

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIFTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 409**

FINAL READING

Introduced by Groene, 42; Erdman, 47; Linehan, 39.

Read first time January 13, 2017

Committee: Education

1 A BILL FOR AN ACT relating to school finance; to amend section  
2 79-1015.01, Reissue Revised Statutes of Nebraska, and sections  
3 77-3446, 79-1009, and 79-10,145, Revised Statutes Cumulative  
4 Supplement, 2016; to change provisions relating to the Tax Equity  
5 and Educational Opportunities Support Act; to change the base  
6 limitation; to change net option funding; to change the local effort  
7 rate; to eliminate obsolete provisions; to change the learning  
8 community transition aid calculation; to repeal the original  
9 sections; and to declare an emergency.  
10 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-3446, Revised Statutes Cumulative Supplement,  
2 2016, is amended to read:

3 77-3446 Base limitation means the budget limitation rate applicable  
4 to school districts and the limitation on growth of restricted funds  
5 applicable to other political subdivisions prior to any increases in the  
6 rate as a result of special actions taken by a supermajority of any  
7 governing board or of any exception allowed by law. The base limitation  
8 is two and one-half percent until adjusted, except that the base  
9 limitation for school districts for school fiscal years 2017-18 and  
10 2018-19 ~~year 2012-13 is one-half of one percent and the base limitation~~  
11 ~~for school districts for school fiscal year 2013-14~~ is one and one-half  
12 percent. The base limitation may be adjusted annually by the Legislature  
13 to reflect changes in the prices of services and products used by school  
14 districts and political subdivisions.

15 Sec. 2. Section 79-1009, Revised Statutes Cumulative Supplement,  
16 2016, is amended to read:

17 79-1009 (1)(a) A district shall receive net option funding if (i)  
18 option students as defined in section 79-233 were actually enrolled in  
19 the school year immediately preceding the school year in which the aid is  
20 to be paid, (ii) option students as defined in such section will be  
21 enrolled in the school year in which the aid is to be paid as converted  
22 contract option students, or (iii) for the calculation of aid for school  
23 fiscal year 2017-18 for school districts that are members of a learning  
24 community, open enrollment students were actually enrolled for school  
25 year 2016-17 pursuant to section 79-2110.

26 (b) The determination of the net number of option students shall be  
27 based on (i) the number of students enrolled in the district as option  
28 students and the number of students residing in the district but enrolled  
29 in another district as option students as of the day of the fall  
30 membership count pursuant to section 79-528, for the school fiscal year  
31 immediately preceding the school fiscal year in which aid is to be paid,

1 (ii) the number of option students that will be enrolled in the district  
2 or enrolled in another district as converted contract option students for  
3 the fiscal year in which the aid is to be paid, and (iii) for the  
4 calculation of aid for school fiscal year 2017-18 for school districts  
5 that are members of a learning community, the number of students enrolled  
6 in the district as open enrollment students and the number of students  
7 residing in the district but enrolled in another district as open  
8 enrollment students as of the day of the fall membership count pursuant  
9 to section 79-528 for school fiscal year 2016-17.

10 (c) Except as otherwise provided in this subsection, net number of  
11 option students means the difference of the number of option students  
12 enrolled in the district minus the number of students residing in the  
13 district but enrolled in another district as option students. For  
14 purposes of the calculation of aid for school fiscal year 2017-18 for  
15 school districts that are members of a learning community, net number of  
16 option students means the difference of the number of students residing  
17 in another school district who are option students or open enrollment  
18 students enrolled in the district minus the number of students residing  
19 in the district but enrolled in another district as option students or  
20 open enrollment students.

21 (2)(a) For all school fiscal years except school fiscal years  
22 2017-18 and 2018-19 ~~(2) For purposes of this section,~~ net option funding  
23 shall be ~~the sum of~~ the product of the net number of option students  
24 multiplied by the statewide average basic funding per formula student.

25 (b) For school fiscal years 2017-18 and 2018-19, net option funding  
26 shall be the product of the net number of option students multiplied by  
27 ninety-five and five-tenths percent of the statewide average basic  
28 funding per formula student.

29 (3) A district's net option funding shall be zero if the calculation  
30 produces a negative result.

31 Payments made under this section for school fiscal years prior to

1 school fiscal year 2017-18 shall be made from the funds to be disbursed  
2 under section 79-1005.01.

3 Such payments shall go directly to the option school district but  
4 shall count as a formula resource for the local system.

5 Sec. 3. Section 79-1015.01, Reissue Revised Statutes of Nebraska, is  
6 amended to read:

7 79-1015.01 (1) Local system formula resources shall include local  
8 effort rate yield which shall be computed as prescribed in this section.

9 (2) For each school fiscal year except school fiscal years 2017-18  
10 and 2018-19 ~~2011-12 through 2013-14~~: (a) For state aid certified pursuant  
11 to section 79-1022, the local effort rate shall be the maximum levy, for  
12 the school fiscal year for which aid is being certified, authorized  
13 pursuant to subdivision (2)(a) of section 77-3442 less five cents; (b)  
14 for the final calculation of state aid pursuant to section 79-1065, the  
15 local effort rate shall be the rate which, when multiplied by the total  
16 adjusted valuation of all taxable property in local systems receiving  
17 equalization aid pursuant to the Tax Equity and Educational Opportunities  
18 Support Act, will produce the amount needed to support the total formula  
19 need of such local systems when added to state aid appropriated by the  
20 Legislature and other actual receipts of local systems described in  
21 section 79-1018.01; and (c) the local effort rate yield for such school  
22 fiscal years shall be determined by multiplying each local system's total  
23 adjusted valuation by the local effort rate.

24 ~~(3) For school fiscal years 2011-12 and 2012-13: (a) For state aid~~  
25 ~~certified pursuant to section 79-1022, the local effort rate shall be the~~  
26 ~~maximum levy, for the school fiscal year for which aid is being~~  
27 ~~certified, authorized pursuant to subdivision (2)(a) of section 77-3442~~  
28 ~~less one and five-hundredths of one cent; (b) for the final calculation~~  
29 ~~of state aid pursuant to section 79-1065, the local effort rate shall be~~  
30 ~~the rate which, when multiplied by the total adjusted valuation of all~~  
31 ~~taxable property in local systems receiving equalization aid pursuant to~~

1 ~~the Tax Equity and Educational Opportunities Support Act, will produce~~  
2 ~~the amount needed to support the total formula need of such local systems~~  
3 ~~when added to state aid appropriated by the Legislature and other actual~~  
4 ~~receipts of local systems described in section 79-1018.01; and (c) the~~  
5 ~~local effort rate yield for such school fiscal years shall be determined~~  
6 ~~by multiplying each local system's total adjusted valuation by the local~~  
7 ~~effort rate.~~

8       ~~(3) (4) For school fiscal years 2017-18 and 2018-19 year 2013-14:~~  
9       (a) For state aid certified pursuant to section 79-1022, the local effort  
10 rate shall be the maximum levy, for the school fiscal year for which aid  
11 is being certified, authorized pursuant to subdivision (2)(a) of section  
12 77-3442 less two and ninety-seven hundredths cents; (b) for the final  
13 calculation of state aid pursuant to section 79-1065, the local effort  
14 rate shall be the rate which, when multiplied by the total adjusted  
15 valuation of all taxable property in local systems receiving equalization  
16 aid pursuant to the Tax Equity and Educational Opportunities Support Act,  
17 will produce the amount needed to support the total formula need of such  
18 local systems when added to state aid appropriated by the Legislature and  
19 other actual receipts of local systems described in section 79-1018.01;  
20 and (c) the local effort rate yield for such school fiscal years shall be  
21 determined by multiplying each local system's total adjusted valuation by  
22 the local effort rate.

23       Sec. 4. Section 79-10,145, Revised Statutes Cumulative Supplement,  
24 2016, is amended to read:

25       79-10,145 (1) For school fiscal year 2017-18, the department shall,  
26 based on data for school fiscal year 2016-17, calculate the amount of  
27 learning community transition aid, if any, to be paid from the Nebraska  
28 Education Improvement Fund to each school district that is a member of a  
29 learning community which levied a common levy for member school districts  
30 prior to school fiscal year 2017-18. Learning community transition aid  
31 for each such district shall be calculated by:

1 (a) Recalculating the 2016-17 state aid for each member school  
2 district as if the district were not a member of the learning community  
3 using the same data that was used in the certification pursuant to  
4 section 79-1022 to determine the calculated 2016-17 individual state aid  
5 for each member school district;

6 (b) Multiplying the aggregate taxable valuation for all member  
7 school districts for the 2016 tax year by the ratio of ninety-five cents  
8 per one hundred dollars of taxable valuation and multiplying the result  
9 by ninety-nine percent to determine the calculated 2016-17 common levy  
10 receipts;

11 (c) Dividing the calculated 2016-17 common levy receipts among  
12 member school districts proportionally based on the difference of the  
13 formula need calculated pursuant to section 79-1007.11 minus the sum of  
14 the state aid certified pursuant to section 79-1022 and the other actual  
15 receipts included in local system formula resources pursuant to section  
16 79-1018.01 for the 2016-17 school fiscal year to determine the district  
17 share of the calculated 2016-17 common levy receipts for each member  
18 district;

19 (d) Adding the district share of the calculated 2016-17 common levy  
20 receipts to the state aid certified pursuant to section 79-1022 for the  
21 2016-17 school fiscal year to determine the calculated 2016-17 common  
22 levy resources total for each member school district;

23 (e) Multiplying the taxable valuation for each member school  
24 district for the 2016 tax year by the ratio of ninety-five cents per one  
25 hundred dollars of taxable valuation and multiplying the result by  
26 ninety-nine percent to determine the calculated 2016-17 individual levy  
27 receipts for each member school district;

28 (f) Adding the calculated 2016-17 individual levy receipts to the  
29 calculated 2016-17 individual state aid to determine the calculated  
30 2016-17 individual district resources total for each member school  
31 district; and

1 (g) Multiplying the difference of between the calculated 2016-17  
2 common levy resources total minus both the calculated 2016-17 individual  
3 district resources total and the community achievement plan aid  
4 calculated for school fiscal year 2017-18 pursuant to section 79-1005 for  
5 each member school district by fifty percent to equal the 2017-18  
6 learning community transition aid for each member school district for  
7 which the calculated common levy resources total is greater than such sum  
8 of the calculated individual district resources total plus the community  
9 achievement plan aid.

10 (2) For school fiscal year 2018-19, the department shall, based on  
11 data for school fiscal year 2017-18, calculate the amount of learning  
12 community transition aid, if any, to be paid from the Nebraska Education  
13 Improvement Fund to each school district that is a member of a learning  
14 community which levied a common levy for member school districts prior to  
15 school fiscal year 2017-18. Learning community transition aid for each  
16 such district shall be calculated by:

17 (a) Recalculating the 2017-18 state aid for each member school  
18 district as if the district continued to be subject to a learning  
19 community general fund common levy and without any poverty allowance  
20 adjustment pursuant to section 79-1007.06 or community achievement aid  
21 pursuant to section 79-1005 using the same data that was used in the  
22 certification pursuant to section 79-1022 to determine the calculated  
23 2017-18 common levy formula need and calculated 2017-18 common levy state  
24 aid for each member school district;

25 (b) Multiplying the aggregate taxable valuation for all member  
26 school districts for the 2017 tax year by the ratio of ninety-five cents  
27 per one hundred dollars of taxable valuation and multiplying the result  
28 by ninety-nine percent to determine the calculated 2017-18 common levy  
29 receipts;

30 (c) Dividing the calculated 2017-18 common levy receipts among  
31 member school districts proportionally based on the difference of the

1 calculated common levy formula need minus the sum of the calculated  
2 2017-18 common levy state aid and the other actual receipts included in  
3 local system formula resources pursuant to section 79-1018.01 for the  
4 2017-18 school fiscal year to determine the district share of the  
5 calculated 2017-18 common levy receipts for each member district;

6 (d) Adding the district share of the calculated 2017-18 common levy  
7 receipts to the calculated 2017-18 common levy state aid to determine the  
8 calculated 2017-18 common levy resources total for each member school  
9 district;

10 (e) Multiplying the taxable valuation for each member school  
11 district for the 2017 tax year by the ratio of ninety-five cents per one  
12 hundred dollars of taxable valuation and multiplying the result by  
13 ninety-nine percent to determine the calculated 2017-18 individual levy  
14 receipts for each member school district;

15 (f) Adding the calculated 2017-18 individual levy receipts to the  
16 state aid certified pursuant to section 79-1022 for school fiscal year  
17 2017-18 to determine the calculated 2017-18 individual district resources  
18 total for each member school district; and

19 (g) Multiplying the difference between the calculated 2017-18 common  
20 levy resources total minus the calculated 2017-18 individual district  
21 resources total for each member school district by twenty-five percent to  
22 equal the 2018-19 learning community transition aid for each member  
23 school district for which the calculated common levy resources total is  
24 greater than the calculated individual district resources total.

25 (3) Learning community transition aid shall not be considered in the  
26 calculation of formula resources pursuant to section 79-1017.01.

27 Sec. 5. Original section 79-1015.01, Reissue Revised Statutes of  
28 Nebraska, and sections 77-3446, 79-1009, and 79-10,145, Revised Statutes  
29 Cumulative Supplement, 2016, are repealed.

30 Sec. 6. Since an emergency exists, this act takes effect when  
31 passed and approved according to law.