

AMENDMENTS TO LB461

(Amendments to Standing Committee amendments, AM954)

Introduced by Harr, 8.

1           1. Strike section 27 and insert the following new sections:

2           Sec. 27. Section 77-3442, Revised Statutes Cumulative Supplement,  
3   2016, is amended to read:

4           77-3442 (1) Property tax levies for the support of local governments  
5   for fiscal years beginning on or after July 1, 1998, shall be limited to  
6   the amounts set forth in this section except as provided in section  
7   77-3444.

8           (2)(a) Except as provided in subdivisions (2)(b), ~~and~~ (2)(e), and  
9   (2)(h) of this section, school districts and multiple-district school  
10   systems may levy a maximum levy of one dollar and five cents per one  
11   hundred dollars of taxable valuation of property subject to the levy.

12          (b) For each fiscal year prior to fiscal year 2017-18, learning  
13   communities may levy a maximum levy for the general fund budgets of  
14   member school districts of ninety-five cents per one hundred dollars of  
15   taxable valuation of property subject to the levy. The proceeds from the  
16   levy pursuant to this subdivision shall be distributed pursuant to  
17   section 79-1073.

18          (c) Except as provided in subdivision (2)(e) of this section, for  
19   each fiscal year prior to fiscal year 2017-18, school districts that are  
20   members of learning communities may levy for purposes of such districts'  
21   general fund budget and special building funds a maximum combined levy of  
22   the difference of one dollar and five cents on each one hundred dollars  
23   of taxable property subject to the levy minus the learning community levy  
24   pursuant to subdivision (2)(b) of this section for such learning  
25   community.

26          (d) Excluded from the limitations in subdivisions (2)(a) and (2)(c)

1 of this section are amounts levied to pay for sums agreed to be paid by a  
2 school district to certificated employees in exchange for a voluntary  
3 termination of employment, amounts levied in compliance with sections  
4 79-10,110 and 79-10,110.02, and amounts levied to pay for special  
5 building funds and sinking funds established for projects commenced prior  
6 to April 1, 1996, for construction, expansion, or alteration of school  
7 district buildings. For purposes of this subsection, commenced means any  
8 action taken by the school board on the record which commits the board to  
9 expend district funds in planning, constructing, or carrying out the  
10 project.

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

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

26 (g) For each fiscal year, learning communities may levy a maximum  
27 levy of one and one-half cents on each one hundred dollars of taxable  
28 property subject to the levy for early childhood education programs for  
29 children in poverty, for elementary learning center employees, for  
30 contracts with other entities or individuals who are not employees of the  
31 learning community for elementary learning center programs and services,

1 and for pilot projects, except that no more than ten percent of such levy  
2 may be used for elementary learning center employees.

3 (h) For any school fiscal year when a temporary reduction in aid is  
4 in place for the calculation of aid pursuant to the Tax Equity and  
5 Educational Opportunities Support Act, the levy for a school district may  
6 exceed the limitation in subdivision (2)(a) of this section by the  
7 amount, up to three cents per one hundred dollars of taxable valuation,  
8 necessary to raise a dollar amount equal to up to seventy-five percent of  
9 the temporary reduction in aid for such school district for such school  
10 fiscal year with the approval of the school board of such school district  
11 by a two-thirds majority vote of the members of such school board after a  
12 public hearing on the issue for such school fiscal year. A temporary  
13 reduction in aid means, as determined and certified by the State  
14 Department of Education pursuant to section 40 of this act, the amount by  
15 which aid is reduced for a school district due to any statutory provision  
16 that reduces the total amount of state aid statewide calculated pursuant  
17 to the Tax Equity and Educational Opportunities Support Act and that is  
18 valid for a specified period of time after which the statutory provision  
19 effectively reverts to the provision as it existed prior to such  
20 specified period of time.

21 (i) For purposes of subsection (2) of this section, the levy for a  
22 fiscal year or a school fiscal year is the levy for the tax year that  
23 includes the beginning of such fiscal year or school fiscal year.

24 (3) For each fiscal year, community college areas may levy the  
25 levies provided in subdivisions (2)(a) through (c) of section 85-1517, in  
26 accordance with the provisions of such subdivisions. A community college  
27 area may exceed the levy provided in subdivision (2)(b) of section  
28 85-1517 by the amount necessary to retire general obligation bonds  
29 assumed by the community college area or issued pursuant to section  
30 85-1515 according to the terms of such bonds or for any obligation  
31 pursuant to section 85-1535 entered into prior to January 1, 1997.

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

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

13           (c) In addition, natural resources districts located in a river  
14 basin, subbasin, or reach that has been determined to be fully  
15 appropriated pursuant to section 46-714 or designated as overappropriated  
16 pursuant to section 46-713 by the Department of Natural Resources shall  
17 also have the power and authority to levy a tax equal to the dollar  
18 amount by which their restricted funds budgeted to administer and  
19 implement ground water management activities and integrated management  
20 activities under the Nebraska Ground Water Management and Protection Act  
21 exceed their restricted funds budgeted to administer and implement ground  
22 water management activities and integrated management activities for  
23 FY2005-06, not to exceed three cents on each one hundred dollars of  
24 taxable valuation on all of the taxable property within the district for  
25 fiscal year 2006-07 and each fiscal year thereafter through fiscal year  
26 2017-18.

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

31           (6)(a) Incorporated cities and villages which are not within the

1 boundaries of a municipal county may levy a maximum levy of forty-five  
2 cents per one hundred dollars of taxable valuation of property subject to  
3 the levy plus an additional five cents per one hundred dollars of taxable  
4 valuation to provide financing for the municipality's share of revenue  
5 required under an agreement or agreements executed pursuant to the  
6 Interlocal Cooperation Act or the Joint Public Agency Act. The maximum  
7 levy shall include amounts levied to pay for sums to support a library  
8 pursuant to section 51-201, museum pursuant to section 51-501, visiting  
9 community nurse, home health nurse, or home health agency pursuant to  
10 section 71-1637, or statue, memorial, or monument pursuant to section  
11 80-202.

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

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

29 (8) Counties may levy or authorize a maximum levy of fifty cents per  
30 one hundred dollars of taxable valuation of property subject to the levy,  
31 except that five cents per one hundred dollars of taxable valuation of

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

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

27 (10) Beginning July 1, 2016, rural and suburban fire protection  
28 districts may levy a maximum levy of ten and one-half cents per one  
29 hundred dollars of taxable valuation of property subject to the levy if  
30 (a) such district is located in a county that had a levy pursuant to  
31 subsection (8) of this section in the previous year of at least forty

1 cents per one hundred dollars of taxable valuation of property subject to  
2 the levy or (b) for any rural or suburban fire protection district that  
3 had a levy request pursuant to section 77-3443 in the previous year, the  
4 county board of the county in which the greatest portion of the valuation  
5 of such district is located did not authorize any levy authority to such  
6 district in the previous year.

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

20 (12) The limitations on tax levies provided in this section are to  
21 include all other general or special levies provided by law.  
22 Notwithstanding other provisions of law, the only exceptions to the  
23 limits in this section are those provided by or authorized by sections  
24 77-3442 to 77-3444.

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

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

31 (15) For school districts that file a binding resolution on or

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

13 Sec. 28. Section 77-4209, Reissue Revised Statutes of Nebraska, is  
14 amended to read:

15 77-4209 Sections 77-4209 to 77-4212 and section 29 of this act shall  
16 be known and may be cited as the Property Tax Credit Act.

17 Sec. 29. (1) For tax year 2018 and each tax year thereafter, the  
18 Department of Revenue shall calculate, using data certified by the State  
19 Department of Education, and distribute school district property tax  
20 relief aid pursuant to this section for each local system that qualifies  
21 pursuant to subsection (2) of this section.

22 (2) A local system shall qualify for school district property tax  
23 relief aid pursuant to this section for each tax year when, for the most  
24 recently available complete data year as of January 1 of such tax year,  
25 the general fund property tax receipts exceed fifty-five percent of the  
26 total general fund revenue for such local system.

27 (3) For each tax year, the property tax gap for each local system  
28 that qualifies for school district property tax relief aid shall equal  
29 the general fund property tax receipts minus fifty-five percent of the  
30 total general fund revenue for such local system for the most recently  
31 available complete data year as of January 1 of such tax year.



1       (4) Except as otherwise provided in this subsection, each local  
2 system that qualifies pursuant to subsection (2) of this section for each  
3 tax year shall be paid school district property tax relief aid from the  
4 Property Tax Credit Cash Fund equal to seventy-five percent of the school  
5 district property tax gap for such local system. If the statewide total  
6 school district property tax relief aid for a tax year exceeds the funds  
7 available for distribution from the Property Tax Credit Cash Fund, the  
8 aid shall be reduced proportionately for each local system receiving  
9 school district property tax relief aid for such tax year.

10       (5) Each school district in a local system receiving school district  
11 property tax relief aid shall decrease the estimated amount to be raised  
12 from taxation of personal and real property shown on the proposed budget  
13 statement pursuant to section 13-505 by the amount of such aid to be  
14 received. For any tax year for which such aid was reduced pursuant to  
15 subsection (4) of this section, the lower aid amount shall be used to  
16 determine the decrease in the amount to be raised from taxation of  
17 personal and real property.

18       (6) For purposes of this section, local system and most recently  
19 available complete data year have the definitions found in section  
20 79-1003. School district property tax relief aid paid pursuant to this  
21 section shall be considered a general fund property tax receipt for  
22 purposes of calculations pursuant to subsections (2) and (3) of this  
23 section and shall be considered a state receipt for all other purposes,  
24 including the annual financial report.

25       (7) For tax year 2018 and each tax year thereafter, on or before  
26 January 15 of such tax year, the State Department of Education shall  
27 certify to the Department of Revenue the general fund property tax  
28 receipts, including any school district property tax relief aid, and the  
29 total general fund revenue for each local system for the most recently  
30 available complete data year as of January 1 of such tax year to use in  
31 calculations pursuant to this section.

1           (8) The Department of Revenue may adopt and promulgate rules and  
2 regulations to carry out this section.

3           Sec. 30. Section 77-4212, Revised Statutes Cumulative Supplement,  
4 2016, is amended to read:

5           77-4212 (1) For tax year 2007, the amount of relief granted under  
6 this section the Property Tax Credit Act shall be one hundred five  
7 million dollars. For tax year 2008, the amount of relief granted under  
8 this section the act shall be one hundred fifteen million dollars. It is  
9 the intent of the Legislature to fund the property tax credits provided  
10 in this section Property Tax Credit Act for tax years after tax year 2008  
11 using available revenue. For tax year 2017, the amount of relief granted  
12 under this section the act shall be two hundred twenty-four million  
13 dollars. For tax year 2018 and each tax year thereafter, the amount of  
14 relief granted under this section shall be the amount available in the  
15 Property Tax Credit Cash Fund after distributing funds as school district  
16 property tax relief aid pursuant to section 29 of this act. The relief  
17 shall be in the form of a property tax credit which appears on the  
18 property tax statement.

19           (2)(a) For tax years prior to tax year 2017, to determine the amount  
20 of the property tax credit, the county treasurer shall multiply the  
21 amount disbursed to the county under subdivision (4)(a) of this section  
22 by the ratio of the real property valuation of the parcel to the total  
23 real property valuation in the county. The amount determined shall be the  
24 property tax credit for the property.

25           (b) Beginning with tax year 2017, to determine the amount of the  
26 property tax credit, the county treasurer shall multiply the amount  
27 disbursed to the county under subdivision (4)(b) of this section by the  
28 ratio of the credit allocation valuation of the parcel to the total  
29 credit allocation valuation in the county. The amount determined shall be  
30 the property tax credit for the property.

31           (3) If the real property owner qualifies for a homestead exemption

1 under sections 77-3501 to 77-3529, the owner shall also be qualified for  
2 the relief provided in the act to the extent of any remaining liability  
3 after calculation of the relief provided by the homestead exemption. If  
4 the credit results in a property tax liability on the homestead that is  
5 less than zero, the amount of the credit which cannot be used by the  
6 taxpayer shall be returned to the State Treasurer by July 1 of the year  
7 the amount disbursed to the county was disbursed. The State Treasurer  
8 shall immediately credit any funds returned under this section to the  
9 Property Tax Credit Cash Fund.

10 (4)(a) For tax years prior to tax year 2017, the amount disbursed to  
11 each county shall be equal to the amount available for disbursement  
12 determined under subsection (1) of this section multiplied by the ratio  
13 of the real property valuation in the county to the real property  
14 valuation in the state. By September 15, the Property Tax Administrator  
15 shall determine the amount to be disbursed under this subdivision to each  
16 county and certify such amounts to the State Treasurer and to each  
17 county. The disbursements to the counties shall occur in two equal  
18 payments, the first on or before January 31 and the second on or before  
19 April 1. After retaining one percent of the receipts for costs, the  
20 county treasurer shall allocate the remaining receipts to each taxing  
21 unit levying taxes on taxable property in the tax district in which the  
22 real property is located in the same proportion that the levy of such  
23 taxing unit bears to the total levy on taxable property of all the taxing  
24 units in the tax district in which the real property is located.

25 (b) Beginning with tax year 2017, the amount disbursed to each  
26 county shall be equal to the amount available for disbursement determined  
27 under subsection (1) of this section multiplied by the ratio of the  
28 credit allocation valuation in the county to the credit allocation  
29 valuation in the state. By September 15, the Property Tax Administrator  
30 shall determine the amount to be disbursed under this subdivision to each  
31 county and certify such amounts to the State Treasurer and to each

1 county. The disbursements to the counties shall occur in two equal  
2 payments, the first on or before January 31 and the second on or before  
3 April 1. After retaining one percent of the receipts for costs, the  
4 county treasurer shall allocate the remaining receipts to each taxing  
5 unit based on its share of the credits granted to all taxpayers in the  
6 taxing unit.

7 (5) For purposes of this section, credit allocation valuation means  
8 the taxable value for all real property except agricultural land and  
9 horticultural land, and one hundred twenty percent of taxable value for  
10 agricultural land and horticultural land that is not subject to special  
11 valuation, and one hundred twenty percent of taxable value for  
12 agricultural land and horticultural land that is subject to special  
13 valuation.

14 ~~(6) The State Treasurer shall transfer from the General Fund to the~~  
15 ~~Property Tax Credit Cash Fund one hundred five million dollars by August~~  
16 ~~1, 2007, and one hundred fifteen million dollars by August 1, 2008.~~

17 ~~(7) The Legislature shall have the power to transfer funds from the~~  
18 ~~Property Tax Credit Cash Fund to the General Fund.~~

19 Sec. 34. Section 79-1001, Revised Statutes Cumulative Supplement,  
20 2016, is amended to read:

21 79-1001 Sections 79-1001 to 79-1033 and sections 37 and 40 of this  
22 act shall be known and may be cited as the Tax Equity and Educational  
23 Opportunities Support Act.

24 Sec. 35. Section 79-1003, Revised Statutes Cumulative Supplement,  
25 2016, is amended to read:

26 79-1003 For purposes of the Tax Equity and Educational Opportunities  
27 Support Act:

28 (1) Adjusted general fund operating expenditures means (a) for  
29 school fiscal years 2013-14 through 2015-16, the difference of the  
30 general fund operating expenditures as calculated pursuant to subdivision  
31 (23) of this section increased by the cost growth factor calculated

1 pursuant to section 79-1007.10, minus the transportation allowance,  
2 special receipts allowance, poverty allowance, limited English  
3 proficiency allowance, distance education and telecommunications  
4 allowance, elementary site allowance, summer school allowance,  
5 instructional time allowance, teacher education allowance, and focus  
6 school and program allowance, (b) for school fiscal years 2016-17 through  
7 2018-19, the difference of the general fund operating expenditures as  
8 calculated pursuant to subdivision (23) of this section increased by the  
9 cost growth factor calculated pursuant to section 79-1007.10, minus the  
10 transportation allowance, special receipts allowance, poverty allowance,  
11 limited English proficiency allowance, distance education and  
12 telecommunications allowance, elementary site allowance, summer school  
13 allowance, best practices allowance, and focus school and program  
14 allowance, and (c) for school fiscal year 2019-20 and each school fiscal  
15 year thereafter, the difference of the general fund operating  
16 expenditures as calculated pursuant to subdivision (23) of this section  
17 increased by the cost growth factor calculated pursuant to section  
18 79-1007.10, minus the transportation allowance, special receipts  
19 allowance, poverty allowance, limited English proficiency allowance,  
20 distance education and telecommunications allowance, elementary site  
21 allowance, summer school allowance, best practices allowance, community  
22 achievement plan allowance, and focus school and program allowance;

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

1 nontaxable or exempt from taxation;

2 (3) Allocated income tax funds means the amount of assistance paid  
3 to a local system pursuant to section 79-1005.01 as adjusted, for school  
4 fiscal years prior to school fiscal year 2017-18, by the minimum levy  
5 adjustment pursuant to section 79-1008.02;

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

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

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

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

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

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

31 (10) Converted contract option student means a student who will be

1 an option student pursuant to the enrollment option program established  
2 in section 79-234 for the school fiscal year for which aid is being  
3 calculated and who would have been covered by a converted contract if the  
4 contract were still in effect and such school fiscal year is the first  
5 school fiscal year for which such contract is not in effect;

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

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

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

13 (14) Equalization aid means the amount of assistance calculated to  
14 be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23,  
15 79-1007.25, 79-1008.01 to 79-1022, and 79-1022.02;

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

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

22 (17) Formula students means:

23 (a) For state aid certified pursuant to section 79-1022, the sum of  
24 the product of fall membership from the school fiscal year immediately  
25 preceding the school fiscal year in which the aid is to be paid  
26 multiplied by the average ratio of average daily membership to fall  
27 membership for the second school fiscal year immediately preceding the  
28 school fiscal year in which the aid is to be paid and the prior two  
29 school fiscal years plus sixty percent of the qualified early childhood  
30 education fall membership plus tuitioned students from the school fiscal  
31 year immediately preceding the school fiscal year in which aid is to be

1 paid minus the product of the number of students enrolled in kindergarten  
2 that is not full-day kindergarten from the fall membership multiplied by  
3 0.5; and

4 (b) For the final calculation of state aid pursuant to section  
5 79-1065, the sum of average daily membership plus sixty percent of the  
6 qualified early childhood education average daily membership plus  
7 tuitioned students minus the product of the number of students enrolled  
8 in kindergarten that is not full-day kindergarten from the average daily  
9 membership multiplied by 0.5 from the school fiscal year immediately  
10 preceding the school fiscal year in which aid was paid;

11 (18) Free lunch and free milk calculated students means, using the  
12 most recent data available on November 1 of the school fiscal year  
13 immediately preceding the school fiscal year in which aid is to be paid,

14 (a) for schools that did not provide free meals to all students pursuant  
15 to the community eligibility provision, students who individually  
16 qualified for free lunches or free milk pursuant to the federal Richard  
17 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the  
18 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts  
19 and sections existed on January 1, 2015, and rules and regulations  
20 adopted thereunder, plus (b) for schools that provided free meals to all  
21 students pursuant to the community eligibility provision, (i) for school  
22 fiscal year 2016-17, the product of the students who attended such school  
23 multiplied by the identified student percentage calculated pursuant to  
24 such federal provision or (ii) for school fiscal year 2017-18 and each  
25 school fiscal year thereafter, the greater of the number of students in  
26 such school who individually qualified for free lunch or free milk using  
27 the most recent school fiscal year for which the school did not provide  
28 free meals to all students pursuant to the community eligibility  
29 provision or one hundred ten percent of the product of the students who  
30 qualified for free meals at such school pursuant to the community  
31 eligibility provision multiplied by the identified student percentage



1 calculated pursuant to such federal provision, except that the free lunch  
2 and free milk students calculated for any school pursuant to subdivision  
3 (18)(b)(ii) of this section shall not exceed one hundred percent of the  
4 students qualified for free meals at such school pursuant to the  
5 community eligibility provision;

6 (19) Free lunch and free milk student means, for school fiscal years  
7 prior to school fiscal year 2016-17, a student who qualified for free  
8 lunches or free milk from the most recent data available on November 1 of  
9 the school fiscal year immediately preceding the school fiscal year in  
10 which aid is to be paid;

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

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

20 (22) General fund expenditures means all expenditures from the  
21 general fund;

22 (23) General fund operating expenditures means for state aid  
23 calculated for school fiscal years 2012-13 and each school fiscal year  
24 thereafter, as reported on the annual financial report for the second  
25 school fiscal year immediately preceding the school fiscal year in which  
26 aid is to be paid, the total general fund expenditures minus (a) the  
27 amount of all receipts to the general fund, to the extent that such  
28 receipts are not included in local system formula resources, from early  
29 childhood education tuition, summer school tuition, educational entities  
30 as defined in section 79-1201.01 for providing distance education courses  
31 through the Educational Service Unit Coordinating Council to such

1 educational entities, private foundations, individuals, associations,  
2 charitable organizations, the textbook loan program authorized by section  
3 79-734, federal impact aid, and levy override elections pursuant to  
4 section 77-3444, (b) the amount of expenditures for categorical funds,  
5 tuition paid, transportation fees paid to other districts, adult  
6 education, community services, redemption of the principal portion of  
7 general fund debt service, retirement incentive plans authorized by  
8 section 79-855, and staff development assistance authorized by section  
9 79-856, (c) the amount of any transfers from the general fund to any bond  
10 fund and transfers from other funds into the general fund, (d) any legal  
11 expenses in excess of fifteen-hundredths of one percent of the formula  
12 need for the school fiscal year in which the expenses occurred, (e)  
13 expenditures to pay for sums agreed to be paid by a school district to  
14 certificated employees in exchange for a voluntary termination occurring  
15 prior to July 1, 2009, occurring on or after the last day of the 2010-11  
16 school year and prior to the first day of the 2013-14 school year, or, to  
17 the extent that a district has demonstrated to the State Board of  
18 Education pursuant to section 79-1028.01 that the agreement will result  
19 in a net savings in salary and benefit costs to the school district over  
20 a five-year period, occurring on or after the first day of the 2013-14  
21 school year, (f)(i) expenditures to pay for employer contributions  
22 pursuant to subsection (2) of section 79-958 to the School Employees  
23 Retirement System of the State of Nebraska to the extent that such  
24 expenditures exceed the employer contributions under such subsection that  
25 would have been made at a contribution rate of seven and thirty-five  
26 hundredths percent or (ii) expenditures to pay for school district  
27 contributions pursuant to subdivision (1)(c)(i) of section 79-9,113 to  
28 the retirement system established pursuant to the Class V School  
29 Employees Retirement Act to the extent that such expenditures exceed the  
30 school district contributions under such subdivision that would have been  
31 made at a contribution rate of seven and thirty-seven hundredths percent,

1 and (g) any amounts paid by the district for lobbyist fees and expenses  
2 reported to the Clerk of the Legislature pursuant to section 49-1483.

3 For purposes of this subdivision (23) of this section, receipts from  
4 levy override elections shall equal ninety-nine percent of the difference  
5 of the total general fund levy minus the maximum levy pursuant to  
6 subdivision (2)(a) of section 77-3442 ~~a levy of one dollar and five cents~~  
7 ~~per one hundred dollars of taxable valuation~~ multiplied by the assessed  
8 valuation for school districts that have voted pursuant to section  
9 77-3444 to override the maximum levy provided pursuant to section  
10 77-3442;

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

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

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

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

27 (28) Local system means a learning community for purposes of  
28 calculation of state aid for each school fiscal year prior to school  
29 fiscal year 2017-18, a unified system, a Class VI district and the  
30 associated Class I districts, or a Class II, III, IV, or V district and  
31 any affiliated Class I districts or portions of Class I districts. The

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

5 (29) Low-income child means (a) for school fiscal years prior to  
6 2016-17, a child under nineteen years of age living in a household having  
7 an annual adjusted gross income for the second calendar year preceding  
8 the beginning of the school fiscal year for which aid is being calculated  
9 equal to or less than the maximum household income that would allow a  
10 student from a family of four people to be a free lunch and free milk  
11 student during the school fiscal year immediately preceding the school  
12 fiscal year for which aid is being calculated and (b) for school fiscal  
13 year 2016-17 and each school fiscal year thereafter, a child under  
14 nineteen years of age living in a household having an annual adjusted  
15 gross income for the second calendar year preceding the beginning of the  
16 school fiscal year for which aid is being calculated equal to or less  
17 than the maximum household income pursuant to sections 9(b)(1) and 17(c)  
18 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.  
19 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)  
20 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)  
21 and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections  
22 existed on January 1, 2015, for a household of that size that would have  
23 allowed the child to meet the income qualifications for free meals during  
24 the school fiscal year immediately preceding the school fiscal year for  
25 which aid is being calculated;

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

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

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

5 (32) Poverty students means (a) for school fiscal years prior to  
6 2016-17, the number of low-income students or the number of students who  
7 are free lunch and free milk students in a district plus the difference  
8 of the number of low-income students or the number of students who are  
9 free lunch and free milk students in a district, whichever is greater,  
10 minus the average number of poverty students for such district, prior to  
11 such addition, for the three immediately preceding school fiscal years if  
12 such difference is greater than zero and (b) for school fiscal year  
13 2016-17 and each school fiscal year thereafter, the unadjusted poverty  
14 students plus the difference of such unadjusted poverty students minus  
15 the average number of poverty students for such district, prior to such  
16 addition, for the three immediately preceding school fiscal years if such  
17 difference is greater than zero;

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (42) State board means the State Board of Education;

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

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

27 (45) Statewide average general fund operating expenditures per  
28 formula student means the statewide total general fund operating  
29 expenditures for all districts divided by the statewide total formula  
30 students for all districts;

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

1 (47) Temporary aid adjustment factor means (a) for school fiscal  
2 years before school fiscal year 2007-08, one and one-fourth percent of  
3 the sum of the local system's transportation allowance, the local  
4 system's special receipts allowance, and the product of the local  
5 system's adjusted formula students multiplied by the average formula cost  
6 per student in the local system's cost grouping and (b) for school fiscal  
7 year 2007-08, one and one-fourth percent of the sum of the local system's  
8 transportation allowance, special receipts allowance, and distance  
9 education and telecommunications allowance and the product of the local  
10 system's adjusted formula students multiplied by the average formula cost  
11 per student in the local system's cost grouping;

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

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

19 (50) Unadjusted poverty students means, for school fiscal year  
20 2016-17 and each school fiscal year thereafter, the greater of the number  
21 of low-income students or the free lunch and free milk calculated  
22 students in a district; and

23 (51) Very sparse local system means a local system that has:

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

30 (b)(i) More than four hundred fifty square miles in the local  
31 system, (ii) less than one-half student per square mile in the local



1 system, and (iii) more than fifteen miles between each high school  
2 attendance center and the next closest high school attendance center on  
3 paved roads.

4 Sec. 36. Section 79-1008.01, Revised Statutes Cumulative Supplement,  
5 2016, is amended to read:

6 79-1008.01 (1) For school fiscal years prior to 2018-19, except  
7 ~~Except~~ as provided in section 79-1008.02 for school fiscal years prior to  
8 school fiscal year 2017-18 and section 79-1009, each local system shall  
9 receive equalization aid in the amount that the total formula need of  
10 each local system, as determined pursuant to sections 79-1007.04 to  
11 79-1007.23 and 79-1007.25, exceeds its total formula resources as  
12 determined pursuant to sections 79-1015.01 to 79-1018.01.

13 (2) For school fiscal year 2018-19 and each school fiscal year  
14 thereafter, the department shall calculate a preliminary equalization aid  
15 amount for the purpose of determining qualification for an option  
16 enrollment relief correction pursuant to section 37 of this act. The  
17 preliminary equalization aid amount for each local system shall equal the  
18 amount that the total formula need of each local system, as determined  
19 pursuant to sections 79-1007.04 to 79-1007.23 and 79-1007.25, exceeds its  
20 total formula resources as determined pursuant to sections 79-1015.01 to  
21 79-1018.01.

22 (3) For school fiscal year 2018-19 and each school fiscal year  
23 thereafter, each local system shall receive equalization aid in the  
24 amount that the total formula need of each local system, as determined  
25 pursuant to sections 79-1007.04 to 79-1007.23 and 79-1007.25, exceeds the  
26 sum of its total formula resources as determined pursuant to sections  
27 79-1015.01 to 79-1018.01 plus any option enrollment relief correction.

28 Sec. 37. (1) For state aid calculated for school fiscal year  
29 2018-19 and each school fiscal year thereafter, for each local system  
30 that qualifies pursuant to this section, an option enrollment relief  
31 correction shall be added to the amounts to be distributed as certified

1 pursuant to section 79-1022.

2 (2) A local system shall qualify for an option enrollment relief  
3 correction if such local system both (a) does not qualify to receive  
4 school district property tax relief aid pursuant to section 29 of this  
5 act for the fiscal year corresponding to the majority of such school  
6 fiscal year and (b) the net option funding calculated for the school  
7 districts in such local system pursuant to section 79-1009 is greater  
8 than ninety percent of the preliminary state aid calculated for such  
9 local system pursuant to this section for such school fiscal year.

10 (3) The preliminary state aid for purposes of this section shall  
11 equal the sum of the preliminary equalization aid calculated pursuant to  
12 section 79-1008.01, net option funding determined pursuant to section  
13 79-1009, best practices aid determined pursuant to section 79-1004,  
14 allocated income tax funds determined pursuant to section 79-1005.01, and  
15 community achievement plan aid determined pursuant to section 79-1005.

16 (4) The option enrollment relief correction for each local system  
17 that qualifies shall equal six and three-tenths cents per one hundred  
18 dollars of adjusted valuation for such local system as certified by the  
19 Property Tax Administrator for the school fiscal year for which aid is  
20 being calculated.

21 Sec. 39. Section 79-1023, Revised Statutes Cumulative Supplement,  
22 2016, is amended to read:

23 79-1023 (1) On or before April 10, 2014, and on or before March 1 of  
24 each year thereafter, the department shall determine and certify to each  
25 school district budget authority for the general fund budget of  
26 expenditures for the ensuing school fiscal year.

27 (2) Except as provided in this section or sections 79-1028.01,  
28 79-1029, 79-1030, and 81-829.51, each school district shall have budget  
29 authority for the general fund budget of expenditures equal to the  
30 greater of (a) the general fund budget of expenditures for the  
31 immediately preceding school fiscal year minus exclusions pursuant to

1 subsection (1) of section 79-1028.01 for such school fiscal year with the  
2 difference increased by the basic allowable growth rate for the school  
3 fiscal year for which budget authority is being calculated, (b) the  
4 general fund budget of expenditures for the immediately preceding school  
5 fiscal year minus exclusions pursuant to subsection (1) of section  
6 79-1028.01 for such school fiscal year with the difference increased by  
7 an amount equal to any student growth adjustment calculated for the  
8 school fiscal year for which budget authority is being calculated, or (c)  
9 one hundred ten percent of formula need for the school fiscal year for  
10 which budget authority is being calculated minus the special education  
11 budget of expenditures as filed on the school district budget statement  
12 on or before September 20 for the immediately preceding school fiscal  
13 year, which special education budget of expenditures is increased by the  
14 basic allowable growth rate for the school fiscal year for which budget  
15 authority is being calculated.

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

22 (4) For school districts receiving school district property tax  
23 relief aid pursuant to section 29 of this act for any school fiscal year,  
24 the budget authority for the general fund budget of expenditures pursuant  
25 to subsection (2) of this section shall be reduced for such school fiscal  
26 year by twenty-five percent of the property tax gap calculated pursuant  
27 to section 29 of this act for such school district unless an override of  
28 all or part of such reduction is approved by the school board of such  
29 school district by a two-thirds majority vote of the members of such  
30 school board at least thirty days prior to approving the annual budget of  
31 the school district. Prior to such vote, a school board shall hold a

1 public hearing on the override after identifying for what purpose the  
2 funds from the override would be used. Any reduction in budget authority  
3 pursuant to this subsection shall only be in effect for the applicable  
4 school fiscal year and shall not reduce the budget authority for such  
5 school fiscal year for purposes of calculating budget authority for  
6 subsequent school fiscal years.

7       Sec. 40. For any school fiscal year when a temporary reduction in  
8 aid is in place for the calculation of aid pursuant to the Tax Equity and  
9 Educational Opportunities Support Act, the department shall calculate the  
10 temporary reduction in aid for each school district for such school  
11 fiscal year and shall certify such amount to such school district, the  
12 Property Tax Administrator, the Director of Administrative Services, and  
13 the Auditor of Public Accounts. A temporary reduction in aid means, as  
14 determined by the department, the amount by which aid is reduced for a  
15 school district due to any statutory provision that reduces the total  
16 amount of state aid statewide calculated pursuant to the Tax Equity and  
17 Educational Opportunities Support Act and that is valid for a specified  
18 period of time after which the statutory provision effectively reverts to  
19 the provision as it existed prior to such specified period of time. In  
20 calculating the temporary reduction in aid, the department shall not  
21 include any reduction resulting from a change in a statutory provision  
22 that does not specifically revert to the effect of the previous statutory  
23 provision at the end of a specified period of time.

24       2. Renumber the remaining sections and correct internal references  
25 accordingly.

26       3. Correct the operative date and repealer sections so that the  
27 sections added by this amendment become operative on their effective  
28 date.