Introduced by Davis, 43.

Read first time January 14, 2015

Committee: Revenue

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

Be it enacted by the people of the State of Nebraska,
Section 1. (1) For purposes of this section:

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

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

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

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

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

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

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

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

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

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

(i) The school board of such school district may, by supermajority vote, approve a rate of twenty-one and nine-tenths percent, twenty-four
and four-tenths percent, twenty-six and nine-tenths percent, or twenty-nine and nine-tenths percent, which may last up to five years. After five years, the rate shall return to nineteen and four-tenths percent. The school board shall notify the Tax Commissioner of such increased rate; or

(ii) The school board of such school district may, by majority vote, pass a resolution to place the issue of exceeding the rate of nineteen and four-tenths percent before the registered voters of the school district at any primary, general, or special election. The school board shall deliver a copy of such resolution to the county clerk or election commissioner of every county which contains all or part of the school district. The resolution shall include the increased rate which would be imposed and the duration of the increased rate. The increased rate shall be twenty-one and nine-tenths percent, twenty-four and four-tenths percent, twenty-six and nine-tenths percent, or twenty-nine and nine-tenths percent, and such increased rate shall not have a duration greater than five years. Any resolution calling for a special election shall be filed with the county clerk or election commissioner no later than thirty days prior to the date of the election, and the time of publication and providing a copy of the notice of election required in section 32-802 shall be no later than twenty days prior to the election. The county clerk or election commissioner shall place the issue on the ballot at an election as called for in the resolution which is at least thirty days after receipt of the resolution. The election shall be held pursuant to the Election Act. A school board may pass no more than one resolution calling for an election pursuant to this subdivision during any one calendar year. If a majority of the votes cast upon the ballot question are in favor of the increased rate, the increased rate shall be imposed and the school board shall notify the Tax Commissioner of such increased rate. If a majority of those voting on the ballot question are opposed to the increased rate, the increased rate shall not be imposed and the school board shall notify the Tax Commissioner that the rate shall be
nineteen and four-tenths percent.

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

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

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

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

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

(b) For each fiscal year, learning communities may levy a maximum levy for the general fund budgets of member school districts of (i) ninety-five cents per one hundred dollars of taxable valuation of property subject to the levy for fiscal years prior to fiscal year
2017-18, (ii) eighty-five cents per one hundred dollars of taxable valuation of property subject to the levy for fiscal year 2017-18, (iii) eighty cents per one hundred dollars of taxable valuation of property subject to the levy for fiscal year 2018-19, (iv) seventy-five cents per one hundred dollars of taxable valuation of property subject to the levy for fiscal year 2019-20, and (v) seventy and one-half cents per one hundred dollars of taxable valuation of property subject to the levy for fiscal year 2020-21 and each fiscal year thereafter. The proceeds from the levy pursuant to this subdivision shall be distributed pursuant to section 79-1073.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(9) Converted contract means an expired contract that was in effect
for at least fifteen school years beginning prior to school year 2012-13
for the education of students in a nonresident district in exchange for tuition from the resident district when the expiration of such contract results in the nonresident district educating students, who would have been covered by the contract if the contract were still in effect, as option students pursuant to the enrollment option program established in section 79-234;

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

(11) Department means the State Department of Education;

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

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

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

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

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

(17) Formula students means:

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

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

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

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

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

(22) General fund operating expenditures means for state aid
calculated for school fiscal years 2012-13 and each school fiscal year
thereafter, as reported on the annual financial report for the second
school fiscal year immediately preceding the school fiscal year in which
aid is to be paid, the total general fund expenditures minus (a) the
amount of all receipts to the general fund, to the extent that such
receipts are not included in local system formula resources, from early
childhood education tuition, summer school tuition, educational entities
as defined in section 79-1201.01 for providing distance education courses
through the Educational Service Unit Coordinating Council to such
educational entities, private foundations, individuals, associations,
charitable organizations, the textbook loan program authorized by section
79-734, federal impact aid, and levy override elections pursuant to
section 77-3444, (b) the amount of expenditures for categorical funds,
tuition paid, transportation fees paid to other districts, adult
education, community services, redemption of the principal portion of
general fund debt service, retirement incentive plans authorized by
section 79-855, and staff development assistance authorized by section
79-856, (c) the amount of any transfers from the general fund to any bond
fund and transfers from other funds into the general fund, (d) any legal
expenses in excess of fifteen-hundredths of one percent of the formula
need for the school fiscal year in which the expenses occurred, (e)
expenditures to pay for sums agreed to be paid by a school district to
certificated employees in exchange for a voluntary termination occurring
prior to July 1, 2009, occurring on or after the last day of the 2010-11
school year and prior to the first day of the 2013-14 school year, or, to
the extent that a district has demonstrated to the State Board of
Education pursuant to section 79-1028.01 that the agreement will result
in a net savings in salary and benefit costs to the school district over
a five-year period, occurring on or after the first day of the 2013-14 school year, (f)(i) expenditures to pay for employer contributions pursuant to subsection (2) of section 79-958 to the School Employees Retirement System of the State of Nebraska to the extent that such expenditures exceed the employer contributions under such subsection that would have been made at a contribution rate of seven and thirty-five hundredths percent or (ii) expenditures to pay for school district contributions pursuant to subdivision (1)(c)(i) of section 79-9,113 to the retirement system established pursuant to the Class V School Employees Retirement Act to the extent that such expenditures exceed the school district contributions under such subdivision that would have been made at a contribution rate of seven and thirty-seven hundredths percent, and (g) any amounts paid by the district for lobbyist fees and expenses reported to the Clerk of the Legislature pursuant to section 49-1483.

For purposes of this subdivision (22) of this section, receipts from levy override elections shall equal ninety-nine percent of the difference of the total general fund levy minus the maximum levy authorized in subdivision (2)(a) of section 77-3442 for the applicable fiscal year a levy of one dollar and five cents per one hundred dollars of taxable valuation multiplied by the assessed valuation for school districts that have voted pursuant to section 77-3444 to override the maximum levy provided pursuant to section 77-3442;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

79-1007.11 (1) Except as otherwise provided in this section, for
school fiscal years 2013-14 through 2015-16, each school district's
formula need shall equal the difference of the sum of the school
district's basic funding, poverty allowance, limited English proficiency
allowance, focus school and program allowance, summer school allowance,
special receipts allowance, transportation allowance, elementary site
allowance, instructional time allowance, teacher education allowance,
distance education and telecommunications allowance, averaging
adjustment, new learning community transportation adjustment, student
growth adjustment, any positive student growth adjustment correction, and
new school adjustment, minus the sum of the limited English proficiency
allowance correction, poverty allowance correction, and any negative
student growth adjustment correction.

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

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

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

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

(6) For state aid calculated for the first full school fiscal year of a new learning community, if the formula need calculated for a member school district pursuant to subsections (1) through (3) of this section is less than the sum of the school district's state aid certified for the school fiscal year immediately preceding the first full school fiscal year of the learning community plus the school district's other actual receipts included in local system formula resources pursuant to section 79-1018.01 for such school fiscal year plus the product of the school district's general fund levy for such school fiscal year up to the
maximum levy authorized in subdivision (2)(a) of section 77-3442 for such
school fiscal year one dollar and five cents multiplied by the school
district's assessed valuation for such school fiscal year, the formula
need for such school district for the school fiscal year for which aid is
being calculated shall equal such sum.

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

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

(2)(a) For school fiscal years 2012-13 and 2013-14, the averaging
adjustment threshold shall equal the lesser of (i) the averaging
adjustment threshold for the school fiscal year immediately preceding the
school fiscal year for which aid is being calculated increased by the
basic allowable growth rate or (ii) the statewide average basic funding per formula student for the school fiscal year for which aid is being calculated.

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

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

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

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

(b) If such levy was at least one dollar and one cent per one
hundred dollars of taxable valuation but less than one dollar and two
cents per one hundred dollars of taxable valuation for school fiscal
years prior to 2017-18, at least ninety-one cents per one hundred dollars
of taxable valuation but less than ninety-two cents per one hundred
dollars of taxable valuation for school fiscal year 2017-18, at least
eighty-six cents per one hundred dollars of taxable valuation but less
than eighty-seven cents per one hundred dollars of taxable valuation for
school fiscal year 2018-19, at least eighty-one cents per one hundred
dollars of taxable valuation but less than eighty-two cents per one
hundred dollars of taxable valuation for school fiscal year 2019-20, or
at least seventy-six and one-half cents per one hundred dollars of
taxable valuation but less than seventy-seven and one-half cents per one
hundred dollars of taxable valuation for school fiscal year 2020-21 and
each school fiscal year thereafter, the percentage shall be sixty percent;

(c) If such levy was at least one dollar and two cents per one
hundred dollars of taxable valuation but less than one dollar and three
cents per one hundred dollars of taxable valuation for school fiscal
years prior to 2017-18, at least ninety-two cents per one hundred dollars
of taxable valuation but less than ninety-three cents per one hundred
dollars of taxable valuation for school fiscal year 2017-18, at least
eighty-seven cents per one hundred dollars of taxable valuation but less
than eighty-eight cents per one hundred dollars of taxable valuation for
school fiscal year 2018-19, at least eighty-two cents per one hundred
dollars of taxable valuation but less than eighty-three cents per one
hundred dollars of taxable valuation for school fiscal year 2019-20, or
at least seventy-seven and one-half cents per one hundred dollars of
taxable valuation but less than seventy-eight and one-half cents per one
hundred dollars of taxable valuation for school fiscal year 2020-21 and
each school fiscal year thereafter, the percentage shall be seventy percent;
(d) If such levy was at least one dollar and three cents per one hundred dollars of taxable valuation but less than one dollar and four cents per one hundred dollars of taxable valuation for school fiscal years prior to 2017-18, at least ninety-three cents per one hundred dollars of taxable valuation but less than ninety-four cents per one hundred dollars of taxable valuation for school fiscal year 2017-18, at least eighty-eight cents per one hundred dollars of taxable valuation but less than eighty-nine cents per one hundred dollars of taxable valuation for school fiscal year 2018-19, at least eighty-three cents per one hundred dollars of taxable valuation but less than eighty-four cents per one hundred dollars of taxable valuation for school fiscal year 2019-20, or at least seventy-eight and one-half cents per one hundred dollars of taxable valuation but less than seventy-nine and one-half cents per one hundred dollars of taxable valuation for school fiscal year 2020-21 and each school fiscal year thereafter, the percentage shall be eighty percent; and

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

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

79-1008.02 (1) For school fiscal years prior to school fiscal year 2017-18, a minimum levy adjustment shall be calculated and applied to any local system that has a general fund common levy for the fiscal year.
during which aid is certified that is less than the maximum levy, for such fiscal year for such local system, allowed pursuant to subdivision (2)(a) or (b) of section 77-3442 without a vote pursuant to section 77-3444 less five cents for learning communities and less ten cents for all other local systems. To calculate the minimum levy adjustment, the department shall subtract the local system general fund common levy for such fiscal year for such local system from the maximum levy allowed pursuant to subdivision (2)(a) or (b) of section 77-3442 without a vote pursuant to section 77-3444 less five cents for learning communities and less ten cents for all other local systems and multiply the result by the local system's adjusted valuation divided by one hundred. The minimum levy adjustment shall be added to the formula resources of the local system for the determination of equalization aid pursuant to section 79-1008.01. If the minimum levy adjustment is greater than or equal to the allocated income tax funds calculated pursuant to section 79-1005.01, the local system shall not receive allocated income tax funds. If the minimum levy adjustment is less than the allocated income tax funds calculated pursuant to section 79-1005.01, the local system shall receive allocated income tax funds in the amount of the difference between the allocated income tax funds calculated pursuant to section 79-1005.01 and the minimum levy adjustment. This section does not apply to the calculation of aid for a local system containing a learning community for the first school fiscal year for which aid is calculated for such local system.

(2) For school fiscal year 2017-18 and each school fiscal year thereafter, a minimum levy adjustment shall be calculated and applied to any local system that has a general fund common levy for the fiscal year during which aid is certified that is less than seventy and one-half cents per one hundred dollars of taxable valuation or sixty-five and one-half cents per one hundred dollars of taxable valuation for learning communities. To calculate the minimum levy adjustment, the department
shall subtract the local system general fund common levy for such fiscal year for such local system from seventy and one-half cents or sixty-five and one-half cents for learning communities and multiply the result by the local system's adjusted valuation divided by one hundred. The minimum levy adjustment shall be added to the formula resources of the local system for the determination of equalization aid pursuant to section 79-1008.01. If the minimum levy adjustment is greater than or equal to the allocated income tax funds calculated pursuant to section 79-1005.01, the local system shall not receive allocated income tax funds. If the minimum levy adjustment is less than the allocated income tax funds calculated pursuant to section 79-1005.01, the local system shall receive allocated income tax funds in the amount of the difference between the allocated income tax funds calculated pursuant to section 79-1005.01 and the minimum levy adjustment. This section does not apply to the calculation of aid for a local system containing a learning community for the first school fiscal year for which aid is calculated for such local system.

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

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

(2) For each school fiscal years 2014-15 through 2016-17 year except school fiscal years 2011-12 through 2013-14: (a) For state aid certified pursuant to section 79-1022, the local effort rate shall be the maximum levy, for the school fiscal year for which aid is being certified, authorized pursuant to subdivision (2)(a) of section 77-3442 less five cents; (b) for the final calculation of state aid pursuant to section 79-1065, the local effort rate shall be the rate which, when multiplied by the total adjusted valuation of all taxable property in local systems receiving equalization aid pursuant to the Tax Equity and Educational Opportunities Support Act, will produce the amount needed to support the
total formula need of such local systems when added to state aid
appropriated by the Legislature and other actual receipts of local
systems described in section 79-1018.01; and (c) the local effort rate
yield for such school fiscal years shall be determined by multiplying
each local system's total adjusted valuation by the local effort rate.

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

(4) For school fiscal year 2013-14: (a) For state aid certified
pursuant to section 79-1022, the local effort rate shall be the maximum
levy, for the school fiscal year for which aid is being certified,
authorized pursuant to subdivision (2)(a) of section 77-3442 less two
cents; (b) for the final calculation of state aid pursuant to section
79-1065, the local effort rate shall be the rate which, when multiplied
by the total adjusted valuation of all taxable property in local systems
receiving equalization aid pursuant to the Tax Equity and Educational
Opportunities Support Act, will produce the amount needed to support the
total formula need of such local systems when added to state aid
appropriated by the Legislature and other actual receipts of local
systems described in section 79-1018.01; and (c) the local effort rate
yield for such school fiscal years shall be determined by multiplying
each local system's total adjusted valuation by the local effort rate.

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

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

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

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

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

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

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

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

(4) On or before November 10, any local system may file with the Tax
Commissioner written objections to the adjusted valuations prepared by
the Property Tax Administrator, stating the reasons why such adjusted
valuations are not the valuations required by subsection (3) of this
section. The Tax Commissioner shall fix a time for a hearing. Either party shall be permitted to introduce any evidence in reference thereto. On or before January 1, the Tax Commissioner shall enter a written order modifying or declining to modify, in whole or in part, the adjusted valuations and shall certify the order to the State Department of Education. Modification by the Tax Commissioner shall be based upon the evidence introduced at hearing and shall not be limited to the modification requested in the written objections or at hearing. A copy of the written order shall be mailed to the local system within seven days after the date of the order. The written order of the Tax Commissioner may be appealed within thirty days after the date of the order to the Tax Equalization and Review Commission in accordance with section 77-5013.

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

(6) On or before May 31 of the year following the certification of adjusted valuation pursuant to subsection (2) of this section, any local system or county official may file with the Tax Commissioner a written request for a nonappealable correction of the adjusted valuation due to changes to the tax list that change the assessed value of taxable property. Upon the filing of the written request, the Tax Commissioner shall require the county assessor to recertify the taxable valuation by school district in the county on forms prescribed by the Tax Commissioner. The recertified valuation shall be the valuation that was certified on the tax list, pursuant to section 77-1613, increased or
decreased by changes to the tax list that change the assessed value of taxable property in the school district in the county in the prior assessment year. On or before the following July 31, the Tax Commissioner shall approve or deny the request and, if approved, certify the corrected adjusted valuations resulting from such action to the State Department of Education.

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

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

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

79-1017.01 (1) For state aid calculated for school fiscal year 2013-14, local system formula resources includes retirement aid determined under section 79-1028.03, teacher education aid determined for each district pursuant to subdivision (2) of section 79-1007.25, instructional time aid determined pursuant to subsection (2) of section 79-1007.23, allocated income tax funds determined for each district pursuant to section 79-1005.01, and adjustments pursuant to section 79-1008.02 and is reduced by amounts paid by the district in the most
recently available complete data year as property tax refunds pursuant to or in the manner prescribed by section 77-1736.06.

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

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

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

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

79-1023 (1) On or before April 10, 2014, and on or before March 1 of
each year thereafter, the department shall determine and certify to each
school district budget authority for the general fund budget of
expenditures for the ensuing school fiscal year.

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

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

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

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

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

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