

LEGISLATURE OF NEBRASKA

ONE HUNDREDTH LEGISLATURE

FIRST SESSION

**LEGISLATIVE BILL 547**

Introduced by Kopplin, 3; Kruse, 13; Pedersen, 39

Read first time January 17, 2007

Committee: Education

A BILL

1 FOR AN ACT relating to schools; to amend sections 9-812, 13-503,  
2 13-508, 13-511, 77-1601.02, 77-1614, 77-1624, 77-1702,  
3 77-1704.01, 77-1708, 77-1772, 77-2201, 77-2202, 77-3442,  
4 79-233, 79-238, 79-458, 79-458.01, 79-467, 79-468,  
5 79-527, 79-528, 79-760, 79-979, 79-1002, 79-1007.01,  
6 79-1007.02, 79-1007.05, 79-1008.01, 79-1008.02, 79-1024,  
7 79-1033, 79-1074, 79-1075, 79-1083, 79-1084, 79-1086,  
8 79-10,120, 79-10,126, and 79-11,150, Revised Statutes  
9 Cumulative Supplement, 2006, and sections 79-102,  
10 79-407, 79-408, 79-413, 79-415, 79-416, 79-433, 79-452,  
11 79-473, 79-479, 79-549, 79-611, 79-850, 79-1003, 79-1022,  
12 79-1026, and 79-1028, Revised Statutes Cumulative  
13 Supplement, 2006, as affected by Referendum 2006, No.  
14 422; to adopt the Nebraska Student Advantage Act; to

1 change provisions relating to calculation of state  
2 aid; to eliminate provisions relating to learning  
3 communities and the Learning Community Reorganization  
4 Act; to harmonize provisions; to provide severability;  
5 to repeal the original sections; to outright repeal  
6 sections 79-4,117, 79-4,118, 79-4,119, 79-4,120,  
7 79-4,121, 79-4,122, 79-4,123, 79-4,124, 79-4,125,  
8 79-4,126, 79-4,127, 79-4,128, 79-4,129, 79-4,130,  
9 79-769, 79-1007.03, 79-1007.04, 79-1007.06, 79-1007.07,  
10 79-1007.08, 79-1007.09, 79-1007.10, 79-1026.01, 79-1073,  
11 79-1073.01, 79-10,126.01, 79-2101, 79-2102, 79-2103,  
12 79-2104, 79-2105, 79-2106, 79-2107, 79-2108, 79-2109, and  
13 79-2110, Revised Statutes Cumulative Supplement, 2006;  
14 and to declare an emergency.

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

1           Section 1. Sections 1 to 25 of this act shall be known  
2 and may be cited as the Nebraska Student Advantage Act.

3           Sec. 2. It is the purpose of the Nebraska Student  
4 Advantage Act to increase equity and student achievement through  
5 promotion of diverse and inclusive student populations in school  
6 buildings located in school districts within and adjacent to cities  
7 of the metropolitan class, recognizing that increased learning  
8 opportunities through broader accessibility and inclusion can  
9 provide improved student progress and achievement while permitting  
10 individual school districts to have distinct yet cooperative  
11 identities.

12           Sec. 3. The Superintendents Executive Board is created.  
13 The board shall consist of the superintendent of each school  
14 district for which the principal office is located in a county  
15 in which a city of the metropolitan class is located and the  
16 superintendent of each school district for which the principal  
17 office is located in a county that has a contiguous border of  
18 at least five miles in the aggregate with such city of the  
19 metropolitan class.

20           Sec. 4. The Superintendents Executive Board shall  
21 designate the geographic area included within the boundaries of all  
22 school districts for which the principal offices are located in a  
23 county in which a city of the metropolitan class is located and  
24 all school districts for which the principal offices are located in  
25 a county that has a contiguous border of at least five miles in

1 the aggregate with such city of the metropolitan class into four  
2 student achievement council quadrants, numbered one through four.  
3 Each such quadrant shall be substantially equal in population as  
4 determined by the most recent federal decennial census, and each  
5 such quadrant shall contain the geographic boundaries of at least  
6 two such school districts. The Superintendents Executive Board  
7 shall adjust the boundaries of the quadrants to conform to changes  
8 in the territory and population of the school districts following  
9 each federal decennial census. The designation of the student  
10 achievement council quadrants shall occur on or before June 15  
11 following the formation of the Superintendents Executive Board and  
12 after each federal decennial census.

13           Sec. 5. The Student Achievement Council is created. The  
14 council shall consist of seven members, six of whom shall be board  
15 members of school districts for which the principal offices are  
16 located either in a county in which a city of the metropolitan  
17 class is located or in a county that has a contiguous border  
18 of at least five miles in the aggregate with such city of the  
19 metropolitan class and shall live in one of the four student  
20 achievement council quadrants. One member of the council shall be  
21 selected from each quadrant and shall reside within the quadrant  
22 the member represents. Such member shall be selected by those other  
23 board members residing within the particular quadrant. Two members  
24 shall be selected at large regardless of which quadrant they reside  
25 in and shall be selected by all board members residing within

1 all the quadrants. The seventh member shall be the state student  
2 achievement coordinator appointed pursuant to section 79-11,150.

3       Sec. 6. (1) No school district within the four student  
4 achievement council quadrants shall have more than one member  
5 on the Student Achievement Council. If more than one member is  
6 selected from a single school district, the school board of that  
7 district shall meet and select one representative from its member  
8 candidates for appointment to the council.

9       (2) If the original applicant with the most votes from a  
10 quadrant is not selected by the school board of which he or she is  
11 a member to serve on the council, the applicant in such quadrant  
12 with the next highest vote total, if he or she is from a different  
13 school district, shall be selected by the Superintendents Executive  
14 Board to serve on the council.

15       (3) If the original applicant with the most votes for  
16 an at-large seat is not selected by the school board of which he  
17 or she is a member to serve on the council, the Superintendents  
18 Executive Board shall select the at-large applicant with the next  
19 highest vote total from a school district not already represented  
20 on the council.

21       Sec. 7. (1) Applicants for membership on the Student  
22 Achievement Council shall apply to the Superintendents Executive  
23 Board on or before July 1 of the year in which the vacancy is  
24 to be filled. The Superintendents Executive Board shall notify all  
25 school board members who live in the student achievement council

1 quadrant in which the applicants live, and on or before August  
2 10 all such school board members shall vote for an applicant to  
3 serve on the council. The Superintendents Executive Board shall  
4 notify all school board members who live in the student achievement  
5 council quadrants of the at-large applicants, and on or before  
6 August 10 all such school board members shall vote for the at-large  
7 applicants to serve on the council. On or before August 15 the  
8 Superintendents Executive Board shall notify the selected council  
9 members and publish the names of such members.

10 (2) The initial members of the Student Achievement  
11 Council shall serve staggered terms of four years, with the initial  
12 terms commencing September 1, 2007. The members selected from  
13 quadrant one and quadrant four, and one at-large member designated  
14 prior to the selection process by the Superintendents Executive  
15 Board, shall serve initial two-year terms. The members selected  
16 from quadrant two and quadrant three and the remaining at-large  
17 member shall serve initial four-year terms. Upon expiration of the  
18 initial terms, all members shall be selected to serve terms of four  
19 years.

20 (3) A vacancy in the membership of the Student  
21 Achievement Council shall occur upon the occurrence of any one  
22 of the following events at any time before the expiration of the  
23 term of office: (a) Resignation of a member from the council; (b)  
24 death of a member; (c) removal of a member as a school board  
25 member; (d) a member ceasing to be a resident of the quadrant from

1 which he or she was selected; (e) the applicant who received the  
2 highest number of votes being ineligible, disqualified, deceased,  
3 or for any other reason unable to assume the office for which he  
4 or she was selected; (f) forfeiture of office as provided by law;  
5 (g) conviction of a felony or of any public offense involving the  
6 violation of the school board oath of office of the member; or  
7 (h) absence from more than two consecutive regular meetings of the  
8 council unless excused by a majority of the remaining members of  
9 the council.

10           Sec. 8. The Student Achievement Council shall meet at  
11 least two times per year and shall monitor and report student  
12 achievement. Decisions of the council shall be made by a majority  
13 vote of the council. The council shall biannually issue reports  
14 on its actions to the school districts located within the student  
15 achievement council quadrants designated pursuant to section 4 of  
16 this act.

17           Sec. 9. Commencing in school year 2007-08, all school  
18 districts for which the principal offices are located in a county  
19 in which a city of the metropolitan class is located and all  
20 school districts for which the principal offices are located in a  
21 county that has a contiguous border of at least five miles in the  
22 aggregate with such city of the metropolitan class shall together  
23 establish and adopt a common methodology for determining school  
24 building capacity, using professionally accepted practices in the  
25 education community, considering, but not limited to, individual

1 schools' physical space, established staffing and programs, and the  
2 anticipated enrollment growth for the established attendance area  
3 for the individual buildings. Every school building which is not  
4 being used exclusively for specialized programs in each of such  
5 school districts shall annually have such capacity determined. The  
6 Superintendents Executive Board shall oversee this process, and  
7 any disputes arising out of this process which cannot be resolved  
8 by the Superintendents Executive Board shall be investigated and  
9 resolved by the Student Achievement Council.

10           Sec. 10. Commencing in school year 2007-08 and every  
11 school year thereafter, all school districts for which the  
12 principal offices are located in a county in which a city of  
13 the metropolitan class is located and all school districts for  
14 which the principal offices are located in a county that has a  
15 contiguous border of at least five miles in the aggregate with such  
16 city of the metropolitan class shall report, on or before May 1,  
17 to the Superintendents Executive Board the anticipated enrollment  
18 in each building for the subsequent school year and the anticipated  
19 seats available for each grade in each school to accommodate the  
20 student voluntary inclusion plan established by section 11 of this  
21 act. Anticipated seats available shall be equal to the difference  
22 between the anticipated enrollment of each school building at each  
23 grade level in the building and the school building capacity. The  
24 board shall use this information to publish, advertise, and market  
25 the anticipated seats available in all school buildings at all

1 grades pursuant to the plan. Any disputes arising out of this  
2 process which cannot be resolved by the board shall be investigated  
3 and resolved by the Student Achievement Council.

4           Sec. 11. The student voluntary inclusion plan is created.  
5 Commencing in school year 2008-09, every student residing in a  
6 school district for which the principal office is located in  
7 a county in which a city of the metropolitan class is located  
8 and every student residing in a school district for which the  
9 principal office is located in a county that has a contiguous  
10 border of at least five miles in the aggregate with such city  
11 of the metropolitan class shall have the opportunity to apply to  
12 attend any school within such counties pursuant to the Nebraska  
13 Student Advantage Act and the enrollment option program established  
14 by sections 79-232 to 79-247. The provisions of the act and  
15 such sections do not require a student to apply to attend any  
16 school within such counties or to attend a school other than the  
17 building assigned by such student's resident school district as  
18 defined in section 79-233. Any student who attended a particular  
19 school district in the prior school year shall be allowed to  
20 continue attending such school district in the subsequent year  
21 pursuant to the enrollment option program established in sections  
22 79-234 to 79-247. If the available seats published pursuant to the  
23 student voluntary inclusion plan exceed the number of applicants  
24 who contribute to the socioeconomic diversity of the receiving  
25 school, such school district may select students to fill the

1 remaining student voluntary inclusion plan seats as per that  
2 school district's student assignment plan. Annually, all data  
3 related to student voluntary inclusion plan applicants from all  
4 school districts participating in the plan, including, but not  
5 limited to, originating school district, receiving school district,  
6 eligibility for free or reduced-price lunches, application date,  
7 notification of acceptance or denial of admission date, and other  
8 such information requested by the Superintendents Executive Board  
9 shall be reported to such board on or before October 31.

10           Sec. 12. Notwithstanding any provisions of sections  
11 79-234 to 79-247, school districts for which the principal offices  
12 are located in a county in which a city of the metropolitan  
13 class is located and school districts for which the principal  
14 offices are located in a county that has a contiguous border  
15 of at least five miles in the aggregate with such city of  
16 the metropolitan class shall give first priority in accepting  
17 applicants pursuant to the student voluntary inclusion plan to  
18 applicants who contribute to the socioeconomic diversity of the  
19 receiving school. For purposes of this section and section 11 of  
20 this act, applicant who contributes to the socioeconomic diversity  
21 of the receiving school means (1) an applicant for enrollment in  
22 a school located in a school district other than the applicant's  
23 resident school district who does not participate in the free and  
24 reduced-price lunch program when, based upon official membership,  
25 the school in which enrollment is sought has more of its student

1 population enrolled in the free and reduced-price lunch program  
2 than the average percentage of students participating in that  
3 program in all of the school districts participating in the plan  
4 and (2) an applicant for enrollment in a school located in a school  
5 district other than the applicant's resident school district who  
6 does participate in the free and reduced-price lunch program when,  
7 based upon official membership, the school in which enrollment is  
8 sought has less of its student population enrolled in the free and  
9 reduced-price lunch program than the average percentage of students  
10 participating in that program in all of the school districts  
11 participating in the plan.

12           Sec. 13. Annually, the Superintendents Executive Board  
13 shall determine, using the percentage of students participating  
14 in the free and reduced-price lunch program in each such school  
15 district participating in the student voluntary inclusion plan,  
16 the average percentage of such students as of November 1 of the  
17 preceding year throughout such school districts and this percentage  
18 shall be the percentage used in implementation of the plan.

19           Sec. 14. Notwithstanding sections 79-234 to 79-246, no  
20 students accepted by a school district located in a county in which  
21 a city of the metropolitan class is located or a school district  
22 for which the principal office is located in a county that has  
23 a contiguous border of at least five miles in the aggregate with  
24 such city of the metropolitan class who does not contribute to  
25 the socioeconomic diversity of the receiving school shall receive

1 transportation or transportation reimbursement from the receiving  
2 school district.

3           Sec. 15. Notwithstanding sections 79-234 to 79-246, all  
4 students accepted by a school district for which the principal  
5 office is located in a county in which a city of the metropolitan  
6 class is located or in a school district for which the principal  
7 office is in a county that has a contiguous border of at least five  
8 miles in the aggregate with such city of the metropolitan class,  
9 which students contribute to the socioeconomic diversity of the  
10 receiving school, shall receive transportation or transportation  
11 reimbursement from the receiving school district. In the case  
12 of transportation reimbursement, the transportation allowance  
13 shall equal two hundred eighty-five percent of the mileage rate  
14 provided in section 81-1176, multiplied by each mile actually and  
15 necessarily traveled, on each day of attendance. Whenever students  
16 from more than one family travel to school in the same vehicle,  
17 the transportation allowance shall be as described in subsection  
18 (4) of section 79-611, except that there shall be no deduction if  
19 the one-way distance from the residence is less than three miles.  
20 No more than one allowance shall be made to a family for students  
21 being transported to the same school, regardless of the number of  
22 students in a family being transported to such school.

23           Sec. 16. School districts participating in the student  
24 voluntary inclusion plan shall maintain data on all students  
25 served pursuant to the enrollment option program, including, but

1 not limited to, the number of students disaggregated by race,  
2 ethnicity, participation in the free and reduced-price lunch  
3 program, and other data decided upon by the Superintendents  
4 Executive Board. Such school districts shall maintain a separate  
5 accounting of transportation costs associated with provision of  
6 transportation or transportation reimbursement pursuant to the  
7 plan and shall be reimbursed one hundred one percent of such  
8 transportation costs by the State Department of Education.

9       Sec. 17. Annually, all school districts for which the  
10 principal offices are located in a county in which a city of  
11 the metropolitan class is located and all school districts for  
12 which the principal offices are located in a county that has a  
13 contiguous border of at least five miles in the aggregate with such  
14 city of the metropolitan class shall together create a marketing  
15 plan designed to encourage student movement between such school  
16 districts to increase school-level socioeconomic diversity, with  
17 the goal of creating integrated, inclusive schools that reflect the  
18 diversity of the student population in the metropolitan area. The  
19 Superintendents Executive Board shall oversee the creation of such  
20 marketing plan, and any disputes arising out of such process which  
21 cannot be resolved by the Superintendents Executive Board shall be  
22 investigated and resolved by the Student Achievement Council.

23       Sec. 18. Annually, all school districts for which the  
24 principal offices are located in a county in which a city of  
25 the metropolitan class is located and all school districts for

1 which the principal offices are located in a county that has  
2 a contiguous border of at least five miles in the aggregate  
3 with such city of the metropolitan class shall together create  
4 and provide professional development programs for such school  
5 districts' staff, targeted specifically to strategies related  
6 to differentiated instruction, creation of inclusive learning  
7 environments, and closing achievement gaps. The Superintendents  
8 Executive Board shall oversee the creation of such programs, and  
9 any disputes arising out of such process which cannot be resolved  
10 by the Superintendents Executive Board shall be investigated and  
11 resolved by the Student Achievement Council.

12           Sec. 19. School districts offering professional  
13 development programs described in section 18 of this act and  
14 participating in marketing plans described in section 17 of this  
15 act shall maintain an accounting of the professional development  
16 costs contributed to such professional development programs  
17 and shall be reimbursed the full amount of such professional  
18 development costs by the State Department of Education.

19           Sec. 20. (1) For school year 2009-10 and each school year  
20 thereafter, each school district for which the principal office is  
21 located in a county in which a city of the metropolitan class is  
22 located and each school district for which the principal office is  
23 located in a county that has a contiguous border of at least five  
24 miles in the aggregate with such city of the metropolitan class  
25 shall participate in at least one joint entity formed pursuant

1 to the Interlocal Cooperation Act for the purpose of creating and  
2 implementing a magnet pathway program, a focus school or focus  
3 program, or an academy of excellence. The joint entity shall be  
4 established with and by at least three such school districts and  
5 shall be considered a political subdivision. A joint entity may  
6 also choose to create a focus school or program or designate a  
7 single campus in a city of the metropolitan class that offers  
8 instruction in prekindergarten through grade twelve as an academy  
9 of excellence.

10 (2) For purposes of this section: (a) Focus school means  
11 a school which offers curriculum and experiences not available  
12 in the regular curriculum, with a theme that commences in the  
13 elementary grades, continues through middle grades and into high  
14 school, without a defined attendance area; and (b) magnet pathway  
15 program means a program which (i) offers curriculum and experiences  
16 not available in the regular curriculum, commencing in the  
17 elementary grades, continuing through middle grades and into high  
18 school, with the different grade levels offered in different school  
19 districts, (ii) is designed to foster an innovative integrated  
20 learning environment, and (iii) is in a school that has a defined  
21 attendance area.

22 Sec. 21. (1) On or before March 1, 2009, and on or before  
23 March 1 of each year thereafter, any student of any school district  
24 participating in a joint entity which has established a focus  
25 school or program or an academy of excellence pursuant to section

1 20 of this act may apply to attend any focus school or program  
2 or academy of excellence being offered by the school districts  
3 participating in such joint entity. On or before May 1 of each  
4 year, the districts participating in the joint entity to provide  
5 the focus school or program or academy of excellence shall accept  
6 or reject such applications based on the selection guidelines  
7 described in this section and notify parents and students of the  
8 acceptance or rejection.

9 (2) Selection of students for a focus school or program  
10 or an academy of excellence shall be on a random basis from two  
11 pools of applicants. One pool shall consist of applicants who are  
12 in free or reduced-price lunch programs, and one pool shall consist  
13 of applicants who do not participate in free or reduced-price lunch  
14 programs. The percentage of students selected from the pool of  
15 applicants who participate in free or reduced-price lunch programs  
16 shall be as nearly equal as possible to the percentage of students  
17 enrolled in the school districts for which the principal offices  
18 are located in a county in which a city of the metropolitan class  
19 is located or in the school districts for which the principal  
20 offices are located in a county that has a contiguous border  
21 of at least five miles in the aggregate with such city of the  
22 metropolitan class who participate in free or reduced-price lunch  
23 programs. The percentage of individuals selected from the pool of  
24 applicants who do not participate in free or reduced-price lunch  
25 programs shall be as nearly equal as possible to the percentage of

1 students enrolled in such school districts who do not participate  
2 in free or reduced-price lunch programs, as determined by the  
3 Superintendents Executive Board.

4       Sec. 22. All school districts participating in a joint  
5 entity for the establishment of a focus school or program or  
6 an academy of excellence shall together survey students, parents,  
7 staff, and community members for the development of themes and  
8 shall annually create a marketing plan to educate the public about  
9 focus schools and programs and academies of excellence and the  
10 opportunities they provide for improved student achievement. Such  
11 school districts shall cooperatively encourage student movement  
12 between school districts to increase school-level socioeconomic  
13 diversity, with the goal of creating integrated, inclusive focus  
14 schools and programs and academies of excellence that reflect the  
15 diversity of the student population in the school districts located  
16 in such areas. The members of the Superintendents Executive Board  
17 shall oversee the activities required by this section.

18       Sec. 23. School districts participating in a focus  
19 school or program or an academy of excellence shall maintain an  
20 accounting of expenses incurred specifically for the creation and  
21 implementation of the joint entities creating such focus school or  
22 program or academy of excellence and shall be reimbursed for such  
23 expenses pursuant to the Tax Equity and Educational Opportunities  
24 Act.

25       Sec. 24. The Nebraska Student Achievement Act does not

1 prohibit a school district for which the principal office is  
 2 located in a county in which a city of the metropolitan class is  
 3 located or a school district for which the principal office is  
 4 located in a county that has a contiguous border of at least five  
 5 miles in the aggregate with such city of the metropolitan class  
 6 from designing and maintaining internal plans for the assignment of  
 7 students to schools if such plans do not directly conflict with the  
 8 act.

9           Sec. 25. The boundaries of all school districts for which  
 10 the principal offices are located in a county in which a city  
 11 of the metropolitan class is located and all school districts for  
 12 which the principal offices are located in a county that has a  
 13 contiguous border of at least five miles in the aggregate with such  
 14 city of the metropolitan class shall remain as depicted on March  
 15 1, 2006, on the map kept by the county clerks of such counties  
 16 pursuant to section 79-490. The boundaries of all school districts  
 17 for which the principal offices are located in a county in which a  
 18 city of the metropolitan class is located and all school districts  
 19 for which the principal offices are located in a county that has a  
 20 contiguous border of at least five miles in the aggregate with such  
 21 city of the metropolitan class shall be changed only pursuant to  
 22 sections 79-401 to 79-4,111.

23           Sec. 26. Section 9-812, Revised Statutes Cumulative  
 24 Supplement, 2006, is amended to read:

25           9-812 (1) All money received from the operation of

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

15 (2) (a) Beginning October 1, 2003, and until January 1,  
16 2008, a portion of the dollar amount of the lottery tickets which  
17 have been sold on an annualized basis shall be transferred from  
18 the State Lottery Operation Trust Fund to the Education Innovation  
19 Fund, the Nebraska Scholarship Fund, the Nebraska Environmental  
20 Trust Fund, the Nebraska State Fair Board, and the Compulsive  
21 Gamblers Assistance Fund, except that the dollar amount transferred  
22 shall not be less than the dollar amount transferred to the funds  
23 in fiscal year 2002-03.

24 (b) On and after January 1, 2008, at least twenty-five  
25 percent of the dollar amount of the lottery tickets which have been

1 sold on an annualized basis shall be transferred from the State  
2 Lottery Operation Trust Fund to the Education Innovation Fund,  
3 the Nebraska Scholarship Fund, the Nebraska Environmental Trust  
4 Fund, the Nebraska State Fair Board, and the Compulsive Gamblers  
5 Assistance Fund.

6 (3) Of the money available to be transferred to the  
7 Education Innovation Fund, the Nebraska Scholarship Fund, the  
8 Nebraska Environmental Trust Fund, the Nebraska State Fair Board,  
9 and the Compulsive Gamblers Assistance Fund:

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

13 (b) Nineteen and three-fourths percent of the money  
14 remaining after the payment of prizes and operating expenses and  
15 the initial transfer to the Compulsive Gamblers Assistance Fund  
16 shall be transferred to the Education Innovation Fund;

17 (c) Twenty-four and three-fourths percent of the money  
18 remaining after the payment of prizes and operating expenses and  
19 the initial transfer to the Compulsive Gamblers Assistance Fund  
20 shall be transferred to the Nebraska Scholarship Fund;

21 (d) Forty-four and one-half percent of the money  
22 remaining after the payment of prizes and operating expenses and  
23 the initial transfer to the Compulsive Gamblers Assistance Fund  
24 shall be transferred to the Nebraska Environmental Trust Fund to be  
25 used as provided in the Nebraska Environmental Trust Act;

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

14           (f) One percent of the money remaining after the payment  
15 of prizes and operating expenses and the initial transfer to the  
16 Compulsive Gamblers Assistance Fund shall be transferred to the  
17 Compulsive Gamblers Assistance Fund to be used as provided in  
18 section 71-817.

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

22           (b) For fiscal year 2005-06, the Education Innovation  
23 Fund shall be allocated as follows: The first one million dollars  
24 shall be transferred to the School District Reorganization Fund,  
25 and the remaining amount shall be allocated to the General Fund

1 after operating expenses for the Excellence in Education Council  
2 are deducted.

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

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

20 (e) For fiscal year 2008-09, the Education Innovation  
21 Fund shall be allocated as follows: The first ~~seven hundred fifty~~  
22 ~~thousand~~ one million dollars shall be transferred to the Attracting  
23 Excellence to Teaching Program Cash Fund to fund the Attracting  
24 Excellence to Teaching Program Act, and the amount remaining in the  
25 Education Innovation Fund shall be allocated, after administrative

1 expenses, for distance education equipment and incentives pursuant  
2 to sections 79-1336 and 79-1337.

3 (f) For fiscal years 2009-10 through 2015-16, the  
4 Education Innovation Fund shall be allocated as follows: The  
5 first one million dollars shall be transferred to the Attracting  
6 Excellence to Teaching Program Cash Fund to fund the Attracting  
7 Excellence to Teaching Program Act, and the amount remaining in the  
8 Education Innovation Fund shall be allocated, after administrative  
9 expenses, for distance education equipment and incentives pursuant  
10 to sections 79-1336 and 79-1337.

11 (g) For fiscal year 2016-17 and each fiscal year  
12 thereafter, the Education Innovation Fund shall be allocated,  
13 after administrative expenses, for education purposes as provided  
14 by the Legislature.

15 (5) Any money in the State Lottery Operation Trust  
16 Fund, the State Lottery Operation Cash Fund, the State Lottery  
17 Prize Trust Fund, or the Education Innovation Fund available  
18 for investment shall be invested by the state investment officer  
19 pursuant to the Nebraska Capital Expansion Act and the Nebraska  
20 State Funds Investment Act.

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

1           Sec. 27. Section 13-503, Revised Statutes Cumulative  
2 Supplement, 2006, is amended to read:

3           13-503 For purposes of the Nebraska Budget Act, unless  
4 the context otherwise requires:

5           (1) Governing body shall mean the governing body of  
6 any county agricultural society, elected county fair board, joint  
7 airport authority formed under the Joint Airport Authorities  
8 Act, city or county airport authority, bridge commission created  
9 pursuant to section 39-868, cemetery district, city, village,  
10 municipal county, community college, community redevelopment  
11 authority, county, drainage or levee district, educational  
12 service unit, rural or suburban fire protection district,  
13 historical society, hospital district, irrigation district,  
14 ~~learning community~~, natural resources district, nonprofit county  
15 historical association or society for which a tax is levied under  
16 subsection (1) of section 23-355.01, public building commission,  
17 railroad transportation safety district, reclamation district,  
18 road improvement district, rural water district, school district,  
19 sanitary and improvement district, township, offstreet parking  
20 district, transit authority, metropolitan utilities district, and  
21 political subdivision with the authority to have a property tax  
22 request, with the authority to levy a toll, or that receives state  
23 aid;

24           (2) Levying board shall mean any governing body which has  
25 the power or duty to levy a tax;

1           (3) Fiscal year shall mean the twelve-month period used  
2 by each governing body in determining and carrying on its financial  
3 and taxing affairs;

4           (4) Tax shall mean any general or special tax levied  
5 against persons, property, or business for public purposes as  
6 provided by law but shall not include any special assessment;

7           (5) Auditor shall mean the Auditor of Public Accounts;

8           (6) Cash reserve shall mean funds required for the period  
9 before revenue would become available for expenditure but shall not  
10 include funds held in any special reserve fund;

11           (7) Public funds shall mean all money, including nontax  
12 money, used in the operation and functions of governing bodies.  
13 For purposes of a county, city, or village which has a lottery  
14 established under the Nebraska County and City Lottery Act, only  
15 those net proceeds which are actually received by the county, city,  
16 or village from a licensed lottery operator shall be considered  
17 public funds, and public funds shall not include amounts awarded as  
18 prizes;

19           (8) Adopted budget statement shall mean a proposed budget  
20 statement which has been adopted or amended and adopted as provided  
21 in section 13-506. Such term shall include additions, if any, to an  
22 adopted budget statement made by a revised budget which has been  
23 adopted as provided in section 13-511;

24           (9) Special reserve fund shall mean any special fund  
25 set aside by the governing body for a particular purpose and not

1 available for expenditure for any other purpose. Funds created  
2 for (a) the retirement of bonded indebtedness, (b) the funding  
3 of employee pension plans, (c) the purposes of the Political  
4 Subdivisions Self-Funding Benefits Act, (d) the purposes of the  
5 Local Option Municipal Economic Development Act, (e) voter-approved  
6 sinking funds, or (f) statutorily authorized sinking funds, ~~or (g)~~  
7 ~~the distribution of property tax receipts by a learning community~~  
8 ~~to member school districts~~ shall be considered special reserve  
9 funds;

10 (10) Biennial period shall mean the two fiscal years  
11 comprising a biennium commencing in odd-numbered years used by  
12 a city in determining and carrying on its financial and taxing  
13 affairs; and

14 (11) Biennial budget shall mean a budget by a city of  
15 the primary or metropolitan class that adopts a charter provision  
16 providing for a biennial period to determine and carry on the  
17 city's financial and taxing affairs.

18 Sec. 28. Section 13-508, Revised Statutes Cumulative  
19 Supplement, 2006, is amended to read:

20 13-508 (1) After publication and hearing thereon and  
21 within the time prescribed by law, each governing body, except as  
22 provided in subsection (3) of this section, shall file with and  
23 certify to the levying board or boards on or before September 20 of  
24 each year and file with the auditor a copy of the adopted budget  
25 statement which complies with sections 13-518 to 13-522 or 79-1023

1 to 79-1030, together with the amount of the tax required to fund  
2 the adopted budget, setting out separately (a) the amount to be  
3 levied for the payment of principal or interest on bonds issued by  
4 the governing body and (b) the amount to be levied for all other  
5 purposes. Proof of publication shall be attached to the statements.  
6 ~~School districts that are members of a learning community shall~~  
7 ~~also file a copy of such adopted budget statement with the learning~~  
8 ~~community coordinating council on or before September 1, 2007, and~~  
9 ~~on or before September 1 of each year thereafter.~~ The governing  
10 body, in certifying the amount required, may make allowance for  
11 delinquent taxes not exceeding five percent of the amount required  
12 plus the actual percentage of delinquent taxes for the preceding  
13 tax year and for the amount of estimated tax loss from any pending  
14 or anticipated litigation which involves taxation and in which tax  
15 collections have been or can be withheld or escrowed by court  
16 order. For purposes of this section, anticipated litigation shall  
17 be limited to the anticipation of an action being filed by a  
18 taxpayer who or which filed a similar action for the preceding year  
19 which is still pending. Except for such allowances, a governing  
20 body shall not certify an amount of tax more than one percent  
21 greater or lesser than the amount determined under section 13-505.

22 (2) Each governing body shall use the final adjusted  
23 values as provided by the county assessor pursuant to section  
24 13-509 for the current year in setting or certifying the levy. Each  
25 governing body may designate one of its members to perform any duty

1 or responsibility required of such body by this section.

2 ~~(3)(a)~~ (3) A Class I school district shall do the filing  
3 and certification required by subsection (1) of this section on or  
4 before August 1 of each year.

5 ~~(b)~~ A school district which is a member of a learning  
6 community shall do such filing and certification on or before  
7 September 1 of each year.

8 Sec. 29. Section 13-511, Revised Statutes Cumulative  
9 Supplement, 2006, is amended to read:

10 13-511 (1) Unless otherwise provided by law, whenever  
11 during the current fiscal year or biennial period it becomes  
12 apparent to a governing body that (a) there are circumstances which  
13 could not reasonably have been anticipated at the time the budget  
14 for the current year or biennial period was adopted, (b) the budget  
15 adopted violated sections 13-518 to 13-522, such that the revenue  
16 of the current fiscal year or biennial period for any fund thereof  
17 will be insufficient, additional expenses will be necessarily  
18 incurred, or there is a need to reduce the budget requirements to  
19 comply with sections 13-518 to 13-522, or (c) the governing body  
20 has been notified by the auditor of a mathematical or accounting  
21 error or noncompliance with the Nebraska Budget Act, such governing  
22 body may propose to revise the previously adopted budget statement  
23 and shall conduct a public hearing on such proposal.

24 (2) Notice of the time and place of the hearing shall  
25 be published at least five days prior to the date set for hearing

1 in a newspaper of general circulation within the governing body's  
2 jurisdiction. Such published notice shall set forth (a) the time  
3 and place of the hearing, (b) the amount in dollars of additional  
4 or reduced money required and for what purpose, (c) a statement  
5 setting forth the nature of the unanticipated circumstances and, if  
6 the budget requirements are to be increased, the reasons why the  
7 previously adopted budget of expenditures cannot be reduced during  
8 the remainder of the current year or biennial period to meet the  
9 need for additional money in that manner, (d) a copy of the summary  
10 of the originally adopted budget previously published, and (e) a  
11 copy of the summary of the proposed revised budget.

12 (3) At such hearing any taxpayer may appear or file a  
13 written statement protesting any application for additional money.  
14 A written record shall be kept of all such hearings.

15 (4) Upon conclusion of the public hearing on the proposed  
16 revised budget and approval of the proposed revised budget by  
17 the governing body, the governing body shall file with the county  
18 clerk of the county or counties in which such governing body  
19 is located, ~~with the learning community coordinating council for~~  
20 ~~school districts that are members of learning communities,~~ and  
21 with the auditor, a copy of the revised budget, as adopted. The  
22 governing body may then issue warrants in payment for expenditures  
23 authorized by the adopted revised budget. Such warrants shall be  
24 referred to as registered warrants and shall be repaid during the  
25 next fiscal year or biennial period from funds derived from taxes

1 levied therefor.

2 (5) Within thirty days after the adoption of the budget  
3 under section 13-506, a governing body may, or within thirty  
4 days after notification of an error by the auditor, a governing  
5 body shall, correct an adopted budget which contains a clerical,  
6 mathematical, or accounting error which does not affect the total  
7 amount budgeted by more than one percent or increase the amount  
8 required from property taxes. No public hearing shall be required  
9 for such a correction. After correction, the governing body shall  
10 file a copy of the corrected budget with the county clerk of the  
11 county or counties in which such governing body is located and with  
12 the auditor. The governing body may then issue warrants in payment  
13 for expenditures authorized by the budget.

14 Sec. 30. Section 77-1601.02, Revised Statutes Cumulative  
15 Supplement, 2006, is amended to read:

16 77-1601.02 (1) The property tax request for the prior  
17 year shall be the property tax request for the current year for  
18 purposes of the levy set by the county board of equalization  
19 in section 77-1601 unless the governing body of the county,  
20 municipality, school district, ~~learning community~~, sanitary and  
21 improvement district, natural resources district, educational  
22 service unit, or community college passes by a majority vote a  
23 resolution or ordinance setting the tax request at a different  
24 amount. Such resolution or ordinance shall only be passed after  
25 a special public hearing called for such purpose is held and

1 after notice is published in a newspaper of general circulation  
2 in the area of the political subdivision at least five days prior  
3 to the hearing. The hearing notice shall contain the following  
4 information: The dollar amount of the prior year's tax request and  
5 the property tax rate that was necessary to fund that tax request;  
6 the property tax rate that would be necessary to fund last year's  
7 tax request if applied to the current year's valuation; and the  
8 proposed dollar amount of the tax request for the current year  
9 and the property tax rate that will be necessary to fund that tax  
10 request. Any resolution setting a tax request under this section  
11 shall be certified and forwarded to the county clerk on or before  
12 October 13 of the year for which the tax request is to apply.

13 (2) Any levy which is not in compliance with this section  
14 and section 77-1601 shall be construed as an unauthorized levy  
15 under section 77-1606.

16 Sec. 31. Section 77-1614, Revised Statutes Cumulative  
17 Supplement, 2006, is amended to read:

18 77-1614 All taxes which are uniform, throughout any  
19 precinct, township, school district, ~~learning community~~, village,  
20 city, county, or other taxing subdivision of a county, shall be  
21 formed into a single tax, be entered upon the tax list in a double  
22 column, and be denominated a consolidated tax.

23 Sec. 32. Section 77-1624, Revised Statutes Cumulative  
24 Supplement, 2006, is amended to read:

25 77-1624 It shall be the duty of the county treasurer for

1 each and every county, when collecting personal and real estate  
2 taxes being delinquent five years or more, to receipt for such  
3 taxes on a receipt for the fifth delinquent year. Such taxes so  
4 collected shall be prorated in proportion to the levies applicable  
5 for the year levied. All state taxes when collected shall be  
6 remitted to the State Treasurer and by him or her credited to  
7 the fund or funds for which the levy or levies were made, and  
8 all county funds when collected shall be placed to the credit of  
9 the county general fund; all municipal, school district, ~~learning~~  
10 ~~community~~, township, precinct, and special funds shall be entered  
11 in separate columns. All taxes so consolidated shall be paid in  
12 order of priority of delinquency.

13           Sec. 33. Section 77-1702, Revised Statutes Cumulative  
14 Supplement, 2006, is amended to read:

15           77-1702 State warrants are receivable for the amount  
16 payable into the state treasury on account of tax levied for  
17 general state purposes. County warrants are receivable for the  
18 amount payable into the county treasury for general purposes.  
19 City warrants shall be received for the city general tax, village  
20 warrants for the village general tax, and town warrants for the  
21 town general tax. State, city, village, or township taxes, levied  
22 for other special purposes, may be paid by warrants drawn and  
23 payable out of the particular fund on account of which they are  
24 tendered. Lawful money of the United States, checks, drafts, credit  
25 cards, charge cards, debit cards, money orders, electronic funds

1 transfers, or other bills of exchange may be accepted in payment  
2 of any state, county, village, township, school district, ~~learning~~  
3 ~~community~~, joint entity created pursuant to the Nebraska Student  
4 Advantage Act, or other governmental subdivision tax, levy, excise,  
5 duty, custom, toll, penalty, fine, license, fee, or assessment of  
6 whatever kind or nature, whether general or special.

7           Sec. 34. Section 77-1704.01, Revised Statutes Cumulative  
8 Supplement, 2006, is amended to read:

9           77-1704.01 (1) The county treasurer shall include with  
10 each tax notice or receipt to every taxpayer the following  
11 information:

12           (a) The total amount of aid from state sources  
13 appropriated to the county and each city, village, and school  
14 district in the county;

15           (b) The net amount of property taxes to be levied by the  
16 county and each city, village, and school district, ~~and learning~~  
17 ~~community~~ in the county; and

18           (c) Beginning with tax year 2000, for real property, the  
19 amount of taxes reflected on the statement that are levied by the  
20 county, city, village, school district, ~~learning community~~, and  
21 other subdivisions for the tax year and for the immediately past  
22 year on the same parcel.

23           (2) The necessary form for furnishing the information  
24 required by subdivisions (1)(a) and (b) of this section shall be  
25 prescribed by the Department of Revenue. The necessary information

1 required by subdivision (1)(a) of this section shall be furnished  
2 to the county treasurer by the Department of Revenue prior to  
3 October 1 of each year. The form prescribed by the Department of  
4 Revenue shall contain the following statement:

5 THE AMOUNT OF STATE FUNDS SHOWN ABOVE WOULD HAVE BEEN  
6 ADDITIONAL PROPERTY TAXES IF NOT ALLOCATED TO THE COUNTY, CITY,  
7 VILLAGE, AND SCHOOL DISTRICT BY THE LEGISLATURE.

8 Sec. 35. Section 77-1708, Revised Statutes Cumulative  
9 Supplement, 2006, is amended to read:

10 77-1708 The county treasurer is required to keep a cash  
11 book in which he or she shall enter an account of all money  
12 received, specifying in proper columns provided for that purpose  
13 the date of payment, the number of the receipt issued therefor,  
14 and on account of what fund or funds the same was paid, whether  
15 state, county, school, ~~learning community~~, road, sinking fund or  
16 otherwise, each in separate columns, and the total amount for which  
17 the receipt was given in another column. The treasurer shall keep  
18 the account of money received for and on account of taxes separate  
19 and distinct from money received on any other account. He or she  
20 shall also keep the account of money received for and on account  
21 of taxes levied and assessed for any one year separate and distinct  
22 from those levied and assessed for any other year. All entries in  
23 the cash book of money received for taxes shall be in the numerical  
24 order of the receipts issued therefor.

25 Sec. 36. Section 77-1772, Revised Statutes Cumulative

1 Supplement, 2006, is amended to read:

2           77-1772 Interest collected upon delinquent county, city,  
3 village, or school district, ~~or learning community~~ taxes shall  
4 be credited on the books and distributed among the various  
5 governmental subdivisions and municipal corporations in the  
6 same proportion as the principal of the taxes is credited and  
7 distributed.

8           Sec. 37. Section 77-2201, Revised Statutes Cumulative  
9 Supplement, 2006, is amended to read:

10           77-2201 All warrants upon the State Treasurer or the  
11 treasurer of any county, city, school district, ~~learning community,~~  
12 joint entity created pursuant to the Nebraska Student Advantage  
13 Act, or other municipal corporation shall be paid in the order of  
14 their presentation therefor.

15           Sec. 38. Section 77-2202, Revised Statutes Cumulative  
16 Supplement, 2006, is amended to read:

17           77-2202 The State Treasurer and the treasurer of every  
18 county, city, school district, ~~learning community,~~ joint entity  
19 created pursuant to the Nebraska Student Advantage Act, or other  
20 municipal corporation shall keep a warrant register, which register  
21 shall show in columns arranged for that purpose the number, the  
22 date, and the amount of each warrant presented and registered,  
23 the particular fund upon which the same is drawn, the date of  
24 presentation, the name and address of the person in whose name the  
25 warrant is registered, the date of payment, the amount of interest,

1 and the total amount paid thereon, with the date when notice to the  
2 person in whose name such warrant is registered is mailed.

3 Sec. 39. Section 77-3442, Revised Statutes Cumulative  
4 Supplement, 2006, is amended to read:

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

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

15 ~~(b) Except as provided in subdivision (2)(d) of this~~  
16 ~~section, for fiscal year 2008-09 and each fiscal year thereafter,~~  
17 ~~(i) learning communities may levy a maximum levy for the general~~  
18 ~~fund budgets of member school districts equal to the ratio of the~~  
19 ~~aggregate difference of one hundred ten percent of the formula~~  
20 ~~needs as calculated pursuant to section 79-1007.02 minus the amount~~  
21 ~~of state aid certified pursuant to section 79-1022 and minus the~~  
22 ~~other actual receipts included in local system formula resources~~  
23 ~~pursuant to section 79-1018.01 for each member school district for~~  
24 ~~such school fiscal year divided by each one hundred dollars of~~  
25 ~~taxable property subject to the levy, except that such levy shall~~

1 not exceed one dollar and two cents on each one hundred dollars  
2 of taxable property subject to the levy, and (ii) school districts  
3 that are members of learning communities may levy a maximum levy  
4 of the difference of one dollar and two cents on each one hundred  
5 dollars of taxable property subject to the levy minus the learning  
6 community levy pursuant to this subdivision for purposes of such  
7 school district's general fund budget and special building funds.

8 ~~(c)~~ (b) Excluded from the limitations in subdivisions ~~(a)~~  
9 and ~~(b)~~ subdivision (a) of this subsection are amounts levied to  
10 pay for sums agreed to be paid by a school district to certificated  
11 employees in exchange for a voluntary termination of employment,  
12 amounts levied to pay for the creation and establishment of  
13 focus schools and programs pursuant to section 20 of this act,  
14 amounts levied to pay for the creation and establishment of magnet  
15 pathway programs pursuant to such section, amounts levied to pay  
16 for transportation required to implement the student voluntary  
17 inclusion plan required by section 11 of this act, amounts levied  
18 to pay for the professional development programs required by  
19 section 18 of this act, and amounts levied to pay for special  
20 building funds and sinking funds established for projects commenced  
21 prior to April 1, 1996, for construction, expansion, or alteration  
22 of school district buildings. For purposes of this subsection,  
23 commenced means any action taken by the school board on the record  
24 which commits the board to expend district funds in planning,  
25 constructing, or carrying out the project.

1           ~~(d)~~ (c) Federal aid school districts may exceed the  
2 maximum levy prescribed by subdivision (2)(a) ~~or (b)~~ of this  
3 section only to the extent necessary to qualify to receive  
4 federal aid pursuant to Title VIII of Public Law 103-382, as  
5 such title existed on September 1, 2001. For purposes of this  
6 subdivision, federal aid school district means any school district  
7 which receives ten percent or more of the revenue for its general  
8 fund budget from federal government sources pursuant to Title VIII  
9 of Public Law 103-382, as such title existed on September 1, 2001.

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

1 pursuant to this subdivision ~~(e)~~ of this subsection on or before  
2 February 15 for school fiscal years 2004-05 through 2007-08.

3 ~~(f) For fiscal year 2008-09 and each fiscal year~~  
4 ~~thereafter, learning communities may levy a maximum levy of two~~  
5 ~~cents on each one hundred dollars of taxable property subject to~~  
6 ~~the levy for special building funds for member school districts.~~

7 ~~(g) For fiscal year 2008-09 and each fiscal year~~  
8 ~~thereafter, learning communities may levy a maximum levy of one~~  
9 ~~cent on each one hundred dollars of taxable property subject to the~~  
10 ~~levy for the learning community budget and for projects approved by~~  
11 ~~the learning community coordinating council.~~

12 (3) Community colleges may levy a maximum levy on each  
13 one hundred dollars of taxable property subject to the levy of  
14 seven cents, plus amounts allowed under subsection (7) of section  
15 85-1536.01, except that any community college whose valuation per  
16 reported aid equivalent student as defined in section 85-1503 was  
17 less than eighty-two percent of the average valuation per statewide  
18 reimbursable reported aid equivalent total as defined in section  
19 85-1503 for all community colleges for fiscal year 1997-98 may levy  
20 up to an additional one-half cent for each of fiscal years 2005-06  
21 and 2006-07 upon a three-fourths majority vote of the board.

22 (4) Natural resources districts may levy a maximum levy  
23 of four and one-half cents per one hundred dollars of taxable  
24 valuation of property subject to the levy. Natural resources  
25 districts shall also have the power and authority to levy a

1 tax equal to the dollar amount by which their restricted funds  
2 budgeted to administer and implement ground water management  
3 activities and integrated management activities under the Nebraska  
4 Ground Water Management and Protection Act exceed their restricted  
5 funds budgeted to administer and implement ground water management  
6 activities and integrated management activities for FY2003-04,  
7 not to exceed one cent on each one hundred dollars of taxable  
8 valuation annually on all of the taxable property within the  
9 district. In addition, natural resources districts located in a  
10 river basin, subbasin, or reach that has been determined to be  
11 fully appropriated pursuant to section 46-714 or designated as  
12 overappropriated pursuant to section 46-713 by the Department of  
13 Natural Resources shall also have the power and authority to  
14 levy a tax equal to the dollar amount by which their restricted  
15 funds budgeted to administer and implement ground water management  
16 activities and integrated management activities under the Nebraska  
17 Ground Water Management and Protection Act exceed their restricted  
18 funds budgeted to administer and implement ground water management  
19 activities and integrated management activities for FY2005-06, not  
20 to exceed three cents on each one hundred dollars of taxable  
21 valuation on all of the taxable property within the district for  
22 fiscal year 2006-07 and not to exceed two cents on each one  
23 hundred dollars of taxable valuation annually on all of the taxable  
24 property within the district for fiscal years 2007-08 and 2008-09.

25 (5) Educational service units may levy a maximum levy of

1 one and one-half cents per one hundred dollars of taxable valuation  
2 of property subject to the levy.

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

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

25 (7) Sanitary and improvement districts which have been in

1 existence for more than five years may levy a maximum levy of forty  
2 cents per one hundred dollars of taxable valuation of property  
3 subject to the levy, and sanitary and improvement districts which  
4 have been in existence for five years or less shall not have  
5 a maximum levy. Unconsolidated sanitary and improvement districts  
6 which have been in existence for more than five years and are  
7 located in a municipal county may levy a maximum of eighty-five  
8 cents per hundred dollars of taxable valuation of property subject  
9 to the levy.

10 (8) Counties may levy or authorize a maximum levy of  
11 fifty cents per one hundred dollars of taxable valuation of  
12 property subject to the levy, except that five cents per one  
13 hundred dollars of taxable valuation of property subject to the  
14 levy may only be levied to provide financing for the county's  
15 share of revenue required under an agreement or agreements executed  
16 pursuant to the Interlocal Cooperation Act or the Joint Public  
17 Agency Act. The maximum levy shall include amounts levied to pay  
18 for sums to support a library pursuant to section 51-201 or museum  
19 pursuant to section 51-501. The county may allocate up to fifteen  
20 cents of its authority to other political subdivisions subject  
21 to allocation of property tax authority under subsection (1) of  
22 section 77-3443 and not specifically covered in this section to  
23 levy taxes as authorized by law which do not collectively exceed  
24 fifteen cents per one hundred dollars of taxable valuation on any  
25 parcel or item of taxable property. The county may allocate to

1 one or more other political subdivisions subject to allocation  
2 of property tax authority by the county under subsection (1) of  
3 section 77-3443 some or all of the county's five cents per one  
4 hundred dollars of valuation authorized for support of an agreement  
5 or agreements to be levied by the political subdivision for the  
6 purpose of supporting that political subdivision's share of revenue  
7 required under an agreement or agreements executed pursuant to the  
8 Interlocal Cooperation Act or the Joint Public Agency Act. If an  
9 allocation by a county would cause another county to exceed its  
10 levy authority under this section, the second county may exceed the  
11 levy authority in order to levy the amount allocated.

12 (9) Municipal counties may levy or authorize a maximum  
13 levy of one dollar per one hundred dollars of taxable valuation  
14 of property subject to the levy. The municipal county may allocate  
15 levy authority to any political subdivision or entity subject to  
16 allocation under section 77-3443.

17 (10) Property tax levies for judgments, except judgments  
18 or orders from the Commission of Industrial Relations, obtained  
19 against a political subdivision which require or obligate a  
20 political subdivision to pay such judgment, to the extent such  
21 judgment is not paid by liability insurance coverage of a  
22 political subdivision, for preexisting lease-purchase contracts  
23 approved prior to July 1, 1998, for bonded indebtedness approved  
24 according to law and secured by a levy on property, and for  
25 payments by a public airport to retire interest-free loans from the

1 Department of Aeronautics in lieu of bonded indebtedness at a lower  
2 cost to the public airport are not included in the levy limits  
3 established by this section.

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

9 (12) Tax levies in excess of the limitations in this  
10 section shall be considered unauthorized levies under section  
11 77-1606 unless approved under section 77-3444.

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

15 Sec. 40. Section 79-102, Revised Statutes Cumulative  
16 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
17 amended to read:

18 79-102 School districts in this state are classified as  
19 follows:

20 (1) Class I includes any school district that maintains  
21 only elementary grades under the direction of a single school  
22 board;

23 (2) Class II includes any school district embracing  
24 territory having a population of one thousand inhabitants or less  
25 that maintains both elementary and high school grades under the

1 direction of a single school board;

2 (3) Class III includes any school district embracing  
3 territory having a population of more than one thousand and less  
4 than one hundred fifty thousand inhabitants that maintains both  
5 elementary and high school grades under the direction of a single  
6 school board. The boundaries of a Class III school district for  
7 which the principal office is located in a county in which a city  
8 of the metropolitan class is located or for which the principal  
9 office is located in a county that has a contiguous border of at  
10 least five miles in the aggregate with such city shall not expand  
11 into territory of another school district except as provided in  
12 section 79-401 to 79-4,111;

13 (4) Class IV includes any school district embracing  
14 territory having a population of one hundred thousand or more  
15 inhabitants with a city of the primary class within the territory  
16 of the district that maintains both elementary and high school  
17 grades under the direction of a single school board;

18 (5) Class V includes any school district ~~whose employees~~  
19 ~~participate in a retirement system established pursuant to the~~  
20 ~~Class V School Employees Retirement Act and which embraces~~  
21 embracing territory having a population of two hundred thousand  
22 or more inhabitants with a city of the metropolitan class within  
23 the territory of the district that maintains both elementary grades  
24 and high school grades under the direction of a single school  
25 board. The boundaries of a Class V school district shall not expand

1 upon the annexation of territory by a city of the metropolitan  
 2 class into the territory of another school district except as  
 3 provided in section 79-401 to 79-4,111; and any school district  
 4 with territory in a city of the metropolitan class created pursuant  
 5 to the Learning Community Reorganization Act and designated as a  
 6 Class V school district in the reorganization plan; and

7 (6) Class VI includes any school district in this state  
 8 that maintains only a high school, or a high school and grades  
 9 seven and eight or six through eight as provided in section 79-411,  
 10 under the direction of a single school board.

11 Sec. 41. Section 79-233, Revised Statutes Cumulative  
 12 Supplement, 2006, is amended to read:

13 79-233 For purposes of sections 79-232 to 79-246:

14 (1) Enrollment option program means the program  
 15 established in section 79-234;

16 (2) Option school district means the public school  
 17 district that a student chooses to attend instead of his or  
 18 her resident school district; ~~except when a student chooses to~~  
 19 ~~attend another school district in a learning community in which the~~  
 20 ~~student resides pursuant to section 79-2110;~~

21 (3) Option student means a student that has chosen to  
 22 attend ~~an option~~ a public school district other than his or her  
 23 resident school district;

24 (4) Resident school district means the public school  
 25 district in which a student resides; and

1           (5) Siblings means all children residing in the same  
2 household on a permanent basis who have the same mother or father  
3 or who are stepbrother or stepsister to each other.

4           Sec. 42. Section 79-238, Revised Statutes Cumulative  
5 Supplement, 2006, is amended to read:

6           79-238 (1) Except as otherwise provided in section 79-240  
7 and the Nebraska Student Advantage Act, the school board of  
8 the option school district shall adopt by resolution specific  
9 standards for acceptance and rejection of applications. Standards  
10 may include the capacity of a program, class, grade level,  
11 or school building or the availability of appropriate special  
12 education programs operated by the option district. Capacity shall  
13 be determined by setting a maximum number of option students that  
14 a district will accept in any program, class, grade level, or  
15 school building, based upon available staff, facilities, projected  
16 enrollment of resident students, projected number of students  
17 with which the option district will contract based on existing  
18 contractual arrangements, and availability of appropriate special  
19 education programs. The school board of the option school district  
20 may by resolution declare a program, a class, or a school  
21 unavailable to option students due to lack of capacity. Standards  
22 shall not include previous academic achievement, athletic or other  
23 extracurricular ability, disabilities, proficiency in the English  
24 language, or previous disciplinary proceedings except as provided  
25 in section 79-266.01.

1           (2) Any option school district shall give first priority  
2 for enrollment to siblings of option students, except that the  
3 option school district shall not be required to accept the sibling  
4 of an option student if the district is at capacity except as  
5 provided in subsections (2) and (4) of section 79-240.

6           Sec. 43. Section 79-407, Revised Statutes Cumulative  
7 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
8 amended to read:

9           79-407 The territory within the corporate limits of each  
10 incorporated city or village in the State of Nebraska that is  
11 not in part within the boundaries of a ~~learning community~~, any  
12 school district for which the principal office is located in a  
13 county in which a city of the metropolitan class is located or  
14 any school district for which the principal office is located in a  
15 county that has a contiguous border of at least five miles in the  
16 aggregate with such city of the metropolitan class, together with  
17 such additional territory and additions to such city or village as  
18 may be added thereto, as declared by ordinances to be boundaries  
19 of such city or village, having a population of more than one  
20 thousand and less than one hundred fifty thousand inhabitants,  
21 including such adjacent territory as now is or hereafter may be  
22 attached for school purposes, shall constitute a Class III school  
23 district. Nothing ~~except that nothing~~ in this section shall be  
24 construed to change the boundaries of any school district ~~that is a~~  
25 ~~member of a learning community.~~ for which the principal office is

1 located in a county in which a city of the metropolitan class is  
2 located or any school district for which the principal office is  
3 located in a county that has a contiguous border of at least five  
4 miles in the aggregate with such city of the metropolitan class.  
5 Except as provided in section 79-473 and in interlocal agreements  
6 to create focus schools or programs or academies of excellence  
7 pursuant to section 20 of this act, the title to all school  
8 buildings or other real or personal property owned by any school  
9 district within the corporate limits of any city or village shall,  
10 upon the organization of the school district, vest immediately  
11 in the new school district. The school board of the new school  
12 district shall have exclusive control of such buildings and real  
13 or personal property for all purposes contemplated in this section.  
14 The school district shall be a body corporate and possess all the  
15 usual powers of a corporation for public purposes and may sue and  
16 be sued, purchase, hold, and sell such personal and real property,  
17 and control such obligations as are authorized by law.

18           Sec. 44. Section 79-408, Revised Statutes Cumulative  
19 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
20 amended to read:

21           79-408 The territory now or hereafter embraced within  
22 each incorporated city of the primary class in the State of  
23 Nebraska, ~~that is not in part within the boundaries of a learning~~  
24 ~~community,~~ such adjacent territory as now or hereafter may be  
25 included therewith for school purposes, and such territory not

1 adjacent thereto as may have been added thereto by law shall  
2 constitute a Class IV school district. ~~\_\_\_7 except that nothing in~~  
3 ~~this section shall be construed to change the boundaries of any~~  
4 ~~school district that is a member of a learning community.~~ A Class  
5 IV school district shall be a body corporate and possess all the  
6 usual powers of a corporation for public purposes, may sue and  
7 be sued, and may purchase, hold, and sell such personal and real  
8 estate and contract such obligations as are authorized by law.  
9 The powers of a Class IV district include, but are not limited  
10 to, the power to adopt, administer, and amend from time to time  
11 such retirement, annuity, insurance, and other benefit plans for  
12 its present and future employees after their retirement, or any  
13 reasonable classification thereof, as may be deemed proper by the  
14 board of education. The board of education shall not establish  
15 a retirement system for new employees supplemental to the School  
16 Retirement System of the State of Nebraska.

17           The title to all real or personal property owned by  
18 such school district shall, upon the organization of the school  
19 district, vest immediately in the school district so created. The  
20 board of education shall have exclusive control of all property  
21 belonging to the school district.

22           In the discretion of the board of education, funds  
23 accumulated in connection with a retirement plan may be transferred  
24 to and administered by a trustee or trustees to be selected by the  
25 board of education, or if the retirement plan is in the form of

1 annuity or insurance contracts, such funds, or any part thereof,  
2 may be paid to a duly licensed insurance carrier or carriers  
3 selected by the board of education. Funds accumulated in connection  
4 with any such retirement plan, and any other funds of the school  
5 district which are not immediately required for current needs or  
6 expenses, may be invested and reinvested by the board of education  
7 or by its authority in securities of a type permissible either for  
8 the investment of funds of a domestic legal reserve life insurance  
9 company or for the investment of trust funds, according to the laws  
10 of the State of Nebraska.

11           Sec. 45. Section 79-413, Revised Statutes Cumulative  
12 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
13 amended to read:

14           79-413 (1) The State Committee for the Reorganization  
15 of School Districts created under section 79-435 may create a  
16 new school district from other districts, change the boundaries  
17 of any district, ~~that is not a member of a learning community,~~  
18 or affiliate a Class I district or portion thereof with one or  
19 more existing Class II, III, IV, or V districts upon receipt of  
20 petitions signed by sixty percent of the legal voters of each  
21 district affected. If the petitions contain signatures of at least  
22 sixty-five percent of the legal voters of each district affected,  
23 the state committee shall approve the petitions. When area is added  
24 to a Class VI district or when a Class I district which is entirely  
25 or partially within a Class VI district is taken from the Class VI

1 district, the Class VI district shall be deemed to be an affected  
2 district.

3 Any petition of the legal voters of a Class I district  
4 in which no city or village is situated which is commenced after  
5 January 1, 1996, and proposes the dissolution of the Class I  
6 district and the attachment of a portion of it to two or more  
7 districts shall require signatures of more than fifty percent of  
8 the legal voters of such Class I district. If the state committee  
9 determines that such petition contains valid signatures of more  
10 than fifty percent of the legal voters of such Class I district,  
11 the state committee shall grant the petition.

12 (2)(a) Petitions proposing to change the boundaries of  
13 existing school districts ~~that are not members of a learning~~  
14 ~~community~~ through the transfer of a parcel of land, not to exceed  
15 six hundred forty acres, shall be approved by the state committee  
16 when the petitions involve the transfer of land between Class I,  
17 II, III, or IV school districts or when there would be an exchange  
18 of parcels of land between Class I, II, III, or IV school districts  
19 and the petitions have the approval of at least sixty-five percent  
20 of the school board of each affected district. If the transfer of  
21 the parcel of land is from a Class I school district to one or more  
22 Class II, III, IV, V, or VI school districts of which the parcel is  
23 not a part or with which the parcel is not affiliated, any Class  
24 II, III, IV, V, or VI school district of which the parcel is not  
25 a part or with which the parcel is affiliated shall be deemed an

1 affected district.

2 (b) The state committee shall not approve a change of  
3 boundaries pursuant to this section relating to affiliation of  
4 school districts if twenty percent or more of any tract of land  
5 under common ownership which is proposing to affiliate is not  
6 contiguous to the high school district with which affiliation is  
7 proposed unless (i) one or more resident students of the tract of  
8 land under common ownership has attended the high school program of  
9 the high school district within the immediately preceding ten-year  
10 period or (ii) approval of the petition or plan would allow  
11 siblings of such resident students to attend the same school as the  
12 resident students attended.

13 (3)(a) Petitions proposing to create a new school  
14 district, to change the boundary lines of existing school  
15 districts, ~~that are not members of a learning community,~~ to create  
16 an affiliated school system, or to affiliate a Class I district in  
17 part and to join such district in part with a Class VI district,  
18 any of which involves the transfer of more than six hundred  
19 forty acres, shall, when signed by at least sixty percent of the  
20 legal voters in each district affected, be submitted to the state  
21 committee. In the case of a petition for affiliation or a petition  
22 to affiliate in part and in part to join a Class VI district,  
23 the state committee shall review the proposed affiliation subject  
24 to sections 79-425 and 79-426. The state committee shall, within  
25 forty days after receipt of the petition, hold one or more public

1 hearings and review and approve or disapprove such proposal.

2 (b) The state committee shall also review and approve or  
3 disapprove incentive payments under section 79-1010.

4 (c) If there is a bond election to be held in conjunction  
5 with the petition, the state committee shall hold the petition  
6 until the bond election has been held, during which time names may  
7 be added to or withdrawn from the petitions. The results of the  
8 bond election shall be certified to the state committee.

9 (d) If the bond election held in conjunction with the  
10 petition is unsuccessful, no further action on the petition is  
11 required. If the bond election is successful, within fifteen days  
12 after receipt of the certification of the bond election results,  
13 the state committee shall approve the petition and notify the  
14 county clerk to effect the changes in district boundary lines as  
15 set forth in the petitions.

16 (4) Any person adversely affected by the changes made  
17 by the state committee may appeal to the district court of any  
18 county in which the real estate or any part thereof involved in  
19 the dispute is located. If the real estate is located in more than  
20 one county, the court in which an appeal is first perfected shall  
21 obtain jurisdiction to the exclusion of any subsequent appeal.

22 (5) A signing petitioner may withdraw his or her name  
23 from a petition and a legal voter may add his or her name to  
24 a petition at any time prior to the end of the period when the  
25 petition is held by the state committee. Additions and withdrawals

1 of signatures shall be by notarized affidavit filed with the state  
2 committee.

3 Sec. 46. Section 79-415, Revised Statutes Cumulative  
4 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
5 amended to read:

6 79-415 (1) In addition to the petitions of legal voters  
7 pursuant to section 79-413, changes in boundaries and the creation  
8 of a new school district from other districts may be initiated and  
9 accepted by the school board or board of education of any district,  
10 ~~that is not a member of a learning community.~~

11 (2) In addition to the petitions of legal voters pursuant  
12 to section 79-413, the affiliation of a Class I district or portion  
13 thereof with one or more Class II, III, IV, or V districts may be  
14 initiated and accepted by:

15 (a) The board of education of any Class II, III, IV, or V  
16 district; and

17 (b) The school board of any Class I district in which is  
18 located a city or incorporated village.

19 Sec. 47. Section 79-416, Revised Statutes Cumulative  
20 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
21 amended to read:

22 79-416 When the legal voters of a Class I or Class  
23 II school district ~~that is not a member of a learning community~~  
24 ~~and~~ in which no city or village is located petition to merge in  
25 whole or in part with a Class I or Class II district, the merger

1 may be accepted by petition of the school board of the accepting  
2 district. When the legal voters of a Class I district petition  
3 to affiliate in whole or in part with one or more Class II, III,  
4 IV, or V districts, such affiliation may be accepted or rejected  
5 by petition of the school board or board of education of any such  
6 district, but in either case the petition to affiliate shall be  
7 accepted or rejected within sixty days after the date of receipt  
8 of the petition by the school board or board of education of such  
9 district.

10           Sec. 48. Section 79-433, Revised Statutes Cumulative  
11 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
12 amended to read:

13           79-433 For purposes of the Reorganization of School  
14 Districts Act, unless the context otherwise requires:

15           (1) Reorganization of school districts means the  
16 formation of new school districts, the alteration of boundaries of  
17 established school districts, ~~that are not members of a learning~~  
18 ~~community,~~ the affiliation of school districts, and the dissolution  
19 or disorganization of established school districts through or by  
20 means of any one or combination of the methods set out in section  
21 79-434; and

22           (2) State committee means the State Committee for the  
23 Reorganization of School Districts created by section 79-435.

24           Sec. 49. Section 79-452, Revised Statutes Cumulative  
25 Supplement, 2006, as affected by Referendum 2006, No. 422, is

1 amended to read:

2           79-452 A proposal to dissolve a Class I or II school  
3 district, except a Class I school district which is partly or  
4 wholly within a Class VI school district, and attach it to one or  
5 more existing Class II, III, ~~or~~ IV, or V school districts ~~that are~~  
6 ~~not members of a learning community~~ may be initiated by filing with  
7 the State Committee for the Reorganization of School Districts a  
8 petition or petitions signed by at least twenty-five percent of the  
9 legal voters of the district, together with an affidavit from the  
10 county clerk or election commissioner listing all legal voters of  
11 the district and a determination by the county clerk or election  
12 commissioner that the signatures are sufficient. The petition shall  
13 contain a plan of the proposed reorganization, an effective date,  
14 and a statement whether any existing bonded indebtedness shall  
15 remain on the property of the district which incurred it or be  
16 assumed by the enlarged district. The petition may also contain  
17 provisions for the holding of school within existing buildings  
18 in the proposed reorganized district, and when so provided, the  
19 holding of school within such buildings shall be maintained from  
20 the date of reorganization unless either the legal voters served by  
21 the school or the school board of the reorganized district votes  
22 by a majority vote for discontinuance of the school. In case of  
23 conflicting votes between the legal voters and the school board  
24 on such issue, the decision of the legal voters shall prevail.  
25 A signing petitioner shall not be permitted to withdraw his or

1 her name from the petition after the petition has been filed. The  
2 school board of each Class II, III, ~~or~~ IV, or V district to which  
3 the merger is proposed shall also submit to the state committee  
4 a statement to the effect that a majority of the board members  
5 approve the proposal contained in the petition.

6 Sec. 50. Section 79-458, Revised Statutes Cumulative  
7 Supplement, 2006, is amended to read:

8 79-458 (1) Any freeholder or freeholders, person in  
9 possession or constructive possession as vendee pursuant to a  
10 contract of sale of the fee, holder of a school land lease  
11 under section 72-232, or entrant upon government land who has  
12 not yet received a patent therefor may file a petition with  
13 a board consisting of the county assessor, county clerk, and  
14 county treasurer, asking to have any tract or tracts of land  
15 described in the petition set off from an existing Class II or III  
16 school district in which the land is situated and attached to an  
17 accredited district which is contiguous to such tract or tracts of  
18 land if:

19 (a) The Class II or III school district has had an  
20 average daily membership in grades nine through twelve of less  
21 than sixty for the two consecutive school fiscal years immediately  
22 preceding the filing of the petition;

23 (b) The Class II or III school district has voted to  
24 exceed the maximum levy established pursuant to subdivision (2)(a)  
25 of section 77-3442, which vote is effective for the school fiscal

1 year in which the petition is filed or for the following school  
2 fiscal year; and

3 (c) The high school is within fifteen miles on a  
4 maintained public highway or maintained public road of another  
5 high school. ~~and~~

6 ~~(d) Neither school district is a member of a learning  
7 community.~~

8 For purposes of determining whether a tract of land is  
9 contiguous, all petitions currently being considered by the board  
10 shall be considered together as a whole.

11 (2) The petition shall state the reasons for the proposed  
12 change and shall show with reference to the land of each  
13 petitioner: (a) That (i) the land described in the petition is  
14 either owned by the petitioner or petitioners or that he, she,  
15 or they hold a school land lease under section 72-232, are in  
16 possession or constructive possession as vendee under a contract  
17 of sale of the fee simple interest, or have made an entry on  
18 government land but have not yet received a patent therefor and  
19 (ii) such tract of land includes all such contiguous land owned or  
20 controlled by each petitioner; (b) that the land described in the  
21 petition is located in a Class II or III district, ~~that is not a~~  
22 ~~member of a learning community,~~ the district has had an average  
23 daily membership in grades nine through twelve of less than sixty  
24 for the two consecutive school fiscal years immediately preceding  
25 the filing of the petition, the district has voted to exceed the

1 maximum levy established pursuant to subdivision (2) (a) of section  
2 77-3442 as provided in subdivision (1) (b) of this section, and  
3 the land is to be attached to an accredited school district which  
4 is contiguous to such tract or tracts of land; ~~and which is not~~  
5 ~~a member of a learning community;~~ and (c) that such petition is  
6 approved by a majority of the members of the school board of the  
7 district to which such land is sought to be attached.

8 (3) The petition shall be verified by the oath of each  
9 petitioner. Notice of the filing of the petition and of the hearing  
10 on such petition before the board constituted as prescribed in  
11 subsection (1) or (4) of this section shall be given at least  
12 ten days prior to the date of such hearing by one publication  
13 in a legal newspaper of general circulation in each district and  
14 by posting a notice on the outer door of the schoolhouse in each  
15 district affected thereby, and such notice shall designate the  
16 territory to be transferred. Such board shall, after a public  
17 hearing on the petition and a determination that all requirements  
18 of this section have been complied with, change the boundaries of  
19 the school districts so as to set off the land described in the  
20 petition and attach it to such district pursuant to the petition.

21 (4) Petitions requesting transfers of property across  
22 county lines shall be addressed jointly to the county clerks of  
23 the counties concerned, and the petitions shall be acted upon  
24 by the county assessors, county clerks, and county treasurers of  
25 the counties involved as one board, with the county clerk of the

1 county from which the land is sought to be transferred acting as  
2 chairperson of the board.

3 (5) Appeals may be taken from the action of such board  
4 or, when such board fails to agree, to the district court of the  
5 county in which the land is located within twenty days after entry  
6 of such action on the records of the board by the county clerk of  
7 the county in which the land is located or within twenty days after  
8 March 15 if such board fails to act upon such petition, in the same  
9 manner as appeals are now taken from the action of the county board  
10 in the allowance or disallowance of claims against the county.

11 (6) This section does not apply to any school district  
12 located on an Indian reservation and substantially or totally  
13 financed by the federal government.

14 Sec. 51. Section 79-458.01, Revised Statutes Cumulative  
15 Supplement, 2006, is amended to read:

16 79-458.01 Any landowner or group of landowners whose  
17 property is a part of a school district and is encapsulated by  
18 another school district may, upon filing a notarized affidavit with  
19 the county assessor, have such property become a part of the school  
20 district by which it is encapsulated, ~~if neither school district is~~  
21 ~~a member of a learning community.~~ The transfer shall take place on  
22 January 1 next following the filing of the affidavit. Any student  
23 resident of such property shall be counted as a resident of the  
24 district from which the property was transferred until the close of  
25 the school year in which the transfer becomes effective.

1           For purposes of this section, encapsulated by means  
2 entirely within.

3           Sec. 52. Section 79-467, Revised Statutes Cumulative  
4 Supplement, 2006, is amended to read:

5           79-467 Whenever (1) a school district ~~that is not a~~  
6 ~~member of a learning community~~ suffers a reduction in the taxable  
7 valuation of the real property within the district by reason  
8 of the purchase or appropriation by the United States or any  
9 instrumentality of the United States of land in the district  
10 for any defense, flood control, irrigation, or war project, (2)  
11 the number of children who are five through twenty years of age  
12 residing in the district increases by reason of the use by the  
13 United States of the land so purchased or appropriated for such  
14 purposes, and (3) such increase in the number of pupils who will be  
15 eligible to attend school in the district does or will require a  
16 levy of taxes for general school purposes in excess of the average  
17 levy for general school purposes of school districts of the same  
18 class in the county, the State Committee for the Reorganization  
19 of School Districts shall change the boundaries of the existing  
20 district to exclude all land purchased and appropriated by the  
21 United States and all land which by reason of its use or ownership  
22 is exempt from state taxation under the United States Constitution  
23 and the statutes of the United States. When the United States,  
24 by the appropriate officer, does not accept or has not accepted  
25 exclusive jurisdiction over land so excluded, the state committee

1 shall form a new school district embracing land thus excluded.

2           Sec. 53. Section 79-468, Revised Statutes Cumulative  
3 Supplement, 2006, is amended to read:

4           79-468 (1) Whenever a city of the second class, a  
5 village, or a ward of a city of the second class or village is  
6 consolidated according to law with a city of the primary class,  
7 the territory so consolidated shall become annexed to and merged  
8 into the school district of such city of the primary class. All  
9 school property located in the territory annexed shall become the  
10 property of such school district, and all ~~if such territory is in~~  
11 ~~a school district that is not a member of a learning community and~~  
12 ~~the school district of such city of the primary class is not a~~  
13 ~~member of a learning community.~~ All laws, rules, and regulations  
14 governing the school district and schools of such city of the  
15 primary class shall apply to the district and schools within the  
16 territory annexed to it. The school district into which the others  
17 in whole or in part are merged shall succeed to all the property,  
18 contracts, and obligations of each and all of the school districts  
19 so merged into it, in whole or in part, and shall assume all of  
20 their valid contracts and obligations.

21           (2) If one or more wards, but less than all wards, of  
22 a city of the second class or of a village become consolidated  
23 with such city of the primary class, the school district into  
24 which such territory is merged shall assume such portion of all  
25 valid contracts and obligations of the school district of which

1 such territory before the consolidation was a part as the taxable  
2 valuation of all the property of the territory thus merged with  
3 the school district of such city of the primary class bears to  
4 the total taxable valuation of all the property within the school  
5 district from which such territory has been detached.

6 Sec. 54. Section 79-473, Revised Statutes Cumulative  
7 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
8 amended to read:

9 79-473 (1) If the territory annexed by a change of  
10 boundaries of a city or village which lies within a Class III  
11 school district as provided in section 79-407 has been part of a  
12 Class IV or Class V school district prior to such annexation, a  
13 merger of the annexed territory with the Class III school district  
14 shall become effective only if the merger is approved by a majority  
15 of the members of the school board of the Class IV or V school  
16 district and a majority of the members of the school board of the  
17 Class III school district within ninety days after the effective  
18 date of the annexation ordinance. ~~7 except that a merger shall not  
19 become effective pursuant to this section if such merger involves a  
20 school district that is a member of a learning community.~~

21 (2) Notwithstanding subsection (1) of this section, when  
22 territory which lies within a Class III school district, Class VI  
23 school district, or Class I school district which is attached to a  
24 Class VI school district or which does not lie within a Class IV  
25 or V school district is annexed by a city or village pursuant to

1 section 79-407, the affected school board of the city or village  
2 school district and the affected school board or boards serving  
3 the territory subject to the annexation ordinance shall meet within  
4 thirty days after the effective date of the annexation ordinance  
5 if neither school district is a member of a learning community  
6 district's principal office is located in a county in which a city  
7 of the metropolitan class is located or in a county that has a  
8 contiguous border of at least five miles in the aggregate with such  
9 city of the metropolitan class and shall negotiate in good faith as  
10 to which school district shall serve the annexed territory and the  
11 effective date of any transfer. During the process of negotiation,  
12 the affected boards shall consider the following criteria:

13 (a) The educational needs of the students in the affected  
14 school districts;

15 (b) The economic impact upon the affected school  
16 districts;

17 (c) Any common interests between the annexed or platted  
18 area and the affected school districts and the community which has  
19 zoning jurisdiction over the area; and

20 (d) Community educational planning.

21 If no agreement has been reached within ninety days after  
22 the effective date of the annexation ordinance, the territory shall  
23 transfer to the school district of the annexing city or village  
24 ten days after the expiration of such ninety-day period unless an  
25 affected school district petitions the district court within the

1 ten-day period and obtains an order enjoining the transfer and  
2 requiring the boards of the affected school districts to continue  
3 negotiation. The court shall issue the order upon a finding that  
4 the affected board or boards have not negotiated in good faith  
5 based on one or more of the criteria listed in this subsection. The  
6 district court shall require no bond or other surety as a condition  
7 for any preliminary injunctive relief. If no agreement is reached  
8 after such order by the district court and additional negotiations,  
9 the annexed territory shall become a part of the school district of  
10 the annexing city or village.

11 (3) If, within the boundaries of the annexed territory,  
12 there exists a Class VI school, the school building, facilities,  
13 and land owned by the school district shall remain a part of  
14 the Class VI school district. If the Class VI school district  
15 from which territory is being annexed wishes to dispose of such  
16 school building, facilities, or land to any individual or political  
17 subdivision, including a Class I school district, the question of  
18 such disposition shall be placed on the ballot for the next primary  
19 or general election. All legal voters of such Class VI school  
20 district shall then vote on the question at such election. A simple  
21 majority of the votes cast shall resolve the issue.

22 (4) Whenever an application for approval of a final plat  
23 or replat is filed for territory which lies within the zoning  
24 jurisdiction of a city of the first or second class and does not  
25 lie within the boundaries of a Class IV or V school district,

1 or within the boundaries of a school district that is a member  
2 of a learning community, the boundaries of any county in which  
3 a city of the metropolitan class is located, or the boundaries  
4 of any county that has a contiguous border with a city of the  
5 metropolitan class, for which the principal office is located in  
6 a county in which a city of the metropolitan class is located or  
7 a school district for which the principal office is located in a  
8 county that has a contiguous border of at least five miles in the  
9 aggregate with such city of the metropolitan class, the affected  
10 school board of the school district within the city of the first or  
11 second class or its representative and the affected board or boards  
12 serving the territory subject to the final plat or replat or their  
13 representative shall meet within thirty days after such application  
14 and negotiate in good faith as to which school district shall serve  
15 the platted or replatted territory and the effective date of any  
16 transfer based upon the criteria prescribed in subsection (2) of  
17 this section.

18           If no agreement has been reached prior to the approval  
19 of the final plat or replat, the territory shall transfer to the  
20 school district of the city of the first or second class upon  
21 the filing of the final plat unless an affected school district  
22 petitions the district court within ten days after approval of the  
23 final plat or replat and obtains an order enjoining the transfer  
24 and requiring the affected boards to continue negotiation. The  
25 court shall issue the order upon a finding that the affected board

1 or boards have not negotiated in good faith based on one or more of  
2 the criteria listed in subsection (2) of this section. The district  
3 court shall require no bond or other surety as a condition for  
4 any preliminary injunctive relief. If no agreement is reached after  
5 such order by the district court and additional negotiations, the  
6 platted or replatted territory shall become a part of the school  
7 district of the city of the first or second class.

8 For purposes of this subsection, plat and replat apply  
9 only to (a) vacant land, (b) land under cultivation, or (c) any  
10 plat or replat of land involving a substantive change in the size  
11 or configuration of any lot or lots.

12 (5) Notwithstanding any other provisions of this section,  
13 all negotiated agreements relative to boundaries or to real or  
14 personal property of school districts reached by the affected  
15 school boards shall be valid and binding. ~~except that such~~  
16 ~~agreements shall not be binding on reorganization plans pursuant to~~  
17 ~~the Learning Community Reorganization Act.~~

18 Sec. 55. Section 79-479, Revised Statutes Cumulative  
19 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
20 amended to read:

21 79-479 (1)(a) Beginning January 1, 1992, any school  
22 district boundaries changed by the means provided by Nebraska law,  
23 but excluding the method provided by sections 79-407, and 79-473  
24 to 79-475, and 79-549, shall be made only upon an order issued by  
25 the State Committee for the Reorganization of School Districts or

1 county clerk. The state committee shall not issue an order changing  
2 boundaries relating to affiliation of school districts if twenty  
3 percent or more of any tract of land under common ownership which  
4 is proposing to affiliate is not contiguous to the high school  
5 district with which affiliation is proposed unless (i) one or more  
6 resident students of the tract of land under common ownership has  
7 attended the high school program of the high school district within  
8 the immediately preceding ten-year period or (ii) approval of the  
9 petition or plan would allow siblings of such resident students to  
10 attend the same school as the resident students attended.

11 (b) The order issued by the state committee shall be  
12 certified to the county clerk of each county in which boundaries  
13 are changed and shall also be certified to the State Department of  
14 Education. Whenever the order changes the boundaries of a school  
15 district due to the transfer of land, the county assessor, the  
16 Property Tax Administrator, and the State Department of Education  
17 shall be provided with the legal description and a map of the  
18 parcel of land which is transferred. Such order shall be issued  
19 no later than June 1 and shall have an effective date no later  
20 than August 1 of the same year. For purposes of determining  
21 school district counts pursuant to sections 79-524 and 79-578  
22 and calculating state aid allocations pursuant to the Tax Equity  
23 and Educational Opportunities Support Act, any change in school  
24 district boundaries with an effective date between June 1 and  
25 August 1 of any year shall be considered effective July 1 of such

1 year.

2 (2) Unless otherwise provided by state law or by the  
3 terms of an affiliation or reorganization plan or petition which is  
4 consistent with state law, all assets, including budget authority  
5 as provided in sections 79-1023 to 79-1030, and liabilities, except  
6 bonded obligations, of school districts merged, dissolved, or  
7 annexed shall be transferred to the receiving district or districts  
8 on the basis of the proportionate share of assessed valuation  
9 received at the time of reorganization. When a Class II, III, IV,  
10 or V school district becomes a Class I school district:

11 (a) Which becomes part of a Class VI district which  
12 offers instruction in grades six through twelve, 37.9310 percent of  
13 the Class II, III, IV, or V district's assets and liabilities shall  
14 be transferred to the new Class I district and the remainder shall  
15 be transferred to the Class VI district or districts of which the  
16 Class I district becomes a part on the basis of the proportionate  
17 share of assessed valuation each high school district received at  
18 the time of such change in class of district;

19 (b) Which becomes part of a Class VI district which  
20 offers instruction in grades seven through twelve, 44.8276 percent  
21 of the Class II, III, IV, or V district's assets and liabilities  
22 shall be transferred to the new Class I district and the remainder  
23 shall be transferred to the Class VI district or districts of  
24 which the Class I district becomes a part on the basis of the  
25 proportionate share of assessed valuation each high school district

1 received at the time of such change in class of district; or

2 (c) Which is affiliated or becomes part of a Class VI  
3 district which offers instruction in grades nine through twelve,  
4 61.3793 percent of the Class II, III, IV, or V school district's  
5 assets and liabilities shall be transferred to the new Class I  
6 district and the remainder shall be transferred to the Class VI  
7 district or districts of which the Class I district becomes a part  
8 and to the high school district or districts with which the Class I  
9 district is affiliated on the basis of the proportionate share of  
10 assessed valuation each high school district received at the time  
11 of such change in class of district.

12 Sec. 56. Section 79-527, Revised Statutes Cumulative  
13 Supplement, 2006, is amended to read:

14 79-527 The superintendent or head administrator of a  
15 public school district or a nonpublic school system shall annually  
16 report to the Commissioner of Education in such detail and on  
17 such date as required by the commissioner the number of students  
18 who have dropped out of school or were for any reason suspended,  
19 expelled, or excluded from school during the year. ~~School districts~~  
20 ~~that are members of learning communities shall also provide the~~  
21 ~~learning community coordinating council with a copy of the report~~  
22 ~~to the commissioner on or before the date the report is due~~  
23 ~~to the commissioner. Each learning community coordinating council~~  
24 ~~shall annually report to the commissioner in such detail and on~~  
25 ~~such date as required by the commissioner the number of students~~

1 who have dropped out of school or were for any reason suspended,  
2 expelled, or excluded from school during the year for all of the  
3 member school districts. The due date for reports from learning  
4 communities shall be established by the commissioner to provide a  
5 reasonable period of time for the learning community coordinating  
6 councils to compile the information from the member school district  
7 reports.

8           Sec. 57. Section 79-528, Revised Statutes Cumulative  
9 Supplement, 2006, is amended to read:

10           79-528 (1)(a) On or before July 20 in all school  
11 districts, the superintendent or head administrator shall file  
12 with the State Department of Education a report under oath showing  
13 the number of children from five through eighteen years of age  
14 belonging to the school district according to the census taken as  
15 provided in sections 79-524 and 79-578. The report shall identify  
16 the number of boys and the number of girls in each of the  
17 respective age categories. On or before July 20, school districts  
18 that are members of learning communities shall provide the learning  
19 community coordinating council with a copy of the report filed  
20 with the department. On or before August 1, each learning community  
21 coordinating council shall file with the department a report  
22 showing the number of children from five through eighteen years  
23 of age belonging to the member school districts according to the  
24 school district reports filed with the department.

25           (b) Each Class I school district which is part of a Class

1 VI school district offering instruction (i) in grades kindergarten  
2 through five shall report children from five through ten years  
3 of age, (ii) in grades kindergarten through six shall report  
4 children from five through eleven years of age, and (iii) in grades  
5 kindergarten through eight shall report children from five through  
6 thirteen years of age.

7 (c) Each Class VI school district offering instruction  
8 (i) in grades six through twelve shall report children who are  
9 eleven through eighteen years of age, (ii) in grades seven through  
10 twelve shall report children who are twelve through eighteen years  
11 of age, and (iii) in grades nine through twelve children who are  
12 fourteen through eighteen years of age.

13 (d) Each Class I district which has affiliated in whole  
14 or in part shall report children from five through thirteen years  
15 of age.

16 (e) Each Class II, III, IV, or V district shall report  
17 children who are fourteen through eighteen years of age residing in  
18 Class I districts or portions thereof which have affiliated with  
19 such district.

20 (f) The board of any district neglecting to take and  
21 report the enumeration shall be liable to the school district for  
22 all school money which such district may lose by such neglect.

23 (2) On or before June 30 the superintendent or head  
24 administrator of each school district shall file with the  
25 Commissioner of Education a report under oath described as an

1 end-of-the-school-year annual statistical summary showing (a) the  
2 number of children attending school during the year under five  
3 years of age, (b) the length of time the school has been taught  
4 during the year by a qualified teacher, (c) the length of time  
5 taught by each substitute teacher, and (d) such other information  
6 as the Commissioner of Education directs. ~~On or before June 30,~~  
7 ~~school districts that are members of learning communities shall~~  
8 ~~also provide the learning community coordinating council with a~~  
9 ~~copy of the report filed with the commissioner. On or before July~~  
10 ~~15,~~ each learning community coordinating council shall file with  
11 the commissioner a report showing the number of children from  
12 five through eighteen years of age belonging to the member school  
13 districts according to the school district reports filed with the  
14 commissioner.

15 ~~(3)(a)~~ (3) On or before November 1 the superintendent  
16 or head administrator of each school district shall submit to  
17 the Commissioner of Education, to be filed in his or her  
18 office, a report under oath described as the annual financial  
19 report showing ~~(i)~~ (a) the amount of money received from all  
20 sources during the year and the amount of money expended by  
21 the school district during the year, ~~(ii)~~ (b) the amount of  
22 bonded indebtedness, ~~(iii)~~ (c) such other information as shall  
23 be necessary to fulfill the requirements of the Tax Equity and  
24 Educational Opportunities Support Act and section 79-1114, and  
25 ~~(iv)~~ (d) such other information as the Commissioner of Education

1 directs.

2           ~~(b) On or before November 1, school districts that are~~  
3 ~~members of learning communities shall also provide the learning~~  
4 ~~community coordinating council with a copy of the report submitted~~  
5 ~~to the commissioner. On or before November 15, each learning~~  
6 ~~community coordinating council shall submit to the commissioner,~~  
7 ~~to be filed in his or her office, a report described as the~~  
8 ~~annual financial report showing (i) the aggregate amount of money~~  
9 ~~received from all sources during the year for all member school~~  
10 ~~districts and the aggregate amount of money expended by member~~  
11 ~~school districts during the year, (ii) the aggregate amount of~~  
12 ~~bonded indebtedness for all member school districts, (iii) such~~  
13 ~~other aggregate information as shall be necessary to fulfill~~  
14 ~~the requirements of the Tax Equity and Educational Opportunities~~  
15 ~~Support Act and section 79-1114 for all member school districts,~~  
16 ~~and (iv) such other aggregate information as the Commissioner of~~  
17 ~~Education directs for all member school districts.~~

18           (4) (a) On or before October 15 of each year, the  
19 superintendent or head administrator of each school district shall  
20 deliver to the department the fall school district membership  
21 report, which report shall include the number of children from  
22 birth through twenty years of age enrolled in the district on the  
23 last Friday in September of a given school year. The report shall  
24 enumerate (i) students by grade level, (ii) school district levies  
25 and total assessed valuation for the current fiscal year, and (iii)

1 the number of students enrolled in and attending magnet pathway  
2 programs in such school district, (iv) the number of students who  
3 reside in such school district and who are enrolled in and attend  
4 focus schools and programs or academies of excellence pursuant to  
5 section 20 of this act either in or outside such school district,  
6 and (v) such other information as the Commissioner of Education  
7 directs. For purposes of fall membership, a student attending a  
8 school pursuant to the student voluntary inclusion plan pursuant  
9 to section 11 of this act who is not attending a focus school  
10 or program or an academy of excellence shall be considered a  
11 student of the school district in which the school building he or  
12 she attends is located and a student attending a focus school or  
13 program or academy of excellence shall be considered a student of  
14 the school district in which he or she resides.

15           ~~(b)~~ On or before October 15 of each year, school  
16 districts that are members of learning communities shall also  
17 provide the learning community coordinating council with a copy of  
18 the report delivered to the department. On or before October 31  
19 of each year, each learning community coordinating council shall  
20 deliver to the department the fall learning community membership  
21 report, which report shall include the aggregate number of children  
22 from birth through twenty years of age enrolled in the member  
23 school districts on the last Friday in September of a given  
24 school year for all member school districts. The report shall  
25 enumerate ~~(i)~~ the aggregate students by grade level for all member

1 school districts, ~~(ii)~~ learning community levies and total assessed  
2 valuation for the current fiscal year, and ~~(iii)~~ such other  
3 information as the Commissioner of Education directs.

4 ~~(c)~~ (b) When any school district ~~or~~ learning community  
5 fails to submit its fall membership report by November 1, the  
6 commissioner shall, after notice to the district and an opportunity  
7 to be heard, direct that any state aid granted pursuant to the  
8 Tax Equity and Educational Opportunities Support Act be withheld  
9 until such time as the report is received by the department. In  
10 addition, the commissioner shall direct the county treasurer to  
11 withhold all school money belonging to the school district ~~or~~  
12 learning community until such time as the commissioner notifies the  
13 county treasurer of receipt of such report. The county treasurer  
14 shall withhold such money. For school districts that are members  
15 of learning communities, a determination of school money belonging  
16 to the district shall be based on the proportionate share of state  
17 aid and property tax receipts allocated to the school district  
18 by the learning community coordinating council, and the treasurer  
19 of the learning community coordinating council shall withhold any  
20 such school money in the possession of the learning community from  
21 the school district. If a school district that is a member of  
22 a learning community fails to provide a copy of the report to  
23 the learning community coordinating council on or before October  
24 15, the learning community coordinating council shall complete the  
25 fall learning community membership report with information from the

1 ~~reports received from other member school districts.~~

2           Sec. 58. Section 79-549, Revised Statutes Cumulative  
3 Supplement, 2006, is amended to read:

4           79-549 ~~(1)~~ The school board of any Class III school  
5 district that is a member of a learning community may place before  
6 the legal voters of the school district the issue of whether to  
7 begin to have a caucus for nominations by adopting a resolution to  
8 place the issue before the legal voters and certifying the issue to  
9 the election commissioner or county clerk prior to September 1 for  
10 placement on the ballot at the next statewide general election. The  
11 legal voters of the school district may also have the issue placed  
12 on the ballot at the statewide general election by circulating a  
13 petition and gathering the signatures of the legal voters residing  
14 within the school district at least equal to seven percent of  
15 the number of persons registered to vote in the school district  
16 at the last statewide primary election. The petitions shall be  
17 filed with the election commissioner or county clerk for signature  
18 verification on or before August 15 prior to a statewide general  
19 election. If the election commissioner or county clerk determines  
20 that the appropriate number of legal voters signed the petition, he  
21 or she shall place the issue on the ballot for the next statewide  
22 general election. The issue shall not be placed on the ballot again  
23 within four years after voting on the issue at a statewide general  
24 election.

25           ~~(2)~~ (1) Any Class III school district that nominated

1 school board members by caucus pursuant to this section as it  
2 existed immediately before July 14, 2006, shall continue such  
3 procedure until the legal voters of the district vote not to  
4 continue to have a caucus for nominations pursuant to subsection  
5 ~~(3)~~ (2) of this section. A caucus shall be held pursuant to  
6 subsection ~~(5)~~ (4) of this section not less than seventy days prior  
7 to the holding of the election to nominate two or more candidates  
8 for each vacancy to be voted upon at the election to be held  
9 in conjunction with the statewide primary election pursuant to  
10 subsection (1) of section 32-543. No candidate nominated shall have  
11 his or her name placed upon the ballot for the general election  
12 unless, not more than ten days after his or her nomination, he  
13 or she files with the secretary of the school board a written  
14 statement accepting the nomination. The secretary of the school  
15 board shall certify the names of the candidates to the election  
16 commissioner or county clerk who shall prepare the official ballot  
17 listing the names as certified and without any area designation.  
18 All legal voters residing within the school district shall be  
19 permitted to vote at such election.

20 ~~(3)~~ (2) The school board may place before the legal  
21 voters of the school district the issue of whether to continue to  
22 have a caucus for nominations by adopting a resolution to place  
23 the issue before the legal voters and certifying the issue to the  
24 election commissioner or county clerk prior to September 1 for  
25 placement on the ballot at the next statewide general election. The

1 legal voters of the school district may also have the issue placed  
2 on the ballot at the statewide general election by circulating a  
3 petition and gathering the signatures of the legal voters residing  
4 within the school district at least equal to seven percent of  
5 the number of persons registered to vote in the school district  
6 at the last statewide primary election. The petitions shall be  
7 filed with the election commissioner or county clerk for signature  
8 verification on or before August 15 prior to a statewide general  
9 election. If the election commissioner or county clerk determines  
10 that the appropriate number of legal voters signed the petition, he  
11 or she shall place the issue on the ballot for the next statewide  
12 general election. The issue shall not be placed on the ballot again  
13 within four years after voting on the issue at a statewide general  
14 election.

15           ~~(4)~~ (3) If the legal voters vote not to continue to have  
16 a caucus, candidates shall be nominated and elected as provided  
17 in subsection (2) of section 32-543. The terms of the members in  
18 office at the time of the vote shall be extended to the first  
19 Thursday after the first Tuesday in January after the expiration  
20 of their terms. At the first general election following the vote,  
21 the member receiving the greatest number of votes shall be elected  
22 for a term of four years and the member receiving the next greatest  
23 number of votes shall be elected for a term of two years.

24           ~~(5)~~ (4) A school district which uses a caucus for  
25 nominations shall develop rules and procedures for conducting the

1 caucus which will ensure:

2 (a) Publication of the rules and procedures by multiple  
3 sources if necessary so that every resident of the school district  
4 has access to information on the process for placing a name in  
5 nomination and voting at the caucus;

6 (b) Facilities for voting at the caucus which comply with  
7 the federal Americans with Disabilities Act of 1990 and which will  
8 accommodate a reasonably anticipated number of legal voters;

9 (c) Election security which will provide for a fair and  
10 impartial election, including the secrecy of the ballot, one vote  
11 per legal voter, and only legal voters of the school district being  
12 allowed to vote;

13 (d) Equal access to all legal voters of the school  
14 district, including the presence of an interpreter at the caucus  
15 at the expense of the school district and ballots for the blind  
16 and visually impaired to provide access to the process by all legal  
17 voters of the school district;

18 (e) Adequate time and opportunity for legal voters of the  
19 school district to exercise their right to vote; and

20 (f) Notification of nomination to the candidates and to  
21 the secretary of the school board.

22 The rules and regulations shall be approved by the  
23 election commissioner or county clerk prior to use for a caucus.

24 Sec. 59. Section 79-611, Revised Statutes Cumulative  
25 Supplement, 2006, as affected by Referendum 2006, No. 422, is

1 amended to read:

2           79-611 (1) The school board of any school district that  
3 is not subject to subsection (2) of this section shall either  
4 provide free transportation or pay an allowance for transportation  
5 in lieu of free transportation as follows:

6           (a) When a student attends an elementary school in his  
7 or her own district and lives more than four miles from the public  
8 schoolhouse in such district;

9           (b) When a student is required to attend an elementary  
10 school outside of his or her own district and lives more than four  
11 miles from such elementary school;

12           (c) When a student attends a secondary school in his or  
13 her own Class II or Class III school district and lives more than  
14 four miles from the public schoolhouse. This subdivision does not  
15 apply when one or more Class I school districts merge with a Class  
16 VI school district to form a new Class II or III school district on  
17 or after January 1, 1997; and

18           (d) When a student, other than a student in grades ten  
19 through twelve in a Class V district, attends an elementary or  
20 junior high school in his or her own Class V district and lives  
21 more than four miles from the public schoolhouse in such district.

22           (2) The school board of any school district that is a  
23 ~~member of a learning community~~ subject to the enrollment provisions  
24 ~~of section 79-2110~~ Nebraska Student Advantage Act shall provide  
25 free transportation for a student if ~~(a) the student is a resident~~

1 of any school district that is a member of such learning community,  
2 ~~(b) the student is attending a school in the school district~~  
3 ~~under the control of such school board, and (c) the student does~~  
4 ~~not reside in the attendance area for such school. Transportation~~  
5 ~~shall be provided from the school building providing education in~~  
6 ~~at least kindergarten through grade three in the attendance area~~  
7 ~~in which the student resides to the school building the student~~  
8 ~~attends. This subsection does not prohibit a school district from~~  
9 ~~providing additional transportation to any student.~~ students as  
10 provided in section 15 of this act.

11 (3) The transportation allowance which may be paid to  
12 the parent, custodial parent, or guardian of students qualifying  
13 for free transportation pursuant to subsection (1) ~~or (2)~~ of this  
14 section shall equal two hundred eighty-five percent of the mileage  
15 rate provided in section 81-1176, multiplied by each mile actually  
16 and necessarily traveled, on each day of attendance, beyond which  
17 the one-way distance from the residence of the student to the  
18 schoolhouse exceeds three miles.

19 (4) Whenever students from more than one family travel to  
20 school in the same vehicle, the transportation allowance prescribed  
21 in subsection (3) of this section shall be payable as follows:

22 (a) To the parent, custodial parent, or guardian  
23 providing transportation for students from other families, one  
24 hundred percent of the amount prescribed in subsection (3) of  
25 this section for the transportation of students of such parent's,

1 custodial parent's, or guardian's own family and an additional  
2 five percent for students of each other family not to exceed a  
3 maximum of one hundred twenty-five percent of the amount determined  
4 pursuant to subsection (3) of this section; and

5 (b) To the parent, custodial parent, or guardian not  
6 providing transportation for students of other families, two  
7 hundred eighty-five percent of the mileage rate provided in section  
8 81-1176 multiplied by each mile actually and necessarily traveled,  
9 on each day of attendance, from the residence of the student to  
10 the pick-up point at which students transfer to the vehicle of a  
11 parent, custodial parent, or guardian described in subdivision (a)  
12 of this subsection.

13 (5) The board may authorize school-provided  
14 transportation to any student who does not qualify under the  
15 mileage requirements of subsection (1) of this section and may  
16 charge a fee to the parent or guardian of the student for such  
17 service. An affiliated high school district may provide free  
18 transportation or pay the allowance described in this section for  
19 high school students residing in an affiliated Class I district. No  
20 transportation payments shall be made to a family for mileage not  
21 actually traveled by such family. The number of days the student  
22 has attended school shall be reported monthly by the teacher to the  
23 board of such public school district.

24 (6) No more than one allowance shall be made to a  
25 family irrespective of the number of students in a family being

1 transported to school. If a family resides in a Class I district  
2 which is part of a Class VI district and has students enrolled in  
3 any of the grades offered by the Class I district and in any of  
4 the non-high-school grades offered by the Class VI district, such  
5 family shall receive not more than one allowance for the distance  
6 actually traveled when both districts are on the same direct travel  
7 route with one district being located a greater distance from the  
8 residence than the other. In such cases, the travel allowance shall  
9 be prorated among the school districts involved.

10 (7) No student shall be exempt from school attendance on  
11 account of distance from the public schoolhouse.

12 Sec. 60. Section 79-760, Revised Statutes Cumulative  
13 Supplement, 2006, is amended to read:

14 79-760 (1) The State Board of Education shall implement  
15 a statewide system for the assessment of student learning and  
16 for reporting the performance of school districts, ~~and learning~~  
17 ~~communities~~. The assessment and reporting system shall test student  
18 knowledge of subject matter materials covered by the measurable  
19 model academic content standards approved by the state board.  
20 The state board shall adopt an assessment and reporting plan  
21 and begin implementation of the assessment and reporting system  
22 in the 2000-01 school year beginning with the assessment of  
23 reading and writing. The state board shall prescribe statewide  
24 assessments of writing that rely on writing samples beginning in  
25 the spring of 2001 with students in each of three grades selected

1 by the state board. For each academic year thereafter, one of the  
2 three selected grades shall participate in the statewide writing  
3 assessment. The state board shall develop an assessment system and  
4 prescribe statewide assessments for the subject areas of reading,  
5 mathematics, science, social studies, and history. The assessment  
6 and reporting system for each subject area, except writing, shall  
7 be based on locally developed assessments the first year. Following  
8 the first assessment in each subject area, except writing, the  
9 State Department of Education shall contract with independent,  
10 recognized assessment experts to review and rate locally developed  
11 assessments. The department shall identify the criteria for rating  
12 the model assessments. The assessment experts shall identify not  
13 more than four model assessments receiving the highest ratings.  
14 Districts shall thereafter adopt one of the four model assessments  
15 and may, in addition, adapt their locally developed assessments.  
16 The aggregate results of any assessments required by the state  
17 board pursuant to this section shall be reported by the district on  
18 a building basis to the public in that district, ~~to the learning~~  
19 ~~community coordinating council if such district is a member of a~~  
20 ~~learning community, and to the department. Each learning community~~  
21 ~~shall also report the aggregate results of any assessments required~~  
22 ~~by the state board pursuant to this section to the public in that~~  
23 ~~learning community and to the department. The department shall~~  
24 report the aggregate results of any assessments required by the  
25 state board pursuant to this section on a learning community,

1 district, and building basis as part of the statewide assessment  
2 and reporting system.

3 (2) The purposes of the assessment and reporting system  
4 are to:

5 (a) Determine how well public schools are performing in  
6 terms of achievement of public school students related to the model  
7 state academic content standards;

8 (b) Report the performance of public schools based upon  
9 the results of the assessment;

10 (c) Provide information for the public and policymakers  
11 on the performance of public schools; and

12 (d) Provide for the comparison of Nebraska public schools  
13 to their peers and to school systems of other states and other  
14 countries.

15 (3) The assessment and reporting plan shall include  
16 all public schools and all public school students. The state  
17 board shall adopt criteria for the inclusion of students with  
18 disabilities, students entering the school for the first time, and  
19 students with limited English proficiency.

20 (4) The assessment and reporting plan shall provide for  
21 the confidentiality of the individual students.

22 (5) The department shall adopt a student-unit-record  
23 data system, with unique student identifiers that track individual  
24 student progress through the state's education system from  
25 prekindergarten through postsecondary education, including, but not

1 limited to, attendance, assessments, and graduation.

2 (6) The department shall track student progress  
3 disaggregated by race, ethnicity, and eligibility for free and  
4 reduced-price lunch programs on all measures required for the  
5 State of the Schools Report and by the school-based, teacher-led  
6 assessment reporting system (STARS), including, but not limited to,  
7 attendance, all assessments, and graduation.

8 (7) The department shall implement a standard four-year  
9 adjusted cohort graduation rate that (a) tracks students earning  
10 regular high school diplomas and special education students earning  
11 modified high school diplomas and defines graduation rate to  
12 include such students but (b) does not include earners of  
13 general equivalency diplomas and students receiving certificates  
14 of completion or other alternatives to a regular or modified high  
15 school diploma.

16 (8) The department shall create a process to collect  
17 information regarding the programs and the cost of programs  
18 provided to address the educational needs of students who are  
19 in poverty or who have limited English proficiency.

20 ~~(5)~~ (9) The state board shall adopt and promulgate rules  
21 and regulations to carry out this section.

22 Sec. 61. Section 79-850, Revised Statutes Cumulative  
23 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
24 amended to read:

25 79-850 For purposes of sections 79-850 to 79-858:

1           (1) Reorganized school district means: (a) Any expanded  
2 or altered school district, organized or altered by any of the  
3 means provided by Nebraska law including, but not limited to, the  
4 methods provided by the Reorganization of School Districts Act, ~~the~~  
5 ~~Learning Community Reorganization Act~~, section 79-407, 79-413, or  
6 79-473, or sections 79-415 to 79-417 or 79-452 to 79-455; or (b)  
7 any school district to be formed in the future if the petition  
8 or plan for such reorganized school district has been approved  
9 pursuant to any of the methods set forth in subdivision (1)(a)  
10 of this section when the effective date of such reorganization is  
11 prospective. For purposes of this subdivision, a petition or plan  
12 shall be deemed approved when the last legal action has been taken,  
13 as prescribed in section 79-413, 79-450, or 79-455, necessary to  
14 effect the changes in boundaries as set forth in the petition or  
15 plan; and

16           (2) Unified system means a unified system as defined in  
17 section 79-4,108 recognized by the State Department of Education  
18 pursuant to subsection (3) of such section, which employs  
19 certificated staff.

20           Sec. 62. Section 79-979, Revised Statutes Cumulative  
21 Supplement, 2006, is amended to read:

22           79-979 (1) Prior to September 13, 1997, in each Class  
23 V school district in the State of Nebraska there is hereby  
24 established a separate retirement system for all regular employees  
25 of such school district. Such system shall be for the purpose

1 of providing retirement benefits for all regular employees of  
2 the school district as provided in the Class V School Employees  
3 Retirement Act. The system shall be known as School Employees'  
4 Retirement System of (corporate name of the school district  
5 as described in section 79-405). All of its business shall be  
6 transacted, all of its funds shall be invested, and all of its cash  
7 and securities and other property shall be held in trust by such  
8 name for the purposes set forth in the act. Such funds shall be  
9 kept separate from all other funds of the school district and shall  
10 be used for no other purpose.

11           (2) ~~Except as provided in subsection (3) of this section,~~  
12 ~~if~~ If any new Class V school districts are formed after September  
13 13, 1997, such new Class V school district shall elect to become or  
14 remain a part of the retirement system established pursuant to the  
15 School Employees Retirement Act.

16           ~~(3) Any new Class V school districts formed pursuant~~  
17 ~~to the Learning Community Reorganization Act shall continue to~~  
18 ~~participate in the retirement system established pursuant to the~~  
19 ~~Class V School Employees Retirement Act if such new Class V~~  
20 ~~school district was formed at least in part by territory that~~  
21 ~~had been in a Class V school district that participated in the~~  
22 ~~retirement system established pursuant to the Class V School~~  
23 ~~Employees Retirement Act.~~

24           Sec. 63. Section 79-1002, Revised Statutes Cumulative  
25 Supplement, 2006, is amended to read:

1                   79-1002 It is the intent, purpose, and goal of the  
2 Legislature to create a system of financing the public school  
3 system which will:

4                   (1) Provide state support from all sources of state  
5 funding sufficient to support the statewide aggregate general fund  
6 operating expenditures for Nebraska elementary and secondary public  
7 education that cannot be met by local resources;

8                   (2) Reduce the reliance on the property tax for the  
9 support of the public school system;

10                  (3) Broaden financial support for the public school  
11 system by dedicating a portion of the revenue received from the  
12 state income tax for support of the system;

13                  (4) Keep pace with the increasing cost of operating the  
14 public school system;

15                  (5) Assure a foundation support level for the operation  
16 of the public school system, taking local resources into  
17 consideration;

18                  (6) Recognize a ~~portion~~ of the costs of programs to  
19 address the unique educational needs of students who are in poverty  
20 or who have limited English proficiency; ~~as being specific to the~~  
21 ~~local system providing such programs;~~

22                  (7) Create a process to collect information regarding  
23 the programs and the cost of the programs provided to address the  
24 unique educational needs of students who are in poverty or who have  
25 limited English proficiency; ~~in order to analyze which programs may~~

1 be appropriate to receive state support and to analyze the poverty  
2 and limited English proficiency allowances;

3 (8) Assure a greater level of equity of educational  
4 opportunities for all public school students;

5 (9) Assure a greater level of equity in property tax  
6 rates for the support of the public school system; and

7 (10) Assure measured growth in the state aid  
8 appropriation through the continuation of limits on the growth of  
9 general fund budgets of districts.

10 Sec. 64. Section 79-1003, Revised Statutes Cumulative  
11 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
12 amended to read:

13 79-1003 For purposes of the Tax Equity and Educational  
14 Opportunities Support Act:

15 (1) Adjusted general fund operating expenditures means  
16 ~~(a) for school fiscal years before school fiscal year 2007-08,~~  
17 general fund operating expenditures as calculated pursuant to  
18 subdivision (24) of this section minus (a) for school fiscal years  
19 before school fiscal year 2007-08, the transportation allowance and  
20 minus the special receipts allowance, and (b) for school fiscal  
21 year 2007-08, ~~general fund operating expenditures as calculated~~  
22 ~~pursuant to subdivision (24) of this section minus~~ and each  
23 school fiscal year thereafter, the sum of the transportation,  
24 special receipts, professional development allowance, marketing  
25 allowance, focus school or program and academy of excellence

1 ~~allowance, magnet pathway program allowance, and distance education~~  
2 ~~and telecommunications allowances;    and (e) for school fiscal~~  
3 ~~year 2008-09 and each school fiscal year thereafter, the difference~~  
4 ~~of the product of the general fund operating expenditures as~~  
5 ~~calculated pursuant to subdivision (24) of this section multiplied~~  
6 ~~by the cost growth factor for the school district's cost grouping~~  
7 ~~calculated pursuant to section 79-1007.10 minus the transportation~~  
8 ~~allowance, special receipts allowance, poverty allowance, limited~~  
9 ~~English proficiency allowance, elementary class size allowance, and~~  
10 ~~focus school and program allowance;~~

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

22           (3) Allocated income tax funds means the amount of  
23 assistance paid to a local system pursuant to section 79-1005.01 or  
24 79-1005.02 as adjusted by the minimum levy adjustment pursuant to  
25 section 79-1008.02;

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

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

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

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

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

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

23                   (10) Converted contract means an expired contract that  
24 was in effect for at least fifteen years for the education of  
25 students in a nonresident district in exchange for tuition from

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

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

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

14 (13) Distance education and telecommunications allowance  
15 means, for state aid calculated for school fiscal year 2007-08  
16 and each school fiscal year thereafter, eighty-five percent of  
17 the difference of the costs for (a) telecommunications services,  
18 (b) access to data transmission networks that transmit data to  
19 and from the school district, and (c) the transmission of data  
20 on such networks paid by the school districts in the local  
21 system as reported on the annual financial report for the most  
22 recently available complete data year minus the receipts from the  
23 federal Universal Service Fund pursuant to section 254 of the  
24 Telecommunications Act of 1996, 47 U.S.C. 254, as such section  
25 existed on January 1, 2006, for the school districts in the local

1 system as reported on the annual financial report for the most  
2 recently available complete data year;

3 (14) District means any Class I, II, III, IV, V, or VI  
4 school district;

5 (15) Ensuing school fiscal year means the school fiscal  
6 year following the current school fiscal year;

7 (16) Equalization aid means the amount of assistance  
8 calculated to be paid to a local system pursuant to sections  
9 79-1008.01 to 79-1022 and 79-1022.02;

10 (17) Fall membership means the total membership in  
11 kindergarten through grade twelve attributable to the local system  
12 as reported on the fall school district membership reports for each  
13 district pursuant to section 79-528;

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

16 (19) Formula students means (a) for state aid certified  
17 pursuant to section 79-1022, the sum of fall membership from the  
18 school fiscal year immediately preceding the school fiscal year in  
19 which the aid is to be paid, multiplied by the average ratio of  
20 average daily membership to fall membership for the second school  
21 fiscal year immediately preceding the school fiscal year in which  
22 aid is to be paid and the prior two school fiscal years, plus  
23 qualified early childhood education fall membership plus tuitioned  
24 students from the school fiscal year immediately preceding the  
25 school fiscal year in which the aid is to be paid and (b) for final

1 calculation of state aid pursuant to section 79-1065, the sum of  
2 average daily membership plus qualified early childhood education  
3 average daily membership plus tuitioned students from the school  
4 fiscal year immediately preceding the school fiscal year in which  
5 the aid was paid;

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

10 (21) Full-day kindergarten means kindergarten offered by  
11 a district for at least one thousand thirty-two instructional  
12 hours;

13 (22) General fund budget of expenditures means the total  
14 budget of disbursements and transfers for general fund purposes as  
15 certified in the budget statement adopted pursuant to the Nebraska  
16 Budget Act, except that for purposes of the limitation imposed in  
17 section 79-1023, the calculation of Class I total allowable general  
18 fund budget of expenditures minus the special education budget of  
19 expenditures pursuant to section 79-1083.03, and the calculation  
20 pursuant to subdivision (2) of section 79-1027.01, the general fund  
21 budget of expenditures does not include any special grant funds,  
22 exclusive of local matching funds, received by a district subject  
23 to the approval of the department;

24 (23) General fund expenditures means all expenditures  
25 from the general fund;

1           (24) General fund operating expenditures means the total  
2 general fund expenditures minus categorical funds, tuition paid,  
3 transportation fees paid to other districts, adult education,  
4 summer school, community services, redemption of the principal  
5 portion of general fund debt service, retirement incentive plans,  
6 staff development assistance, and transfers from other funds into  
7 the general fund for the second school fiscal year immediately  
8 preceding the school fiscal year in which aid is to be paid;

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

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

15           (27) Income tax receipts means the amount of income tax  
16 collected pursuant to the Nebraska Revenue Act of 1967 less all  
17 nonrefundable credits earned and refunds made;

18           (28) Limited English proficiency student means a student  
19 with limited English proficiency from the most recent data  
20 available on November 1 of the school fiscal year preceding  
21 the school fiscal year in which aid is to be paid;

22           (29) Local system means a Class VI district and the  
23 associated Class I districts or a Class II, III, IV, or V district  
24 and any affiliated Class I districts or portions of Class I  
25 districts, ~~and for school fiscal year 2008-09 and each school~~

1 ~~fiscal year thereafter, a learning community or a Class II, III,~~  
2 ~~IV, or V district that is not a member of a learning community.~~

3 The membership, expenditures, and resources of Class I districts  
4 that are affiliated with multiple high school districts will be  
5 attributed to local systems based on the percent of the Class I  
6 valuation that is affiliated with each high school district;

7 (30) Low-income child means (a) for school fiscal years  
8 prior to 2008-09, a child under nineteen years of age living in  
9 a household having an annual adjusted gross income of fifteen  
10 thousand dollars or less for the second calendar year preceding  
11 the beginning of the school fiscal year for which aid is being  
12 calculated and (b) for school fiscal year 2008-09 and each school  
13 fiscal year thereafter, a child under nineteen years of age living  
14 in a household having an annual adjusted gross income for the  
15 second calendar year preceding the beginning of the school fiscal  
16 year for which aid is being calculated equal to or less than the  
17 maximum household income that would allow a student from a family  
18 of four people to be a free lunch and free milk student during the  
19 school fiscal year immediately preceding the school fiscal year for  
20 which aid is being calculated;

21 (31) Low-income students means the number of low-income  
22 children within the local system multiplied by the ratio of the  
23 formula students in the local system divided by the total children  
24 under nineteen years of age residing in the local system as derived  
25 from income tax information;

1           (32) Most recently available complete data year means  
2 the most recent single school fiscal year for which the annual  
3 financial report, fall school district membership report, annual  
4 statistical summary, Nebraska income tax liability by school  
5 district for the calendar year in which the majority of the school  
6 fiscal year falls, and adjusted valuation data are available;

7           (33) Poverty students means the number of low-income  
8 students or the number of formula students who are free lunch and  
9 free milk students in a local system, whichever is greater;

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

25           (35) Qualified early childhood education fall membership

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

15 (36) Regular route transportation means the  
16 transportation of students on regularly scheduled daily routes to  
17 and from the attendance center;

18 (37) Reorganized district means any district involved  
19 in a consolidation and currently educating students following  
20 consolidation;

21 (38) School year or school fiscal year means the fiscal  
22 year of a school district as defined in section 79-1091;

23 (39) Special education means specially designed  
24 kindergarten through grade twelve instruction pursuant to section  
25 79-1125, and includes special education transportation;

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

9           (41) Special receipts allowance means the amount of  
10 special education, state ward, and accelerated or differentiated  
11 curriculum program receipts included in local system formula  
12 resources under subdivisions (7), (8), (16), and (17) of section  
13 79-1018.01 attributable to the school district;

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

17           (43) State board means the State Board of Education;

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

21           (45) Temporary aid adjustment factor means (a) for school  
22 fiscal years before school fiscal year 2007-08, one and one-fourth  
23 percent of the sum of the local system's transportation allowance,  
24 the local system's special receipts allowance, and the product  
25 of the local system's adjusted formula students multiplied by

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

9 (46) Transportation allowance means the lesser of (a)  
10 each local system's general fund expenditures for regular route  
11 transportation and in lieu of transportation expenditures pursuant  
12 to section 79-611 in the second school fiscal year immediately  
13 preceding the school fiscal year in which aid is to be paid,  
14 but not including special education transportation expenditures or  
15 other expenditures previously excluded from general fund operating  
16 expenditures, or (b) the number of miles traveled in the second  
17 school fiscal year immediately preceding the school fiscal year in  
18 which aid is to be paid by vehicles owned, leased, or contracted  
19 by the district or the districts in the local system for the  
20 purpose of regular route transportation multiplied by four hundred  
21 percent of the mileage rate established by the Department of  
22 Administrative Services pursuant to section 81-1176 as of January 1  
23 of the most recently available complete data year added to in lieu  
24 of transportation expenditures pursuant to section 79-611 from the  
25 same data year. +

1           For school districts providing transportation or  
2 transportation reimbursement to students required by the student  
3 voluntary inclusion plan created pursuant to section 11 of  
4 this act, transportation allowance includes, in addition to the  
5 allowance described in this subdivision, one hundred one percent  
6 of the amount of each local system's general fund expenditures for  
7 transportation pursuant to such plan in the second school fiscal  
8 year immediately preceding the school fiscal year in which aid is  
9 to be paid;

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

14           (48) Tuitioned students means students in kindergarten  
15 through grade twelve of the district whose tuition is paid by the  
16 district to some other district or education agency.

17           Sec. 65. Section 79-1007.01, Revised Statutes Cumulative  
18 Supplement, 2006, is amended to read:

19           79-1007.01 ~~For state aid calculated for school fiscal~~  
20 ~~years prior to 2008-09+~~

21           (1) The adjusted formula students for each local system  
22 shall be calculated by:

23           (a) Multiplying the formula students in each grade range  
24 by the corresponding weighting factors to calculate the weighted  
25 formula students for each grade range as follows:

1           (i) The weighting factor for early childhood education  
2 programs is six-tenths;

3           (ii) The weighting factor for kindergarten is  
4 five-tenths;

5           (iii) The weighting factor for grades one through six,  
6 including full-day kindergarten, is one;

7           (iv) The weighting factor for grades seven and eight is  
8 one and two-tenths; and

9           (v) The weighting factor for grades nine through twelve  
10 is one and four-tenths;

11           (b) Adding the weighted formula students for each grade  
12 range to calculate the weighted formula students for the local  
13 system; and

14           (c) Adjusting the weighted formula students by adding the  
15 following demographic factors:

16           (i) The Indian-land factor shall equal 0.25 times the  
17 average daily attendance of students who reside on Indian land  
18 as reported by the United States Department of Education in  
19 calculating the local system's payment pursuant to 20 U.S.C. 7701  
20 et seq., as such sections existed on April 12, 2002;

21           (ii) The limited English proficiency factor shall equal  
22 0.25 times the students in the local system with limited English  
23 proficiency as defined under 20 U.S.C. 7601, as such section  
24 existed on April 12, 2002;

25           (iii) The department shall calculate the number of

1 formula students to whom the poverty factor shall apply. The  
2 department shall calculate a ratio of the formula students to the  
3 total children under nineteen years of age residing in the local  
4 system and shall apply the ratio to the low-income children within  
5 the local system, in order to determine the number of low-income  
6 students within such local system. The number of children under  
7 nineteen years of age used in this calculation shall be derived  
8 from income tax information. The poverty factor shall equal the  
9 number of low-income students or the formula students qualified  
10 for free lunches or free milk under United States Department  
11 of Agriculture child nutrition programs, whichever is greater,  
12 multiplied by the following factors:

13 (A) 0 for the qualified formula students comprising the  
14 first five percent of the formula students in the local system;

15 (B) 0.05 for the qualified formula students comprising  
16 more than five percent and not more than ten percent of the formula  
17 students in the local system;

18 (C) 0.10 for the qualified formula students comprising  
19 more than ten percent and not more than fifteen percent of the  
20 formula students in the local system;

21 (D) 0.15 for the qualified formula students comprising  
22 more than fifteen percent and not more than twenty percent of the  
23 formula students in the local system;

24 (E) 0.20 for the qualified formula students comprising  
25 more than twenty percent and not more than twenty-five percent of

1 the formula students in the local system;

2 (F) 0.25 for the qualified formula students comprising  
3 more than twenty-five percent and not more than thirty percent of  
4 the formula students in the local system; and

5 (G) 0.30 for the qualified formula students comprising  
6 more than thirty percent of the formula students in the local  
7 system; and

8 (iv) The extreme remoteness factor shall equal 0.125  
9 times the formula students in the local system for each local  
10 system that has fewer than two hundred formula students, more  
11 than six hundred square miles in the local system, less than  
12 three-tenths formula student per square mile in the local system,  
13 and more than twenty-five miles between the high school attendance  
14 center and the next closest high school attendance center on paved  
15 roads. ~~and~~

16 (2) The total adjusted formula students for each  
17 local system shall equal the weighted formula students plus the  
18 demographic factors, except that (a) for local systems qualifying  
19 for the extreme remoteness factor, the total adjusted formula  
20 students shall be greater than or equal to one hundred fifty  
21 adjusted formula students, (b) the total adjusted formula students  
22 for a local system shall not include the extreme remoteness factor  
23 or any adjustment to the adjusted formula students resulting from  
24 qualification for the extreme remoteness factor for the calculation  
25 of the average formula cost per student in each cost grouping

1 pursuant to subdivision (2) of section 79-1007.02, and (c) the  
2 total adjusted formula students for a local system shall include  
3 the extreme remoteness factor and any adjustment to the adjusted  
4 formula students resulting from qualification for the extreme  
5 remoteness factor for the calculation of the local system's formula  
6 need pursuant to subdivision ~~(3)~~ (4) of section 79-1007.02.

7           Sec. 66. Section 79-1007.02, Revised Statutes Cumulative  
8 Supplement, 2006, is amended to read:

9           79-1007.02 For state aid calculated for school fiscal  
10 year 1998-99 and each school fiscal year thereafter:

11           (1) Using data from the annual financial reports for the  
12 second school fiscal year immediately preceding the school fiscal  
13 year in which aid is to be paid, the annual statistical summary  
14 reports for the school fiscal year immediately preceding the school  
15 fiscal year in which aid is to be paid, the fall membership reports  
16 and supplements thereto for the school fiscal year immediately  
17 preceding the school fiscal year in which aid is to be paid,  
18 and the school district census as reported under sections 79-524  
19 and 79-578 for the second school fiscal year preceding the school  
20 fiscal year in which aid is to be paid, the department shall  
21 divide the local systems into three cost groupings prior to the  
22 certification of state aid based upon the following criteria:

23           (a) The very sparse cost grouping will consist of local  
24 systems that have (i)(A) less than one-half student per square  
25 mile in each county in which each high school attendance center

1 is located, based on the school district census, (B) less than  
2 one formula student per square mile in the local system, and (C)  
3 more than fifteen miles between the high school attendance center  
4 and the next closest high school attendance center on paved roads  
5 or (ii) (A) more than four hundred fifty square miles in the local  
6 system, (B) less than one-half student per square mile in the local  
7 system, and (C) more than fifteen miles between each high school  
8 attendance center and the next closest high school attendance  
9 center on paved roads;

10 (b) The sparse cost grouping will consist of local  
11 systems that do not qualify for the very sparse cost grouping but  
12 which meet the following criteria:

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

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

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

1           (iv) (A) Less than two formula students per square mile in  
2 the local system and (B) the local system includes an area equal  
3 to ninety-five percent or more of the square miles in the largest  
4 county in which a high school attendance center is located in the  
5 local system; and

6           (c) The standard cost grouping will consist of local  
7 systems that do not qualify for the very sparse or the sparse cost  
8 groupings.

9           For purposes of subdivision (1) of this section, if a  
10 local system did not operate and offer instruction in grades nine  
11 through twelve within the boundaries of the local system during the  
12 school fiscal year immediately preceding the school fiscal year in  
13 which aid is to be paid, the local system shall not be considered  
14 to have a high school attendance center;

15           (2) (a) The department shall calculate the average formula  
16 cost per student in each cost grouping by dividing the total  
17 estimated general fund operating expenditures for the cost grouping  
18 by the difference between the total adjusted formula students for  
19 all local systems in the cost grouping minus (i) the adjusted  
20 formula students attributed to early childhood education programs  
21 approved by the department pursuant to section 79-1103 for the  
22 first two school fiscal years for which students attributed to  
23 early childhood education programs approved by the department  
24 pursuant to section 79-1103 are being included in the calculation  
25 of state aid for the local system and (ii) for the first two

1 school fiscal years immediately following the school fiscal year in  
2 which a district in the local system received an expansion grant  
3 pursuant to section 79-1103, the difference between the adjusted  
4 formula students attributed to early childhood education programs  
5 approved by the department pursuant to section 79-1103 for the  
6 school fiscal year immediately following the school fiscal year in  
7 which a district in the local system received an expansion grant  
8 minus the adjusted formula students attributed to early childhood  
9 education programs approved by the department pursuant to section  
10 79-1103 for the school fiscal year in which a district in the  
11 local system received an expansion grant. For the calculation of  
12 state aid for school fiscal year 1999-00 and for each school fiscal  
13 year thereafter, the average formula cost per student in each cost  
14 grouping shall not be recalculated for the final calculation of  
15 state aid pursuant to section 79-1065. The calculation of total  
16 adjusted formula students for purposes of this subdivision shall  
17 take into account the requirements of ~~subdivision~~ subsection (2)  
18 of section 79-1007.01. ~~For school fiscal years prior to school~~  
19 ~~fiscal year 2008-09, the~~ The total estimated general fund operating  
20 expenditures for the cost grouping is equal to the total adjusted  
21 general fund operating expenditures for all local systems in the  
22 cost grouping multiplied by a cost growth factor; and ~~For school~~  
23 ~~fiscal year 2008-09 and each school fiscal year thereafter, the~~  
24 ~~total estimated general fund operating expenditures for the cost~~  
25 ~~grouping is equal to the total adjusted general fund operating~~

1 ~~expenditures for all local systems in the cost grouping.~~

2           (b) The cost growth factor for each cost grouping is  
3 equal to the sum of: (i) One; plus (ii) the product of two  
4 times the ratio of the difference between the formula students  
5 attributable to the cost grouping without weighting or adjustment  
6 pursuant to section 79-1007.01 and the sum of the average  
7 daily membership plus tuitioned students attributable to the cost  
8 grouping for the most recently available complete data year divided  
9 by the sum of the average daily membership plus tuitioned students  
10 attributable to the cost grouping for the most recently available  
11 complete data year, except that the ratio shall not be less than  
12 zero; plus (iii) the basic allowable growth rate pursuant to  
13 section 79-1025 for the school fiscal year in which the aid is to  
14 be distributed; plus (iv) the basic allowable growth rate pursuant  
15 to section 79-1025 for the school fiscal year immediately preceding  
16 the school fiscal year in which the aid is to be distributed;  
17 plus (v) one-half of any additional growth rate allowed by special  
18 action of school boards for the school fiscal year in which the  
19 aid is to be distributed as determined for the school fiscal  
20 year immediately preceding the school fiscal year when aid is to  
21 be distributed; plus (vi) one-half of any additional growth rate  
22 allowed by special action of the school boards for the school  
23 fiscal year immediately preceding the school fiscal year when the  
24 aid is to be distributed;

25           (3) For school fiscal year 2008-09 and each school fiscal

1 year thereafter, each local system's formula need shall be equal  
2 to the sum of the local system's transportation allowance, special  
3 receipts allowance, professional development allowance, marketing  
4 allowance, focus school or program and academy of excellence  
5 allowance, magnet pathway program allowance, and distance education  
6 and telecommunications allowance plus the product of the local  
7 system's adjusted formula students multiplied by the average  
8 formula cost per student in the local system's cost grouping.  
9 The calculation of total adjusted formula students for purposes  
10 of this subdivision shall take into account the requirements of  
11 subsection (2) of section 79-1007.01;

12           ~~(3)~~ (4) For school fiscal years 2002-03 through 2006-07,  
13 each local system's formula need shall be calculated by subtracting  
14 the temporary aid adjustment factor from the sum of the local  
15 system's transportation allowance, the local system's special  
16 receipts allowance, and the product of the local system's adjusted  
17 formula students multiplied by the average formula cost per student  
18 in the local system's cost grouping. The calculation of total  
19 adjusted formula students for purposes of this subdivision shall  
20 take into account the requirements of ~~subdivision~~ subsection (2) of  
21 section 79-1007.01; and

22           ~~(4)~~ (5) For school fiscal year 2007-08 and each school  
23 fiscal year thereafter, each local system's formula need shall  
24 be calculated by (a) subtracting the temporary aid adjustment  
25 factor from the sum of the local system's transportation allowance,

1 special receipts allowance, professional development allowance,  
2 marketing allowance, focus school or program and academy of  
3 excellence allowance, magnet pathway program allowance, and  
4 distance education and telecommunications allowance and the product  
5 of the local system's adjusted formula students multiplied by  
6 the average formula cost per student in the local system's cost  
7 grouping or (b) if the school district's general fund levy was at  
8 or above ninety-nine cents per one hundred dollars of valuation  
9 for the previous year, the school district's prior year formula  
10 need multiplied by one hundred percent. The calculation of total  
11 adjusted formula students for purposes of this subdivision shall  
12 take into account the requirements of subdivision subsection (2) of  
13 section 79-1007.01. and

14 ~~(5) For school fiscal year 2008-09 and each school fiscal~~  
15 ~~year thereafter, each school district's formula need shall equal~~  
16 ~~the greater of (a) the sum of the school district's transportation~~  
17 ~~allowance, elementary class size allowance, focus school and~~  
18 ~~program allowance, limited English proficiency allowance, poverty~~  
19 ~~allowance, special receipts allowance, and distance education~~  
20 ~~and telecommunications allowance plus the product of the school~~  
21 ~~district's adjusted formula students multiplied by the average~~  
22 ~~formula cost per student in the school district's local system cost~~  
23 ~~grouping or (b) if the school district's general fund levy was at~~  
24 ~~or above ninety-nine cents per one hundred dollars of valuation~~  
25 ~~for the previous year, the school district's prior year formula~~

1 need multiplied by one hundred percent. The calculation of total  
2 adjusted formula students for purposes of this subdivision shall  
3 take into account the requirements of subdivision ~~(2)~~ of section  
4 ~~79-1007.03.~~

5           Sec. 67. Section 79-1007.05, Revised Statutes Cumulative  
6 Supplement, 2006, is amended to read:

7           79-1007.05 (1) For school fiscal year 2008-09 and each  
8 school fiscal year thereafter, the department shall determine the  
9 focus school and program or academy of excellence allowance for  
10 each school district ~~in a learning community. participating in a~~  
11 joint entity providing a focus school or program or an academy  
12 of excellence pursuant to the Nebraska Student Advantage Act. The  
13 allowance shall equal the statewide average general fund operating  
14 expenditures per formula student multiplied by ~~0.10~~ 0.50 then  
15 multiplied by the number of students participating in a focus  
16 school or program as reported on the fall membership report from  
17 the school fiscal year immediately preceding the school fiscal year  
18 in which the aid is to be paid for state aid certified pursuant to  
19 section 79-1022 and as reported on the annual financial report from  
20 the school fiscal year immediately preceding the school fiscal year  
21 in which the aid was paid for the final calculation of state aid  
22 pursuant to section 79-1065. For purposes of reporting and state  
23 aid, such students participating in a focus school and program  
24 or an academy of excellence shall be considered students of their  
25 school district of residence, regardless of the location of the

1 school building they attend.

2 (2) For school fiscal year 2008-09 and each school fiscal  
3 year thereafter, the department shall determine the magnet pathway  
4 program allowance for each school district participating in an  
5 interlocal agreement to establish such a program pursuant to the  
6 Nebraska Student Advantage Act. The allowance shall equal the  
7 statewide average general fund operating expenditures per formula  
8 student of multiplied by 0.10 then multiplied by the number of  
9 students participating in a magnet pathway program as reported on  
10 the fall membership report from the school fiscal year immediately  
11 preceding the school fiscal year in which the aid is to be paid for  
12 state aid certified pursuant to section 79-1022 and as reported on  
13 the annual financial report from the school fiscal year immediately  
14 preceding the school fiscal year in which the aid was paid for the  
15 final calculation of state aid pursuant to section 79-1065. For  
16 purposes of reporting and state aid, such students participating in  
17 a magnet pathway program shall be considered students of the school  
18 district which they attend.

19 (3) For school fiscal year 2008-09 and each school fiscal  
20 year thereafter, the department shall determine the professional  
21 development allowance for each school district participating in  
22 providing such a program under section 18 of this act. The  
23 allowance shall equal the sum expended by the school district  
24 on professional development programs developed pursuant to such  
25 section. For school fiscal year 2008-09 and each school fiscal year

1 thereafter, the department shall determine the marketing allowance  
2 for each school district participating in a marketing plan pursuant  
3 to section 17 of this act. The allowance shall equal the sum  
4 expended by the school district on marketing programs developed  
5 pursuant to such section.

6           Sec. 68. Section 79-1008.01, Revised Statutes Cumulative  
7 Supplement, 2006, is amended to read:

8           79-1008.01 (1) Except as provided in subsection (2)  
9 of this section and sections 79-1008.02 to 79-1010, each local  
10 system shall receive equalization aid in the amount that the  
11 total formula need of each local system, as determined pursuant to  
12 sections 79-1007.01 to ~~79-1007.10~~, 79-1007.05, exceeds its total  
13 formula resources as determined pursuant to sections 79-1015.01 to  
14 79-1018.01.

15           (2) Except as provided in section 79-1008.02, a local  
16 system shall not receive state aid for any school fiscal year,  
17 except school fiscal years 2002-03 through 2007-08, which is less  
18 than an amount equal to the difference of eighty-five percent of  
19 the amount of aid certified in the preceding school fiscal year  
20 minus an amount equal to any increase in the adjusted valuation  
21 between the adjusted valuation used for the certification of aid in  
22 the preceding school fiscal year and the adjusted valuation used  
23 for the aid being calculated multiplied by the maximum levy, for  
24 the school fiscal year for which aid is being certified, pursuant  
25 to subdivision (2)(a) ~~or (b)~~ of section 77-3442 without a vote

1 pursuant to section 77-3444.

2 (3) Except as provided in section 79-1008.02, a local  
3 system shall not receive state aid for school fiscal years  
4 2002-03 through 2007-08 which is less than an amount equal to  
5 the difference of eighty-three and three-fourths percent of the  
6 amount of aid certified in the preceding school fiscal year minus  
7 an amount equal to any increase in the adjusted valuation between  
8 the adjusted valuation used for the certification of aid in the  
9 preceding school fiscal year and the adjusted valuation used for  
10 the aid being calculated multiplied by the maximum levy, for the  
11 school fiscal year for which aid is being certified, pursuant to  
12 subdivision (2) (a) of section 77-3442 without a vote pursuant to  
13 section 77-3444.

14 (4) Except as provided in subsection (2) ~~or (3)~~ of this  
15 section, no local system may receive equalization aid such that,  
16 when total aid is added to a levy ten cents less than the maximum  
17 levy, for the school fiscal year for which aid is being certified,  
18 pursuant to subdivision (2) (a) ~~or (b)~~ of section 77-3442 without a  
19 vote pursuant to section 77-3444, multiplied by the local system's  
20 adjusted valuation, would result in total local system revenue from  
21 state aid plus property tax receipts which exceeds the total of:

22 (a) The sum of state aid, receipts from other school  
23 districts related to annexation, and property tax receipts received  
24 by the local system during the preceding school fiscal year  
25 multiplied by the total of (i) 1.01 plus (ii) the applicable

1 allowable growth rate for the local system calculated pursuant  
2 to section 79-1026 as determined for the school fiscal year  
3 immediately preceding the school fiscal year when aid is to be  
4 distributed plus (iii) the percentage growth in formula students  
5 from the certification of state aid for the immediately preceding  
6 school fiscal year to the formula students for the certification  
7 of state aid for the current school fiscal year, except that the  
8 percentage growth shall not be less than zero;

9 (b) Unused budget authority authorized pursuant to  
10 section 79-1030 for all school districts in the local system;

11 (c) The difference between the other actual receipts  
12 included in local system formula resources for the certification  
13 of state aid in the preceding school fiscal year and other  
14 actual receipts included in local system formula resources for the  
15 certification of state aid for the current school fiscal year,  
16 except that such difference shall not be less than zero; and

17 (d) The absolute value of any negative prior year  
18 adjustment pursuant to section 79-1065.

19 For local systems that have reorganized, state aid,  
20 property tax receipts, and number of formula students shall  
21 be attributed based on valuation. ~~The formation of a learning~~  
22 ~~community shall be considered a reorganization for purposes of~~  
23 ~~this subsection.~~ The revenue from property tax receipts shall be  
24 calculated by multiplying the reported general fund common levy by  
25 the assessed valuation subject to the levy divided by one hundred.

1           (5) For all school fiscal years except school fiscal  
2 years 2002-03 through 2007-08, the aid that is not distributed  
3 through equalization based on subsection (4) of this section  
4 shall be distributed through this subsection to the extent local  
5 systems qualify for such distributions. Local systems qualify  
6 for distribution under this subsection if they have nine hundred  
7 or less formula students and adjusted general fund operating  
8 expenditures per formula student less than the average for all  
9 local systems with nine hundred or less formula students. The aid  
10 shall be distributed proportionally to qualifying districts based  
11 on the dollar amount each local system's calculated state aid plus  
12 the product of a levy of one dollar multiplied by the assessed  
13 valuation divided by one hundred is below ninety percent of state  
14 aid plus property tax receipts received by the local system during  
15 the preceding school fiscal year. No system shall receive aid  
16 pursuant to this subsection such that the calculated state aid plus  
17 the product of a levy of one dollar multiplied by the assessed  
18 valuation divided by one hundred is ninety percent or more of  
19 state aid plus property tax receipts received by the local system  
20 during the preceding school fiscal year. Any aid available for  
21 distribution pursuant to this subsection that is not distributed  
22 pursuant to this subsection shall be distributed as equalization  
23 aid.

24           (6) For school fiscal years 2002-03 through 2007-08,  
25 the aid that is not distributed through equalization based on

1 subsection (3) of this section shall be distributed through  
2 this subsection to the extent local systems qualify for such  
3 distributions. Local systems qualify for distribution under this  
4 subsection if they have nine hundred or less formula students and  
5 adjusted general fund operating expenditures per formula student  
6 less than the average for all local systems with nine hundred or  
7 less formula students. The aid shall be distributed proportionally  
8 to qualifying districts based on the dollar amount each local  
9 system's calculated state aid plus the product of a levy equal to  
10 the maximum levy, for the school fiscal year for which aid is being  
11 certified, pursuant to subdivision (2) (a) ~~or (b)~~ of section 77-3442  
12 without a vote pursuant to section 77-3444, multiplied by the  
13 assessed valuation is below eighty-eight and three-fourths percent  
14 of state aid plus property tax receipts received by the local  
15 system during the preceding school fiscal year. No system shall  
16 receive aid pursuant to this subsection such that the calculated  
17 state aid plus the product of a levy equal to the maximum levy, for  
18 the school fiscal year for which aid is being certified, pursuant  
19 to subdivision (2) (a) ~~or (b)~~ of section 77-3442 without a vote  
20 pursuant to section 77-3444, multiplied by the assessed valuation  
21 is eighty-eight and three-fourths percent or more of state aid  
22 plus property tax receipts received by the local system during the  
23 preceding school fiscal year. Any aid available for distribution  
24 pursuant to this subsection that is not distributed pursuant to  
25 this subsection shall be distributed as equalization aid.

1                   Sec. 69. Section 79-1008.02, Revised Statutes Cumulative  
2 Supplement, 2006, is amended to read:

3                   79-1008.02 A minimum levy adjustment shall be calculated  
4 and applied to any local system that has a general fund common levy  
5 in the calendar year in which aid is certified that is less than  
6 ninety percent of the maximum levy allowed pursuant to subdivision  
7 (2)(a) ~~or (b)~~ of section 77-3442 without a vote pursuant to  
8 section 77-3444. To calculate the minimum levy adjustment, the  
9 department shall subtract the local system general fund common levy  
10 in the calendar year when aid is certified from ninety percent  
11 of the maximum levy allowed pursuant to subdivision (2)(a) ~~or~~  
12 ~~(b)~~ of section 77-3442 without a vote pursuant to section 77-3444  
13 and multiply the result by the local system's adjusted valuation  
14 divided by one hundred. The minimum levy adjustment shall be added  
15 to the formula resources of the local system for the determination  
16 of equalization aid pursuant to section 79-1008.01. If the minimum  
17 levy adjustment is greater than or equal to the allocated income  
18 tax funds calculated pursuant to section 79-1005.01 or 79-1005.02,  
19 the local system shall not receive allocated income tax funds. If  
20 the minimum levy adjustment is less than the allocated income tax  
21 funds calculated pursuant to section 79-1005.01 or 79-1005.02, the  
22 local system shall receive allocated income tax funds in the amount  
23 of the difference between the allocated income tax funds calculated  
24 pursuant to section 79-1005.01 or 79-1005.02 and the minimum levy  
25 adjustment. ~~This section does not apply to the calculation of aid~~

1 ~~for a local system containing a learning community for the first~~  
2 ~~school fiscal year for which aid is calculated for such local~~  
3 ~~system.~~

4           Sec. 70. Section 79-1022, Revised Statutes Cumulative  
5 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
6 amended to read:

7           79-1022 (1) On or before June 15, 2003, and on or before  
8 February 1 for each year thereafter, the department shall determine  
9 the amounts to be distributed to each local system and each  
10 district pursuant to the Tax Equity and Educational Opportunities  
11 Support Act and shall certify the amounts to the Director of  
12 Administrative Services, the Auditor of Public Accounts, ~~each~~  
13 ~~learning community~~, and each district. The amount to be distributed  
14 to each district ~~that is not a member of a learning community~~ from  
15 the amount certified for a local system shall be proportional based  
16 on the weighted formula students attributed to each district in  
17 the local system. ~~The amount to be distributed to each district~~  
18 ~~that is a member of a learning community from the amount certified~~  
19 ~~for the local system shall be proportional based on the formula~~  
20 ~~needs calculated for each district in the local system.~~ On or  
21 before June 15, 2003, and on or before February 1 for each year  
22 thereafter, the department shall report the necessary funding level  
23 to the Governor, the Appropriations Committee of the Legislature,  
24 and the Education Committee of the Legislature. Certified state  
25 aid amounts, including adjustments pursuant to section 79-1065.02,

1 shall be shown as budgeted non-property-tax receipts and deducted  
2 prior to calculating the property tax request in the district's  
3 general fund budget statement as provided to the Auditor of Public  
4 Accounts pursuant to section 79-1024.

5 (2) Except as provided in subsection (8) of section  
6 79-1016 and sections 79-1033 and 79-1065.02 the amounts certified  
7 pursuant to subsection (1) of this section shall be distributed in  
8 ten as nearly as possible equal payments on the last business day  
9 of each month beginning in September of each ensuing school fiscal  
10 year and ending in June of the following year, except that when a  
11 school district is to receive a monthly payment of less than one  
12 thousand dollars, such payment shall be one lump-sum payment on  
13 the last business day of December during the ensuing school fiscal  
14 year.

15 Sec. 71. Section 79-1024, Revised Statutes Cumulative  
16 Supplement, 2006, is amended to read:

17 79-1024 (1) The department may require each district  
18 to submit to the department a duplicate copy of such portions  
19 of the district's budget statement as the Commissioner of  
20 Education directs. The department may verify any data used  
21 to meet the requirements of the Tax Equity and Educational  
22 Opportunities Support Act. The Auditor of Public Accounts shall  
23 review each district's budget statement for statutory compliance,  
24 make necessary changes in the budget documents for districts to  
25 effectuate the budget limitations imposed pursuant to sections

1 79-1023 to 79-1030, and notify the Commissioner of Education (a) of  
2 any district failing to submit to the auditor the budget documents  
3 required pursuant to this subsection by the date established in  
4 subsection (1) of section 13-508 or failing to make any corrections  
5 of errors in the documents pursuant to section 13-504 or 13-511  
6 and (b) of any Class I district failing to submit the items  
7 required by this subsection to its high school districts by the  
8 date established in section 79-1083.03.

9 (2) If a school district fails to submit to the  
10 department or the auditor the budget documents required pursuant  
11 to subsection (1) of this section by the date established in  
12 subsection (1) of section 13-508 or fails to make any corrections  
13 of errors in the documents pursuant to section 13-504 or 13-511  
14 or a Class I district fails to submit the items required by  
15 subsection (1) of this section to its high school districts by  
16 the date established in section 79-1083.03, the commissioner,  
17 upon notification from the auditor or upon his or her own  
18 knowledge that the required budget documents and any required  
19 corrections of errors from any school district have not been  
20 properly filed in accordance with the Nebraska Budget Act and  
21 after notice to the district and an opportunity to be heard,  
22 shall direct that any state aid granted pursuant to the Tax Equity  
23 and Educational Opportunities Support Act be withheld until such  
24 time as the required budget documents or corrections of errors  
25 are received by the auditor and the department. In addition, the

1 commissioner shall direct the county treasurer to withhold all  
2 school money belonging to the school district until such time as  
3 the commissioner notifies the county treasurer of receipt of the  
4 required budget documents or corrections of errors. The county  
5 treasurer shall withhold such money. ~~For school districts that are~~  
6 ~~members of learning communities,~~ a determination of school money  
7 belonging to the district shall be based on the proportionate share  
8 of property tax receipts allocated to the school district by the  
9 learning community coordinating council, ~~and the learning community~~  
10 ~~coordinating council shall withhold any such school money in the~~  
11 ~~possession of the learning community coordinating council from the~~  
12 ~~school district.~~ If the school district does not comply with this  
13 section prior to the end of the state's biennium following the  
14 biennium which included the fiscal year for which state aid was  
15 calculated, the state aid funds shall revert to the General Fund.  
16 The amount of any reverted funds shall be included in data provided  
17 to the Governor in accordance with section 79-1031. The board of  
18 any district failing to submit to the department or the auditor  
19 the budget documents required pursuant to this section by the date  
20 established in subsection (1) of section 13-508 or failing to make  
21 any corrections of errors in the documents pursuant to section  
22 13-504 or 13-511 or the board of a Class I district failing to  
23 submit the items required by subsection (1) of this section to its  
24 high school districts by the date established in section 79-1083.03  
25 shall be liable to the school district for all school money which

1 such district may lose by such failing.

2           Sec. 72. Section 79-1026, Revised Statutes Cumulative  
3 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
4 amended to read:

5           79-1026 ~~For school fiscal years prior to 2008-09+~~ On or  
6 before June 15, 2003, and on or before February 1 for each year  
7 thereafter, the department shall determine and certify to each  
8 Class II, III, IV, V, or VI district an applicable allowable growth  
9 rate carried out at least four decimal places for each local system  
10 as follows:

11           (1) The department shall establish a target budget level  
12 range of general fund operating expenditure levels for each school  
13 fiscal year for each local system which shall begin at twenty  
14 percent less than the local system's formula need and end at the  
15 local system's formula need. The beginning point of the range shall  
16 be assigned a number equal to the maximum allowable growth rate  
17 established in section 79-1025, and the end point of the range  
18 shall be assigned a number equal to the basic allowable growth rate  
19 as prescribed in such section such that the lower end of the range  
20 shall be assigned the maximum allowable growth rate and the higher  
21 end of the range shall be assigned the basic allowable growth rate;  
22 and

23           (2) For each school fiscal year, each local system's  
24 general fund operating expenditures shall be compared to its target  
25 budget level along the range described in subdivision (1) of

1 this section to arrive at an applicable allowable growth rate as  
2 follows: If each local system's general fund operating expenditures  
3 fall below the lower end of the range, such applicable allowable  
4 growth rate shall be the maximum growth rate identified in section  
5 79-1025. If each local system's general fund operating expenditures  
6 are greater than the higher end of the range, the local system's  
7 allowable growth rate shall be the basic allowable growth rate  
8 identified in such section. If each local system's general fund  
9 operating expenditures fall between the lower end and the higher  
10 end of the range, the department shall use a linear interpolation  
11 calculation between the end points of the range to arrive at the  
12 applicable allowable growth rate for the local system.

13           Sec. 73. Section 79-1028, Revised Statutes Cumulative  
14 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
15 amended to read:

16           79-1028 (1) A Class II, III, IV, V, or VI school  
17 district may exceed its applicable allowable growth rate for (a)  
18 expenditures in support of a service which is the subject of  
19 an agreement or a modification of an existing agreement whether  
20 operated by one of the parties to the agreement or an independent  
21 joint entity or joint public agency, (b) expenditures to pay for  
22 repairs to infrastructure damaged by a natural disaster which is  
23 declared a disaster emergency pursuant to the Emergency Management  
24 Act, (c) expenditures to pay for judgments, except judgments  
25 or orders from the Commission of Industrial Relations, obtained

1 against a school district which require or obligate a school  
 2 district to pay such judgment, to the extent such judgment is not  
 3 paid by liability insurance coverage of a school district, (d)  
 4 expenditures to pay for sums agreed to be paid by a school district  
 5 to certificated employees in exchange for a voluntary termination  
 6 of employment, or (e) expenditures to pay for lease-purchase  
 7 contracts approved on or after July 1, 1997, and before July  
 8 1, 1998, to the extent the lease payments were not budgeted  
 9 expenditures for fiscal year 1997-98.

10 (2) A Class II, III, IV, V, or VI district may exceed its  
 11 applicable allowable growth rate by a specific dollar amount if the  
 12 district projects an increase in formula students in the district  
 13 over the current school year greater than twenty-five students  
 14 or greater than those listed in the schedule provided in this  
 15 subsection, whichever is less. Districts shall project increases  
 16 in formula students on forms prescribed by the department. The  
 17 department shall approve, deny, or modify the projected increases.

18	Average daily	Projected increase
19	membership of	of formula students
20	district	by percentage
21	0 - 50	10
22	50.01 - 250	5
23	250.01 - 1,000	3
24	1,000.01 and over	1

25 The department shall compute the district's estimated

1 allowable budget per pupil using the budgeted general fund  
2 expenditures found on the budget statement for the current school  
3 year divided by the number of formula students in the current  
4 school year and multiplied by the district's applicable allowable  
5 growth rate. The resulting allowable budget per pupil shall be  
6 multiplied by the projected formula students to arrive at the  
7 estimated budget needs for the ensuing year. The department  
8 shall allow the district to increase its general fund budget  
9 of expenditures for the ensuing school year by the amount  
10 necessary to fund the estimated budget needs of the district  
11 as computed pursuant to this subsection. On or before July  
12 1, the department shall make available to districts which have  
13 been allowed additional growth pursuant to this subsection the  
14 necessary document to recalculate the actual formula students of  
15 such district. Such document shall be filed with the department  
16 under subsection (1) of section 79-1024.

17 (3) A Class II, III, IV, V, or VI district may exceed  
18 its applicable allowable growth rate by a specific dollar amount  
19 if construction, expansion, or alteration of district buildings  
20 will cause an increase in building operation and maintenance  
21 costs of at least five percent. The department shall document  
22 the projected increase in building operation and maintenance costs  
23 and may allow a Class II, III, IV, V, or VI district to exceed  
24 its applicable allowable growth rate by the amount necessary to  
25 fund such increased costs. The department shall compute the actual

1 increased costs for the school year and shall notify the district  
2 on or before July 1 of the recovery of the additional growth  
3 pursuant to this subsection.

4 (4) A Class II, III, IV, V, or VI district may exceed its  
5 applicable allowable growth rate by a specific dollar amount if the  
6 district demonstrates to the satisfaction of the department that  
7 it will exceed its applicable allowable growth rate as a result  
8 of costs pursuant to the Retirement Incentive Plan authorized  
9 in section 79-855 or the Staff Development Assistance authorized  
10 in section 79-856. The department shall compute the amount by  
11 which the increased cost of such program or programs exceeds the  
12 district's applicable allowable growth rate and shall allow the  
13 district to increase its general fund expenditures by such amount  
14 for that fiscal year.

15 (5) A Class II, III, IV, or V district may exceed its  
16 applicable allowable growth rate by the specific dollar amount of  
17 incentive payments or base fiscal year incentive payments to be  
18 received in such school fiscal year pursuant to section 79-1011.

19 (6) A Class II, III, IV, V, or VI district may exceed  
20 its applicable allowable growth rate by a specific dollar amount  
21 in any year for which the state aid calculation for the local  
22 system includes students in the qualified early childhood education  
23 fall membership of the district for the first time or for a year  
24 in which an early childhood education program of the district is  
25 receiving an expansion grant. The department shall compute the

1 amount by which the district may exceed the district's applicable  
2 allowable growth rate by multiplying the cost grouping cost  
3 per student for the applicable cost grouping by the district's  
4 adjusted formula students attributed to early childhood education  
5 programs if students are included in the district's qualified  
6 early childhood education fall membership for the first time or by  
7 the district's adjusted formula students attributed to such early  
8 childhood education programs minus the district's adjusted formula  
9 students attributed to such early childhood education programs for  
10 the prior school fiscal year if a program is receiving an expansion  
11 grant in the school fiscal year for which the fall membership is  
12 measured. The department shall allow the district to increase its  
13 general fund expenditures by such amount for such school fiscal  
14 year.

15 (7) For school fiscal year 2005-06, a Class II, III, IV,  
16 V, or VI district may exceed its applicable allowable growth rate  
17 by a specific dollar amount not to exceed seventy-four hundredths  
18 percent of the amount budgeted for employee salaries for such  
19 school fiscal year. For school fiscal year 2006-07, a Class II,  
20 III, IV, V, or VI district may exceed its applicable allowable  
21 growth rate by a specific dollar amount not to exceed fifty-nine  
22 hundredths percent of the amount budgeted for employee salaries for  
23 such school fiscal year.

24 (8) A Class II, III, IV, or V district that is a ~~member~~  
25 ~~of a learning community~~ subject to the requirements of the Nebraska

1 Student Advantage Act may exceed its applicable allowable growth  
2 rate for the first school fiscal year in which the school district  
3 will be a member of a learning community for the full school  
4 fiscal year by an amount equal to anticipated the increases in  
5 transportation expenditures necessary to meet the requirements of  
6 subsection (2) of section 79-611 as approved by the department. The  
7 department shall approve, deny, or modify the amount allowed for  
8 anticipated increases in transportation expenditures, incurred due  
9 to the provision of student transportation to incoming students as  
10 permitted and required by a student voluntary inclusion plan under  
11 section 11 of this act. The department shall compute the actual  
12 increase in transportation expenditures necessary to meet the  
13 requirements of subsection (2) of section 79-611 for such school  
14 fiscal year and shall, if needed, modify the district's applicable  
15 allowable growth rate for the ensuing school fiscal year.

16 (9) For school fiscal year 2008-09, a A Class II,  
17 III, IV, or V district may exceed its applicable allowable  
18 growth rate by a specific dollar amount if the sum of the  
19 poverty allowance, elementary class size allowance, focus school  
20 and program allowance, and limited English proficiency allowance  
21 for the school district for school fiscal year 2008-09 exceeds  
22 the poverty weightings plus limited English proficiency weightings  
23 multiplied by the cost grouping cost per student for the school  
24 district for school fiscal year 2007-08. The department shall  
25 compute the amount by which the district may exceed the applicable

1 allowable growth rate by subtracting the product of the sum of  
2 the poverty weightings and limited English proficiency weightings  
3 for school fiscal year 2007-08 multiplied by the average formula  
4 cost per student in the school district's cost grouping for school  
5 fiscal year 2007-08 from the sum of the school fiscal year 2008-09  
6 poverty allowance, elementary class size allowance, focus school  
7 and program allowance, and limited English proficiency allowance  
8 for the school district, equal to the increases in expenditures for  
9 the creation and implementation of a focus school or program or an  
10 academy of excellence pursuant to the Nebraska Student Advantage  
11 Act. The department shall allow the district to increase its  
12 general fund expenditures by such amount for the applicable school  
13 fiscal year, 2008-09.

14 (10) For school fiscal year 2009-10 and each school  
15 fiscal year thereafter, a A Class II, III, IV, or V district  
16 may exceed its applicable allowable growth rate by a the specific  
17 dollar amount if the sum of the poverty allowance, elementary  
18 class size allowance, focus school and program allowance, and  
19 limited English proficiency allowance for the school district  
20 has grown at a rate higher than the applicable allowable growth  
21 rate of the district. The department shall compute the amount by  
22 which the district may exceed the applicable allowable growth  
23 rate by subtracting the product of the sum of the poverty  
24 allowance, elementary class size allowance, focus school and  
25 program allowance, and limited English proficiency allowance for

1 the immediately preceding school fiscal year multiplied by the  
2 sum of one plus the applicable allowable growth rate to be  
3 exceeded from the sum of the poverty allowance, elementary class  
4 size allowance, focus school and program allowance, and limited  
5 English proficiency allowance for the district for the school  
6 fiscal year for which the applicable allowable growth rate would  
7 be exceeded. expended for the creation and implementation of  
8 professional development programs and marketing programs pursuant  
9 to the requirements of the Nebraska Student Advantage Act. The  
10 department shall allow the district to increase its general fund  
11 expenditures by such amount for the applicable school fiscal year.

12 (11) A Class II, III, IV, or V school district may  
13 exceed its applicable allowable growth rate by a specific dollar  
14 amount, in an amount equal to expenditures for the creation and  
15 implementation of magnet pathway programs pursuant to the Nebraska  
16 Student Advantage Act.

17 ~~(11)~~ (12) A Class II, III, IV, or V school district may  
18 exceed its applicable allowable growth rate by a specific dollar  
19 amount not to exceed the amount received during such school fiscal  
20 year from educational entities as defined in section 79-1332 for  
21 providing distance education courses through the Distance Education  
22 Council to such educational entities.

23 ~~(12)~~ (13) A Class II, III, IV, or V school district may  
24 exceed its applicable allowable growth rate for school fiscal year  
25 2007-08 by a specific dollar amount equal to the amount paid in

1 school fiscal year 2006-07 to any distance education consortium  
2 in which the school district was participating pursuant to an  
3 interlocal agreement.

4 Sec. 74. Section 79-1033, Revised Statutes Cumulative  
5 Supplement, 2006, is amended to read:

6 79-1033 (1) Except as otherwise provided in the Tax  
7 Equity and Educational Opportunities Support Act, state aid payable  
8 pursuant to the act for each school fiscal year shall be based upon  
9 data found in applicable reports for the most recently available  
10 complete data year. The annual financial reports and the annual  
11 statistical summary of all school districts shall be submitted to  
12 the Commissioner of Education pursuant to the dates prescribed in  
13 section 79-528. If a school district fails to timely submit its  
14 reports, the commissioner, after notice to the district and an  
15 opportunity to be heard, shall direct that any state aid granted  
16 pursuant to the act be withheld until such time as the reports  
17 are received by the department. In addition, the commissioner shall  
18 direct the county treasurer to withhold all school money belonging  
19 to the school district until such time as the commissioner notifies  
20 the county treasurer of receipt of such reports. The county  
21 treasurer shall withhold such money. ~~For school districts that are~~  
22 ~~members of learning communities, a determination of school money~~  
23 ~~belonging to the district shall be based on the proportionate~~  
24 ~~share of state aid and property tax receipts allocated to the~~  
25 ~~school district by the learning community coordinating council, and~~

1 ~~the treasurer of the learning community coordinating council shall~~  
2 ~~withhold any such school money in the possession of the learning~~  
3 ~~community coordinating council from the school district.~~ If the  
4 school district does not comply with this section prior to the end  
5 of the state's biennium following the biennium which included the  
6 school fiscal year for which state aid was calculated, the state  
7 aid funds shall revert to the General Fund. The amount of any  
8 reverted funds shall be included in data provided to the Governor  
9 in accordance with section 79-1031.

10 (2) A district which receives, or has received in the  
11 most recently available complete data year or in either of the two  
12 school fiscal years preceding the most recently available complete  
13 data year, federal funds in excess of twenty-five percent of its  
14 general fund budget of expenditures may apply for early payment of  
15 state aid paid pursuant to the act when such federal funds are not  
16 received in a timely manner. Such application may be made at any  
17 time by a district suffering such financial hardship and may be for  
18 any amount up to fifty percent of the remaining amount to which  
19 the district is entitled during the current school fiscal year. The  
20 state board may grant the entire amount applied for or any portion  
21 of such amount if the state board finds that a financial hardship  
22 exists in the district. The state board shall notify the Director  
23 of Administrative Services of the amount of funds to be paid  
24 in lump sum and the reduced amount of the monthly payments. The  
25 Director of Administrative Services shall, at the time of the next

1 state aid payment made pursuant to section 79-1022, draw a warrant  
2 for the lump-sum amount from appropriated funds and forward such  
3 warrant to the district. For purposes of this subsection, financial  
4 hardship means a situation in which income to a district is  
5 exceeded by liabilities to such a degree that if early payment is  
6 not received it will be necessary for the district to discontinue  
7 vital services or functions.

8           Sec. 75. Section 79-1074, Revised Statutes Cumulative  
9 Supplement, 2006, is amended to read:

10           79-1074 (1) The county clerk of any county in which a  
11 part of a joint school district ~~or learning community~~ is located  
12 shall, on or before the date prescribed in section 13-509, certify  
13 the taxable valuation of all taxable property of such part of  
14 the joint district ~~or learning community~~ to the clerk of the  
15 headquarters county in which the schoolhouse or the administrative  
16 office of the school district ~~or learning community~~ is located.

17           (2) The county clerk of any county in which a part of  
18 a joint affiliated school system ~~or learning community~~ is located  
19 shall, on or before the date prescribed in section 13-509, certify  
20 the taxable valuation of all taxable property of such part of  
21 the joint affiliated school system ~~or learning community~~ to the  
22 clerk of the headquarters county in which the schoolhouse or the  
23 administrative office of the high school district ~~or learning~~  
24 ~~community~~ is located.

25           Sec. 76. Section 79-1075, Revised Statutes Cumulative

1 Supplement, 2006, is amended to read:

2           79-1075 (1) The county board of the county in which is  
3 located the schoolhouse or the administrative office of any joint  
4 school district ~~or learning community~~ shall make a levy for the  
5 school district, ~~or learning community~~, as may be necessary, and  
6 the county clerk of that headquarters county shall certify the  
7 levy, on or before the date prescribed in section 77-1601, to  
8 the county clerk of each county in which is situated any portion  
9 of the joint school district, ~~or learning community~~. This section  
10 shall apply to all taxes levied on behalf of school districts,  
11 including, but not limited to, taxes authorized by sections 10-304,  
12 10-711, 10-716.01, 77-1601, 79-747, 79-1077, 79-1084, 79-1085,  
13 79-1086, 79-10,100, 79-10,110, 79-10,118, 79-10,120, 79-10,122, and  
14 79-10,126.

15           (2) The county board of the county in which is located  
16 the schoolhouse or the administrative office of the high school  
17 district of a joint affiliated school system shall make a levy for  
18 the joint affiliated school system, as may be necessary, and the  
19 county clerk of that headquarters county shall certify the levy,  
20 on or before the date prescribed in section 77-1601, to the county  
21 clerk of each county in which is situated any portion of the joint  
22 affiliated school system. This section shall apply to all taxes  
23 levied on behalf of affiliated school systems, including, but not  
24 limited to, taxes authorized by sections 10-716.01, 79-1077, and  
25 79-10,110.

1           Sec. 77. Section 79-1083, Revised Statutes Cumulative  
2 Supplement, 2006, is amended to read:

3           79-1083 At the time the budget statement is certified  
4 to the levying board, each school board shall deliver to the  
5 county clerk of the headquarters county a copy of its adopted  
6 budget statement. ~~If the school district is a member of a~~  
7 ~~learning community,~~ the school board shall also deliver to the  
8 ~~learning community coordinating council a copy of the adopted~~  
9 ~~budget statement.~~

10          Sec. 78. Section 79-1084, Revised Statutes Cumulative  
11 Supplement, 2006, is amended to read:

12          79-1084 The school board of a Class III school district  
13 shall annually, on or before September 20, report in writing to  
14 the county board ~~and the learning community coordinating council if~~  
15 ~~the school district is a member of a learning community~~ the entire  
16 revenue raised by taxation and all other sources and received by  
17 the school board for the previous school fiscal year and a budget  
18 for the ensuing school fiscal year in form of a resolution broken  
19 down generally as follows: (1) The amount of funds required for the  
20 support of the schools during the ensuing school fiscal year; (2)  
21 the amount of funds required for the purpose of school sites; (3)  
22 the amount of funds required for the erection of school buildings;  
23 (4) the amount of funds required for the payment of interest upon  
24 all bonds issued for school purposes; and (5) the amount of funds  
25 required for the creation of a sinking fund for the payment of such

1 indebtedness. The secretary shall publish, within ten days after  
2 the filing of such budget, a copy of the fund summary pages of the  
3 budget one time at the legal rate prescribed for the publication  
4 of legal notices in a legal newspaper published in and of general  
5 circulation in such city or village or, if none is published in  
6 such city or village, in a legal newspaper of general circulation  
7 in the city or village. The secretary of the school board failing  
8 or neglecting to comply with this section shall be deemed guilty  
9 of a Class V misdemeanor and, in the discretion of the court, the  
10 judgment of conviction may provide for the removal from office of  
11 such secretary for such failure or neglect. ~~For Class III school~~  
12 ~~districts that are not members of a learning community, the~~ The  
13 county board shall levy and collect such taxes as are necessary to  
14 provide the amount of revenue from property taxes as indicated by  
15 all the data contained in the budget and the certificate prescribed  
16 by this section, at the time and in the manner provided in section  
17 77-1601.

18           Sec. 79. Section 79-1086, Revised Statutes Cumulative  
19 Supplement, 2006, is amended to read:

20           79-1086 ~~(1)~~ The board of education of a Class V school  
21 district ~~that is not a member of a learning community~~ shall  
22 annually during the month of July estimate the amount of resources  
23 likely to be received for school purposes, including the amounts  
24 available from fines, licenses, and other sources. Before the  
25 county board of equalization makes its levy each year, the board of

1 education shall report to the county clerk the rate of tax deemed  
2 necessary to be levied upon the taxable value of all the taxable  
3 property of the district subject to taxation during the fiscal  
4 year next ensuing for ~~(a)~~ (1) the support of the schools, ~~(b)~~ (2)  
5 the purchase of school sites, ~~(c)~~ (3) the erection, alteration,  
6 equipping, and furnishing of school buildings and additions to  
7 school buildings, ~~(d)~~ (4) the payment of interest upon all bonds  
8 issued for school purposes, and ~~(e)~~ (5) the creation of a sinking  
9 fund for the payment of such indebtedness. The county board of  
10 equalization shall levy the rate of tax so reported and demanded by  
11 the board of education and collect the tax in the same manner as  
12 other taxes are levied and collected.

13 ~~(2)~~ The school board of a Class V school district that  
14 is a member of a learning community shall annually, on or before  
15 September 20, report in writing to the county board and the  
16 learning community coordinating council the entire revenue raised  
17 by taxation and all other sources and received by the school board  
18 for the previous school fiscal year and a budget for the ensuing  
19 school fiscal year in form of a resolution broken down generally  
20 as follows: ~~(a)~~ The amount of funds required for the support of  
21 the schools during the ensuing school fiscal year; ~~(b)~~ the amount  
22 of funds required for the purpose of school sites; ~~(c)~~ the amount  
23 of funds required for the erection of school buildings; ~~(d)~~ the  
24 amount of funds required for the payment of interest upon all  
25 bonds issued for school purposes; and ~~(e)~~ the amount of funds

1 required for the creation of a sinking fund for the payment of such  
2 indebtedness. The secretary shall publish, within ten days after  
3 the filing of such budget, a copy of the fund summary pages of the  
4 budget one time at the legal rate prescribed for the publication  
5 of legal notices in a legal newspaper published in and of general  
6 circulation in such city or village or, if none is published in  
7 such city or village, in a legal newspaper of general circulation  
8 in the city or village. The secretary of the school board failing  
9 or neglecting to comply with this section shall be deemed guilty  
10 of a Class V misdemeanor and, in the discretion of the court, the  
11 judgment of conviction may provide for the removal from office of  
12 such secretary for such failure or neglect.

13           Sec. 80. Section 79-10,120, Revised Statutes Cumulative  
14 Supplement, 2006, is amended to read:

15           79-10,120 The school board or board of education of a  
16 Class II, III, IV, V, or VI school district may establish a  
17 special fund for purposes of acquiring sites for school buildings  
18 or teacherages, purchasing existing buildings for use as school  
19 buildings or teacherages, including the sites upon which such  
20 buildings are located, and the erection, alteration, equipping,  
21 and furnishing of school buildings or teacherages and additions  
22 to school buildings for elementary and high school grades and for  
23 no other purpose. For school districts that are not members of  
24 learning communities, the The fund shall be established from the  
25 proceeds of an annual levy, to be determined by the board, of

1 not to exceed fourteen cents on each one hundred dollars upon  
2 the taxable value of all taxable property in the district which  
3 shall be in addition to any other taxes authorized to be levied  
4 for school purposes. Such tax shall be levied and collected as  
5 are other taxes for school purposes. ~~For school districts that are~~  
6 ~~members of a learning community,~~ such fund shall be established  
7 ~~from the proceeds of the learning community special building funds~~  
8 ~~levy directed to the school district for such purpose pursuant~~  
9 ~~to subdivision (2)(f) of section 77-3442 and the proceeds of any~~  
10 ~~school district special building fund levy pursuant to subdivision~~  
11 ~~(2)(b) of section 77-3442.~~

12           Sec. 81. Section 79-10,126, Revised Statutes Cumulative  
13 Supplement, 2006, is amended to read:

14           79-10,126 A Class V school district ~~that is not a~~  
15 ~~member of a learning community~~ shall establish (1) for the general  
16 operation of the schools, such fund as will result from an annual  
17 levy of such rate of tax upon the taxable value of all the  
18 taxable property in such school district as the board of education  
19 determines to be necessary for such purpose, (2) a fund resulting  
20 from an annual amount of tax to be determined by the board of  
21 education of not to exceed fourteen cents on each one hundred  
22 dollars upon the taxable value of all the taxable property in the  
23 district for the purpose of acquiring sites of school buildings  
24 and the erection, alteration, equipping, and furnishing of school  
25 buildings and additions to school buildings, which tax levy shall

1 be used for no other purposes, and (3) a further fund resulting  
2 from an annual amount of tax to be determined by the board of  
3 education to pay interest on and retiring, funding, or servicing of  
4 bonded indebtedness of the district.

5 Sec. 82. Section 79-11,150, Revised Statutes Cumulative  
6 Supplement, 2006, is amended to read:

7 79-11,150 The ~~Commissioner~~ of Education Governor  
8 shall appoint a ~~high-needs education~~ state student achievement  
9 coordinator, ~~subject to confirmation by a majority vote of the~~  
10 ~~members of the State Board of Education.~~ The appointment shall  
11 be made on the basis of recognized and demonstrated background,  
12 training, and interest in and knowledge of instructional  
13 effectiveness for methodology and differentiated learning to  
14 address at-risk student populations, including students in  
15 poverty, limited English proficient students, and highly mobile  
16 students. ~~The coordinator shall evaluate and coordinate existing~~  
17 ~~resources for effective programs for students in poverty, limited~~  
18 ~~English proficient students, and highly mobile students.~~ and  
19 student populations. The duties of the coordinator shall include  
20 participation on the Student Achievement Council established by  
21 section 5 of this act and the evaluation of programs and services  
22 which assist in closing the gap in student educational attainment  
23 between at-risk and not-at-risk students and the costs of  
24 implementing such programs in order to give all students an equal  
25 opportunity to achieve educational outcomes. The coordinator shall

1 also develop a plan with the input of the Superintendents Executive  
2 Board and the Student Achievement Council to improve educational  
3 attainment for ~~such~~ all students. The plan may include research  
4 efforts to be conducted by Nebraska postsecondary educational  
5 institutions. The plan shall be presented to the Education  
6 Committee of the Legislature on or before November 1, ~~2007.~~ 2008.

7           Sec. 83. On or before January 1, 2008, the Commissioner  
8 of Education shall appoint a committee, subject to confirmation by  
9 a majority vote of the members of the State Board of Education,  
10 to study the possible impact of a common levy among school  
11 districts surrounding areas with high concentrations of students  
12 in poverty, students with limited English proficiency, and highly  
13 mobile students and student populations and the effect that such  
14 a common levy would have in closing academic achievement gaps  
15 for students within those areas. The committee shall publish its  
16 findings on or before January 1, 2009.

17           Sec. 84. If any section in this act or any part of any  
18 section is declared invalid or unconstitutional, the declaration  
19 shall not affect the validity or constitutionality of the remaining  
20 portions.

21           Sec. 85. Original sections 9-812, 13-503, 13-508,  
22 13-511, 77-1601.02, 77-1614, 77-1624, 77-1702, 77-1704.01, 77-1708,  
23 77-1772, 77-2201, 77-2202, 77-3442, 79-233, 79-238, 79-458,  
24 79-458.01, 79-467, 79-468, 79-527, 79-528, 79-760, 79-979, 79-1002,  
25 79-1007.01, 79-1007.02, 79-1007.05, 79-1008.01, 79-1008.02,

1 79-1024, 79-1033, 79-1074, 79-1075, 79-1083, 79-1084, 79-1086,  
2 79-10,120, 79-10,126, and 79-11,150, Revised Statutes Cumulative  
3 Supplement, 2006, and sections 79-102, 79-407, 79-408, 79-413,  
4 79-415, 79-416, 79-433, 79-452, 79-473, 79-479, 79-549, 79-611,  
5 79-850, 79-1003, 79-1022, 79-1026, and 79-1028, Revised Statutes  
6 Cumulative Supplement, 2006, as affected by Referendum 2006, No.  
7 422, are repealed.

8           Sec. 86. The following sections are outright repealed:  
9 Sections 79-4,117, 79-4,118, 79-4,119, 79-4,120, 79-4,121,  
10 79-4,122, 79-4,123, 79-4,124, 79-4,125, 79-4,126, 79-4,127,  
11 79-4,128, 79-4,129, 79-4,130, 79-769, 79-1007.03, 79-1007.04,  
12 79-1007.06, 79-1007.07, 79-1007.08, 79-1007.09, 79-1007.10,  
13 79-1026.01, 79-1073, 79-1073.01, 79-10,126.01, 79-2101, 79-2102,  
14 79-2103, 79-2104, 79-2105, 79-2106, 79-2107, 79-2108, 79-2109, and  
15 79-2110, Revised Statutes Cumulative Supplement, 2006.

16           Sec. 87. Since an emergency exists, this act takes effect  
17 when passed and approved according to law.