

LEGISLATURE OF NEBRASKA

ONE HUNDREDTH LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 342

Introduced by Raikes, 25; Adams, 24; Aguilar, 35; Avery, 28; Burling, 33; Carlson, 38; Christensen, 44; Cornett, 45; Dierks, 40; Engel, 17; Flood, 19; Friend, 10; Gay, 14; Hansen, 42; Janssen, 15; Johnson, 37; Karpisek, 32; Kopplin, 3; Kruse, 13; Lathrop, 12; McDonald, 41; Mines, 18; Pahls, 31; Pankonin, 2; Pedersen, 39; Preister, 5; Rogert, 16; Schimek, 27; Stuthman, 22; Synowiecki, 7; Wallman, 30; Wightman, 36;

Read first time January 11, 2007

Committee: Education

A BILL

1 FOR AN ACT relating to community colleges; to amend section
2 85-1536.01, Revised Statutes Cumulative Supplement, 2006;
3 to change provisions relating to state aid; to harmonize
4 provisions; to repeal the original section; and to
5 declare an emergency.

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

1 Section 1. Section 85-1536.01, Revised Statutes
2 Cumulative Supplement, 2006, is amended to read:

3 85-1536.01 (1) The Community College Property Tax Relief
4 and Equalization Program is created. The Legislature recognizes
5 the need for a state and local partnership for the funding of
6 community colleges. The Legislature also understands that some
7 community college areas have a better ability than other areas to
8 raise revenue through property taxes because of larger and growing
9 valuation bases.

10 (2) It is the intent of the Legislature to appropriate
11 funds beginning with fiscal year 1998-99 to provide property tax
12 relief to those areas that (a) have levied the maximum allowable
13 property tax levy as described in subsection (1) of section 85-1517
14 and cannot generate forty percent of their operating revenue or (b)
15 do not receive forty percent of their operating revenue from state
16 aid pursuant to subdivisions (1)(a) and (b) of section 85-1536
17 and levy the maximum allowable property tax levy as described in
18 subsection (1) of section 85-1517 or the greater of a minimum levy
19 of six and three-tenths cents per one hundred dollars of valuation
20 for fiscal year 1998-99 and fiscal year 1999-00 and five and
21 three-tenths cents per one hundred dollars of valuation for fiscal
22 year 2000-01 and all subsequent fiscal years or a levy that raises
23 forty percent of its operating revenue.

24 ~~(3)~~ (3)(a) Each eligible community college area which
25 qualifies pursuant to subdivision (2)(a) of this section shall

1 receive funds equal to the difference between the property
2 tax revenue raised and forty percent of its operating revenue.
3 Each eligible community college area which qualifies pursuant to
4 subdivision (2)(b) of this section shall receive funds equal to the
5 difference between state aid pursuant to subdivisions (1)(a) and
6 (b) of section 85-1536 and forty percent of its operating revenue,
7 and any community college area which raises in excess of forty
8 percent of its operating revenue from property tax shall have such
9 excess serve as an offset to payments received from this program.
10 Any community college area which qualifies under both subdivisions
11 (2)(a) and (b) of this section shall receive funds as calculated
12 for both subdivisions.

13 (b) The base year for calculating forty percent of
14 operating revenue shall be fiscal year 1997-98, with future
15 adjustments reflecting increases equal to two percent plus the
16 percentage increase, if any, in full-time equivalent students
17 eligible for state aid from the second year to the first year
18 preceding the year for which the aid is being determined.

19 (c) For purposes of aid distribution beginning with
20 fiscal year 2006-07, the revenue generated by the additional levy
21 authorized under subdivision (2)(c) of section 85-1517 shall be
22 added to the previous year's adjusted base year operating revenue
23 prior to applying the two percent plus the percentage growth in
24 full-time equivalent students, and remain as part of the adjusted
25 base year operating revenue for all fiscal years thereafter.

1 (d) For purposes of aid distribution beginning with
2 fiscal year 2007-08, an adjustment to base year operating revenue
3 shall be made after fiscal year 2006-07 base year operating revenue
4 is adjusted to reflect increases equal to two percent plus the
5 percentage increase, if any, in full-time equivalent students
6 eligible for state aid from the second year to the first year
7 preceding the year for which aid is being determined. When the
8 Legislature provides for fully funding the provisions of this
9 section and section 85-1536, the adjustments to base year operating
10 revenue shall equal the following amounts:

11 (i) Central Community College Area, an increase of
12 \$187,500;

13 (ii) Metropolitan Community College Area, an increase of
14 \$375,000;

15 (iii) Mid-Plains Community College Area, an increase of
16 \$937,500;

17 (iv) Northeast Community College Area, an increase of
18 \$937,500;

19 (v) Southeast Community College Area, an increase of
20 \$375,000; and

21 (vi) Western Community College Area, a decrease of
22 \$2,812,500.

23 The base year adjustments described in this subdivision
24 shall be included in adjusted base year operating revenue each
25 fiscal year. If such base year adjustments for any community

1 college area exceed the unused budget amount eligible to be carried
2 forward pursuant to section 13-521, any excess shall be exempt from
3 section 13-519.

4 If the Legislature does not appropriate sufficient funds
5 to fully fund this section and section 85-1536, the amounts
6 described in this section shall be reduced on a pro rata basis,
7 using the percentage determined by dividing the amount of funds
8 appropriated by the amount necessary to fully fund such sections.

9 (e) Any community college area which had an operational
10 property tax levy that was one hundred thirty-five percent or more
11 of the statewide average operational community college property
12 tax levy for fiscal year 1997-98 shall, for purposes of state aid
13 distribution beginning in fiscal year 1999-00 and for each fiscal
14 year thereafter, have added to its fiscal year 1997-98 base year
15 revenue three-fourths of its unused budget authority as established
16 under section 13-521 for fiscal year 1998-99. Each community
17 college area shall submit its levy and valuation certification
18 to the Department of Administrative Services by September 20
19 each year. After verifying valuations and general fund revenue
20 amounts established from FTE-REU audits, which general fund revenue
21 amounts are derived from the uniform budget form, the department
22 shall distribute funds to those community college areas that have
23 qualified for property tax relief and equalization.

24 (4) If the Legislature appropriates more money for aid to
25 community colleges than is necessary to fully fund the provisions

1 of sections 85-1536 to 85-1537 for any fiscal year, the excess
2 money shall be allocated to each community college area in the same
3 proportion as the community college area's property valuation is to
4 the state's total property valuation.

5 (5) If the Legislature fails to appropriate adequate
6 funds for the program, the funds appropriated shall be apportioned
7 on a pro rata basis to the areas that qualify.

8 (6) The department shall distribute the total of such
9 appropriated and allocated funds to the boards in nine as nearly as
10 possible equal monthly payments between the fifth and twentieth day
11 of each month beginning in October of each year.

12 (7) For fiscal year 2003-04 through fiscal year 2007-08,
13 each community college area that meets the requirements of
14 subsection (2) of this section may levy an additional amount
15 sufficient to generate revenue equal to the community college's
16 share of any deficiency in the appropriation to community colleges
17 upon the affirmative vote of at least three-fourths of the board
18 of governors for the community college area. The property tax levy
19 provided for in this subsection is in addition to the maximum
20 allowable property tax levy described in subsection (1) of section
21 85-1517 and the amount allowed by subsection (3) of section
22 77-3442.

23 Sec. 2. Original section 85-1536.01, Revised Statutes
24 Cumulative Supplement, 2006, is repealed.

25 Sec. 3. Since an emergency exists, this act takes effect

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1 when passed and approved according to law.