community transportation
18 adjustment, student growth adjustment, any positive student growth
19 adjustment correction, and new school adjustment, minus the sum of the
20 limited English proficiency allowance correction, poverty allowance
21 correction, and any negative student growth adjustment correction.

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

30 (4) Except as provided in subsection (6) of this section, if the
31 formula need calculated for a school district pursuant to subsections (1)

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

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

23 (6) For state aid calculated for the first full school fiscal year
24 of a new learning community, if the formula need calculated for a member
25 school district pursuant to subsections (1) through (3) of this section
26 is less than the sum of the school district's state aid certified for the
27 school fiscal year immediately preceding the first full school fiscal
28 year of the learning community plus the school district's other actual
29 receipts included in local system formula resources pursuant to section
30 79-1018.01 for such school fiscal year plus the product of the school
31 district's general fund levy for such school fiscal year up to the

1 maximum levy authorized in subdivision (2)(a) of section 77-3442 for such
2 school fiscal year one dollar and five cents multiplied by the school
3 district's assessed valuation for such school fiscal year, the formula
4 need for such school district for the school fiscal year for which aid is
5 being calculated shall equal such sum.

6 Sec. 6. Section 79-1007.18, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 79-1007.18 (1) The department shall calculate an averaging
9 adjustment for districts if the basic funding per formula student is less
10 than the averaging adjustment threshold and the general fund levy for the
11 school fiscal year immediately preceding the school fiscal year for which
12 aid is being calculated was at least one dollar per one hundred dollars
13 of taxable valuation for school fiscal years prior to 2017-18, ninety
14 cents per one hundred dollars of taxable valuation for school fiscal year
15 2017-18, eighty-five cents per one hundred dollars of taxable valuation
16 for school fiscal year 2018-19, eighty cents per one hundred dollars of
17 taxable valuation for school fiscal year 2019-20, or seventy-five and
18 one-half cents per one hundred dollars of taxable valuation for school
19 fiscal year 2020-21 and each school fiscal year thereafter. For school
20 districts that are members of a learning community, the general fund levy
21 for purposes of this section includes both the common general fund levy
22 and the school district general fund levy authorized pursuant to
23 subdivisions (2)(b) and (2)(c) of section 77-3442. The averaging
24 adjustment shall equal the district's formula students multiplied by the
25 percentage specified in this section for such district of the difference
26 between the averaging adjustment threshold minus such district's basic
27 funding per formula student.

28 (2)(a) For school fiscal years 2012-13 and 2013-14, the averaging
29 adjustment threshold shall equal the lesser of (i) the averaging
30 adjustment threshold for the school fiscal year immediately preceding the
31 school fiscal year for which aid is being calculated increased by the

1 basic allowable growth rate or (ii) the statewide average basic funding
2 per formula student for the school fiscal year for which aid is being
3 calculated.

4 (b) For school fiscal year 2014-15 and each school fiscal year
5 thereafter, the averaging adjustment threshold shall equal the aggregate
6 basic funding for all districts with nine hundred or more formula
7 students divided by the aggregate formula students for all districts with
8 nine hundred or more formula students for the school fiscal year for
9 which aid is being calculated.

10 (3) The percentage to be used in the calculation of an averaging
11 adjustment shall be based on the general fund levy for the school fiscal
12 year immediately preceding the school fiscal year for which aid is being
13 calculated.

14 (4) The percentages to be used in the calculation of averaging
15 adjustments shall be as follows:

16 (a) If such levy was at least one dollar per one hundred dollars of
17 taxable valuation but less than one dollar and one cent per one hundred
18 dollars of taxable valuation for school fiscal years prior to 2017-18, at
19 least ninety cents per one hundred dollars of taxable valuation but less
20 than ninety-one cents per one hundred dollars of taxable valuation for
21 school fiscal year 2017-18, at least eighty-five cents per one hundred
22 dollars of taxable valuation but less than eighty-six cents per one
23 hundred dollars of taxable valuation for school fiscal year 2018-19, at
24 least eighty cents per one hundred dollars of taxable valuation but less
25 than eighty-one cents per one hundred dollars of taxable valuation for
26 school fiscal year 2019-20, or at least seventy-five and one-half cents
27 per one hundred dollars of taxable valuation but less than seventy-six
28 and one-half cents per one hundred dollars of taxable valuation for
29 school fiscal year 2020-21 and each school fiscal year thereafter, the
30 percentage shall be fifty percent;

31 (b) If such levy was at least one dollar and one cent per one

1 hundred dollars of taxable valuation but less than one dollar and two
2 cents per one hundred dollars of taxable valuation for school fiscal
3 years prior to 2017-18, at least ninety-one cents per one hundred dollars
4 of taxable valuation but less than ninety-two cents per one hundred
5 dollars of taxable valuation for school fiscal year 2017-18, at least
6 eighty-six cents per one hundred dollars of taxable valuation but less
7 than eighty-seven cents per one hundred dollars of taxable valuation for
8 school fiscal year 2018-19, at least eighty-one cents per one hundred
9 dollars of taxable valuation but less than eighty-two cents per one
10 hundred dollars of taxable valuation for school fiscal year 2019-20, or
11 at least seventy-six and one-half cents per one hundred dollars of
12 taxable valuation but less than seventy-seven and one-half cents per one
13 hundred dollars of taxable valuation for school fiscal year 2020-21 and
14 each school fiscal year thereafter, the percentage shall be sixty
15 percent;

16 (c) If such levy was at least one dollar and two cents per one
17 hundred dollars of taxable valuation but less than one dollar and three
18 cents per one hundred dollars of taxable valuation for school fiscal
19 years prior to 2017-18, at least ninety-two cents per one hundred dollars
20 of taxable valuation but less than ninety-three cents per one hundred
21 dollars of taxable valuation for school fiscal year 2017-18, at least
22 eighty-seven cents per one hundred dollars of taxable valuation but less
23 than eighty-eight cents per one hundred dollars of taxable valuation for
24 school fiscal year 2018-19, at least eighty-two cents per one hundred
25 dollars of taxable valuation but less than eighty-three cents per one
26 hundred dollars of taxable valuation for school fiscal year 2019-20, or
27 at least seventy-seven and one-half cents per one hundred dollars of
28 taxable valuation but less than seventy-eight and one-half cents per one
29 hundred dollars of taxable valuation for school fiscal year 2020-21 and
30 each school fiscal year thereafter, the percentage shall be seventy
31 percent;

1 (d) If such levy was at least one dollar and three cents per one
2 hundred dollars of taxable valuation but less than one dollar and four
3 cents per one hundred dollars of taxable valuation for school fiscal
4 years prior to 2017-18, at least ninety-three cents per one hundred
5 dollars of taxable valuation but less than ninety-four cents per one
6 hundred dollars of taxable valuation for school fiscal year 2017-18, at
7 least eighty-eight cents per one hundred dollars of taxable valuation but
8 less than eighty-nine cents per one hundred dollars of taxable valuation
9 for school fiscal year 2018-19, at least eighty-three cents per one
10 hundred dollars of taxable valuation but less than eighty-four cents per
11 one hundred dollars of taxable valuation for school fiscal year 2019-20,
12 or at least seventy-eight and one-half cents per one hundred dollars of
13 taxable valuation but less than seventy-nine and one-half cents per one
14 hundred dollars of taxable valuation for school fiscal year 2020-21 and
15 each school fiscal year thereafter, the percentage shall be eighty
16 percent; and

17 (e) If such levy was at least one dollar and four cents per one
18 hundred dollars of taxable valuation for school fiscal years prior to
19 2017-18, at least ninety-four cents per one hundred dollars of taxable
20 valuation for school fiscal year 2017-18, at least eighty-nine cents per
21 one hundred dollars of taxable valuation for school fiscal year 2018-19,
22 at least eighty-four cents per one hundred dollars of taxable valuation
23 for school fiscal year 2019-20, or at least seventy-nine and one-half
24 cents per one hundred dollars of taxable valuation for school fiscal year
25 2020-21 and each school fiscal year thereafter, the percentage shall be
26 ninety percent.

27 Sec. 7. Section 79-1008.02, Reissue Revised Statutes of Nebraska, is
28 amended to read:

29 79-1008.02 (1) For school fiscal years prior to school fiscal year
30 2017-18, a A minimum levy adjustment shall be calculated and applied to
31 any local system that has a general fund common levy for the fiscal year

1 during which aid is certified that is less than the maximum levy, for
2 such fiscal year for such local system, allowed pursuant to subdivision
3 (2)(a) or (b) of section 77-3442 without a vote pursuant to section
4 77-3444 less five cents for learning communities and less ten cents for
5 all other local systems. To calculate the minimum levy adjustment, the
6 department shall subtract the local system general fund common levy for
7 such fiscal year for such local system from the maximum levy allowed
8 pursuant to subdivision (2)(a) or (b) of section 77-3442 without a vote
9 pursuant to section 77-3444 less five cents for learning communities and
10 less ten cents for all other local systems and multiply the result by the
11 local system's adjusted valuation divided by one hundred. The minimum
12 levy adjustment shall be added to the formula resources of the local
13 system for the determination of equalization aid pursuant to section
14 79-1008.01. If the minimum levy adjustment is greater than or equal to
15 the allocated income tax funds calculated pursuant to section 79-1005.01,
16 the local system shall not receive allocated income tax funds. If the
17 minimum levy adjustment is less than the allocated income tax funds
18 calculated pursuant to section 79-1005.01, the local system shall receive
19 allocated income tax funds in the amount of the difference between the
20 allocated income tax funds calculated pursuant to section 79-1005.01 and
21 the minimum levy adjustment. This section does not apply to the
22 calculation of aid for a local system containing a learning community for
23 the first school fiscal year for which aid is calculated for such local
24 system.

25 (2) For school fiscal year 2017-18 and each school fiscal year
26 thereafter, a minimum levy adjustment shall be calculated and applied to
27 any local system that has a general fund common levy for the fiscal year
28 during which aid is certified that is less than seventy and one-half
29 cents per one hundred dollars of taxable valuation or sixty-five and one-
30 half cents per one hundred dollars of taxable valuation for learning
31 communities. To calculate the minimum levy adjustment, the department

1 shall subtract the local system general fund common levy for such fiscal
2 year for such local system from seventy and one-half cents or sixty-five
3 and one-half cents for learning communities and multiply the result by
4 the local system's adjusted valuation divided by one hundred. The minimum
5 levy adjustment shall be added to the formula resources of the local
6 system for the determination of equalization aid pursuant to section
7 79-1008.01. If the minimum levy adjustment is greater than or equal to
8 the allocated income tax funds calculated pursuant to section 79-1005.01,
9 the local system shall not receive allocated income tax funds. If the
10 minimum levy adjustment is less than the allocated income tax funds
11 calculated pursuant to section 79-1005.01, the local system shall receive
12 allocated income tax funds in the amount of the difference between the
13 allocated income tax funds calculated pursuant to section 79-1005.01 and
14 the minimum levy adjustment. This section does not apply to the
15 calculation of aid for a local system containing a learning community for
16 the first school fiscal year for which aid is calculated for such local
17 system.

18 Sec. 8. Section 79-1015.01, Reissue Revised Statutes of Nebraska, is
19 amended to read:

20 79-1015.01 (1) Local system formula resources shall include local
21 effort rate yield which shall be computed as prescribed in this section.

22 (2) For ~~each school fiscal years 2014-15 through 2016-17 year except~~
23 ~~school fiscal years 2011-12 through 2013-14:~~ (a) For state aid certified
24 pursuant to section 79-1022, the local effort rate shall be the maximum
25 levy, for the school fiscal year for which aid is being certified,
26 authorized pursuant to subdivision (2)(a) of section 77-3442 less five
27 cents; (b) for the final calculation of state aid pursuant to section
28 79-1065, the local effort rate shall be the rate which, when multiplied
29 by the total adjusted valuation of all taxable property in local systems
30 receiving equalization aid pursuant to the Tax Equity and Educational
31 Opportunities Support Act, will produce the amount needed to support the

1 total formula need of such local systems when added to state aid
2 appropriated by the Legislature and other actual receipts of local
3 systems described in section 79-1018.01; and (c) the local effort rate
4 yield for such school fiscal years shall be determined by multiplying
5 each local system's total adjusted valuation by the local effort rate.

6 (3) For school fiscal years 2011-12 and 2012-13: (a) For state aid
7 certified pursuant to section 79-1022, the local effort rate shall be the
8 maximum levy, for the school fiscal year for which aid is being
9 certified, authorized pursuant to subdivision (2)(a) of section 77-3442
10 less one and five-hundredths of one cent; (b) for the final calculation
11 of state aid pursuant to section 79-1065, the local effort rate shall be
12 the rate which, when multiplied by the total adjusted valuation of all
13 taxable property in local systems receiving equalization aid pursuant to
14 the Tax Equity and Educational Opportunities Support Act, will produce
15 the amount needed to support the total formula need of such local systems
16 when added to state aid appropriated by the Legislature and other actual
17 receipts of local systems described in section 79-1018.01; and (c) the
18 local effort rate yield for such school fiscal years shall be determined
19 by multiplying each local system's total adjusted valuation by the local
20 effort rate.

21 (4) For school fiscal year 2013-14: (a) For state aid certified
22 pursuant to section 79-1022, the local effort rate shall be the maximum
23 levy, for the school fiscal year for which aid is being certified,
24 authorized pursuant to subdivision (2)(a) of section 77-3442 less two
25 cents; (b) for the final calculation of state aid pursuant to section
26 79-1065, the local effort rate shall be the rate which, when multiplied
27 by the total adjusted valuation of all taxable property in local systems
28 receiving equalization aid pursuant to the Tax Equity and Educational
29 Opportunities Support Act, will produce the amount needed to support the
30 total formula need of such local systems when added to state aid
31 appropriated by the Legislature and other actual receipts of local

1 systems described in section 79-1018.01; and (c) the local effort rate
2 yield for such school fiscal years shall be determined by multiplying
3 each local system's total adjusted valuation by the local effort rate.

4 (5) For school fiscal year 2017-18 and each school fiscal year
5 thereafter: (a) For state aid certified pursuant to section 79-1022, the
6 local effort rate shall be seventy-five and one-half cents per one
7 hundred dollars of taxable valuation; (b) for the final calculation of
8 state aid pursuant to section 79-1065, the local effort rate shall be the
9 rate which, when multiplied by the total adjusted valuation of all
10 taxable property in local systems receiving equalization aid pursuant to
11 the Tax Equity and Educational Opportunities Support Act, will produce
12 the amount needed to support the total formula need of such local systems
13 when added to state aid appropriated by the Legislature and other actual
14 receipts of local systems described in section 79-1018.01; and (c) the
15 local effort rate yield for such school fiscal years shall be determined
16 by multiplying each local system's total adjusted valuation by the local
17 effort rate.

18 Sec. 9. Section 79-1016, Reissue Revised Statutes of Nebraska, is
19 amended to read:

20 79-1016 (1) On or before August 25, the county assessor shall
21 certify to the Property Tax Administrator the total taxable value by
22 school district in the county for the current assessment year on forms
23 prescribed by the Tax Commissioner. The county assessor may amend the
24 filing for changes made to the taxable valuation of the school district
25 in the county if corrections or errors on the original certification are
26 discovered. Amendments shall be certified to the Property Tax
27 Administrator on or before September 30.

28 (2) On or before October 10, the Property Tax Administrator shall
29 compute and certify to the State Department of Education the adjusted
30 valuation for the current assessment year for each class of property in
31 each school district and each local system. The adjusted valuation of

1 property for each school district and each local system, for purposes of
2 determining state aid pursuant to the Tax Equity and Educational
3 Opportunities Support Act, shall reflect as nearly as possible state aid
4 value as defined in subsection (3) of this section. The Property Tax
5 Administrator shall notify each school district and each local system of
6 its adjusted valuation for the current assessment year by class of
7 property on or before October 10. Establishment of the adjusted valuation
8 shall be based on the taxable value certified by the county assessor for
9 each school district in the county adjusted by the determination of the
10 level of value for each school district from an analysis of the
11 comprehensive assessment ratio study or other studies developed by the
12 Property Tax Administrator, in compliance with professionally accepted
13 mass appraisal techniques, as required by section 77-1327. The Tax
14 Commissioner shall adopt and promulgate rules and regulations setting
15 forth standards for the determination of level of value for state aid
16 purposes.

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

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

20 (b) For agricultural and horticultural land, sixty-two and four-
21 tenths ~~seventy-two~~ percent of actual value as provided in sections
22 77-1359 and ~~to~~ 77-1363. For agricultural and horticultural land that
23 receives special valuation pursuant to section 77-1344, sixty-two and
24 four-tenths ~~seventy-two~~ percent of special valuation as defined in
25 section 77-1343; and

26 (c) For personal property, the net book value as defined in section
27 77-120.

28 (4) On or before November 10, any local system may file with the Tax
29 Commissioner written objections to the adjusted valuations prepared by
30 the Property Tax Administrator, stating the reasons why such adjusted
31 valuations are not the valuations required by subsection (3) of this

1 section. The Tax Commissioner shall fix a time for a hearing. Either
2 party shall be permitted to introduce any evidence in reference thereto.
3 On or before January 1, the Tax Commissioner shall enter a written order
4 modifying or declining to modify, in whole or in part, the adjusted
5 valuations and shall certify the order to the State Department of
6 Education. Modification by the Tax Commissioner shall be based upon the
7 evidence introduced at hearing and shall not be limited to the
8 modification requested in the written objections or at hearing. A copy of
9 the written order shall be mailed to the local system within seven days
10 after the date of the order. The written order of the Tax Commissioner
11 may be appealed within thirty days after the date of the order to the Tax
12 Equalization and Review Commission in accordance with section 77-5013.

13 (5) On or before November 10, any local system or county official
14 may file with the Tax Commissioner a written request for a nonappealable
15 correction of the adjusted valuation due to clerical error as defined in
16 section 77-128 or, for agricultural and horticultural land, assessed
17 value changes by reason of land qualified or disqualified for special use
18 valuation pursuant to sections 77-1343 to 77-1347.01. On or before the
19 following January 1, the Tax Commissioner shall approve or deny the
20 request and, if approved, certify the corrected adjusted valuations
21 resulting from such action to the State Department of Education.

22 (6) On or before May 31 of the year following the certification of
23 adjusted valuation pursuant to subsection (2) of this section, any local
24 system or county official may file with the Tax Commissioner a written
25 request for a nonappealable correction of the adjusted valuation due to
26 changes to the tax list that change the assessed value of taxable
27 property. Upon the filing of the written request, the Tax Commissioner
28 shall require the county assessor to recertify the taxable valuation by
29 school district in the county on forms prescribed by the Tax
30 Commissioner. The recertified valuation shall be the valuation that was
31 certified on the tax list, pursuant to section 77-1613, increased or

1 decreased by changes to the tax list that change the assessed value of
2 taxable property in the school district in the county in the prior
3 assessment year. On or before the following July 31, the Tax Commissioner
4 shall approve or deny the request and, if approved, certify the corrected
5 adjusted valuations resulting from such action to the State Department of
6 Education.

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

9 (8) A school district whose state aid is to be calculated pursuant
10 to subsection (5) of this section and whose state aid payment is
11 postponed as a result of failure to calculate state aid pursuant to such
12 subsection may apply to the state board for lump-sum payment of such
13 postponed state aid. Such application may be for any amount up to one
14 hundred percent of the postponed state aid. The state board may grant the
15 entire amount applied for or any portion of such amount. The state board
16 shall notify the Director of Administrative Services of the amount of
17 funds to be paid in a lump sum and the reduced amount of the monthly
18 payments. The Director of Administrative Services shall, at the time of
19 the next state aid payment made pursuant to section 79-1022, draw a
20 warrant for the lump-sum amount from appropriated funds and forward such
21 warrant to the district.

22 Sec. 10. Section 79-1017.01, Reissue Revised Statutes of Nebraska,
23 is amended to read:

24 79-1017.01 (1) For state aid calculated for school fiscal year
25 2013-14, local system formula resources includes retirement aid
26 determined under section 79-1028.03, teacher education aid determined for
27 each district pursuant to subdivision (2) of section 79-1007.25,
28 instructional time aid determined pursuant to subsection (2) of section
29 79-1007.23, allocated income tax funds determined for each district
30 pursuant to section 79-1005.01, and adjustments pursuant to section
31 79-1008.02 and is reduced by amounts paid by the district in the most

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

3 (2) For state aid calculated for school fiscal years 2014-15 and
4 2015-16, local system formula resources includes teacher education aid
5 determined for each district pursuant to section 79-1007.25,
6 instructional time aid determined pursuant to subsection (2) of section
7 79-1007.23, allocated income tax funds determined for each district
8 pursuant to section 79-1005.01, and adjustments pursuant to section
9 79-1008.02 and is reduced by amounts paid by the district in the most
10 recently available complete data year as property tax refunds pursuant to
11 or in the manner prescribed by section 77-1736.06.

12 (3) For state aid calculated for school fiscal year 2016-17 ~~and each~~
13 ~~school fiscal year thereafter~~, local system formula resources includes
14 allocated income tax funds determined for each district pursuant to
15 section 79-1005.01 and adjustments pursuant to section 79-1008.02 and is
16 reduced by amounts paid by the district in the most recently available
17 complete data year as property tax refunds pursuant to or in the manner
18 prescribed by section 77-1736.06.

19 (4) For state aid calculated for school fiscal year 2017-18 and each
20 school fiscal year thereafter, local system formula resources includes
21 allocated income tax funds determined for each district pursuant to
22 section 79-1005.01, foundation aid determined under section 12 of this
23 act, school-funding surtax revenue received under section 1 of this act
24 less any such surtax revenue received from a rate in excess of nineteen
25 and four-tenths percent, and adjustments pursuant to section 79-1008.02
26 and is reduced by amounts paid by the district in the most recently
27 available complete data year as property tax refunds pursuant to or in
28 the manner prescribed by section 77-1736.06.

29 Sec. 11. Section 79-1023, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 79-1023 (1) On or before April 10, 2014, and on or before March 1 of

1 each year thereafter, the department shall determine and certify to each
2 school district budget authority for the general fund budget of
3 expenditures for the ensuing school fiscal year.

4 (2) Except as provided in subsection (3) of this section and in
5 sections 79-1028.01, 79-1029, and 79-1030, each school district shall
6 have budget authority for the general fund budget of expenditures equal
7 to the greater of (a) the general fund budget of expenditures for the
8 immediately preceding school fiscal year minus exclusions pursuant to
9 subsection (1) of section 79-1028.01 for such school fiscal year with the
10 difference increased by the basic allowable growth rate for the school
11 fiscal year for which budget authority is being calculated, (b) the
12 general fund budget of expenditures for the immediately preceding school
13 fiscal year minus exclusions pursuant to subsection (1) of section
14 79-1028.01 for such school fiscal year with the difference increased by
15 an amount equal to any student growth adjustment calculated for the
16 school fiscal year for which budget authority is being calculated, or (c)
17 one hundred ten percent of formula need for the school fiscal year for
18 which budget authority is being calculated minus the special education
19 budget of expenditures as filed on the school district budget statement
20 on or before September 20 for the immediately preceding school fiscal
21 year, which special education budget of expenditures is increased by the
22 basic allowable growth rate for the school fiscal year for which budget
23 authority is being calculated.

24 (3) If a school district increases its school-funding surcharge to
25 greater than nineteen and four-tenths percent pursuant to section 1 of
26 this act, such school district shall have budget authority for the
27 general fund budget of expenditures equal to the general fund budget of
28 expenditures for the immediately preceding school fiscal year minus
29 exclusions pursuant to subsection (1) of section 79-1028.01 for such
30 school fiscal year with the difference increased by the basic allowable
31 growth rate for the school fiscal year for which budget authority is

1 being calculated.

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

8 Sec. 12. Beginning in school fiscal year 2017-18, an amount equal
9 to five hundred dollars per formula student shall be paid to each school
10 district as foundation aid.

11 Sec. 13. Original sections 79-1001, 79-1003, 79-1007.11,
12 79-1007.18, 79-1008.02, 79-1015.01, 79-1016, 79-1017.01, and 79-1023,
13 Reissue Revised Statutes of Nebraska, and section 77-3442, Revised
14 Statutes Cumulative Supplement, 2014, are repealed.

15 Sec. 14. Since an emergency exists, this act takes effect when
16 passed and approved according to law.