

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SIXTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1073**

Introduced by DeBoer, 10.

Read first time January 21, 2020

Committee: Education

1 A BILL FOR AN ACT relating to school finance; to amend sections 79-1001,  
2 79-1007.11, 79-1015.01, and 79-1016, Revised Statutes Cumulative  
3 Supplement, 2018, and sections 79-1017.01, 79-1022, 79-1022.02,  
4 79-1023, 79-1027, and 79-1031.01, Revised Statutes Supplement, 2019;  
5 to create the School Financing Review Commission; to provide powers  
6 and duties; to change provisions relating to the Tax Equity and  
7 Educational Opportunities Support Act; to add a new type of aid; to  
8 change adjusted valuation for school district and educational  
9 service unit aid; to change the local effort rate; to change the  
10 determination and certification dates relating to the distribution  
11 of aid, certification of certain budget limitations as prescribed,  
12 and duties of the Appropriations Committee of the Legislature; to  
13 eliminate obsolete provisions; to harmonize provisions; to repeal  
14 the original sections; and to declare an emergency.  
15 Be it enacted by the people of the State of Nebraska,

1           Section 1. (1) The School Financing Review Commission is created.  
2 The commission shall consist of sixteen members, including:  
3           (a) The Commissioner of Education or his or her designee;  
4           (b) One representative of the Governor appointed by the Governor;  
5           (c) One representative of postsecondary education with expertise in  
6 school finance;  
7           (d) One member of the Educational Service Unit Coordinating Council;  
8           (e) One school board member and one school administrator each  
9 representing a school district with not more than one thousand two  
10 hundred students;  
11           (f) One school board member and one school administrator each  
12 representing a school district with more than one thousand two hundred  
13 students but not more than ten thousand students;  
14           (g) One school board member and one school administrator each  
15 representing a school district with more than ten thousand students;  
16           (h) Six members from the state at large, two from each congressional  
17 district, who reside in school districts of varied sizes and with varying  
18 percentages of limited English proficiency students and poverty students.  
19 At least one of the members appointed pursuant to this subdivision shall  
20 have experience teaching in a public school as a certificated teacher, at  
21 least one shall have experience in business, and at least one shall have  
22 experience in an agriculture-related business.  
23           (2) The members described in subdivisions (1)(c) through (h) of this  
24 section shall be appointed by the Governor to serve through December 31,  
25 2028. To the extent possible, the membership of the commission shall be  
26 diverse in terms of race, gender, and other demographic factors.  
27 Vacancies shall be filled by the Governor for the remainder of the term.  
28 The Commissioner of Education or his or her designee shall be the  
29 chairperson of the commission, and the commission shall elect a vice-  
30 chairperson from among its members. Members of the commission shall not  
31 receive any compensation for their services but shall be reimbursed for

1 actual and necessary expenses incurred as a member of the commission as  
2 provided in sections 81-1174 to 81-1177.

3 (3) The staff of the State Department of Education may assist as  
4 needed and requested by the chairperson of the commission in accordance  
5 with guidelines developed by the commission. The commission may also  
6 obtain assistance from the State Department of Education and the  
7 Department of Revenue in acquiring the data needed to carry out its  
8 duties.

9 (4) For administrative purposes, the commission shall be housed  
10 within the State Department of Education.

11 Sec. 2. (1) The School Financing Review Commission shall conduct an  
12 in-depth review of the financing of the public elementary and secondary  
13 schools. As a part of such in-depth review, the commission shall:

14 (a) Examine methods of financing public elementary and secondary  
15 schools, including methods used in other states, which would provide  
16 equitable educational opportunities across the state and offer  
17 alternatives to heavy reliance on property tax;

18 (b) Examine the option of using a measure of income as a component  
19 in the financing of public elementary and secondary schools;

20 (c) Examine the option of using sales tax as a component in the  
21 financing of public elementary and secondary schools, including, but not  
22 limited to, an examination of the experience of any other states with  
23 such option;

24 (d) Examine financing issues as they relate to the quality and  
25 performance of public elementary and secondary schools;

26 (e) Examine options for funding expanded public prekindergarten  
27 services;

28 (f) Examine options for funding college-readiness and career  
29 readiness programs, including, but not limited to, programs of  
30 excellence, dual-enrollment courses, and career academies;

31 (g) Examine the costs and resources necessary to meet the diverse

1 and growing needs of students across the state, including, but not  
2 limited to, the needs of poverty students and limited English proficiency  
3 students;

4 (h) Examine methods used by other states to fund public elementary  
5 and secondary school infrastructure needs;

6 (i) Examine other issues related to public elementary and secondary  
7 school finance as necessary and as determined by the chairperson;

8 (j) Prepare a report on the progress of the work of the commission  
9 and submit it electronically to the Legislature on or before December 31,  
10 2020; and

11 (k) Prepare a preliminary report and present it to the Legislative  
12 Council in November 2021. A final report with recommendations on  
13 maintaining adequate and equitable funding for public schools in light of  
14 information gathered through the review shall be presented to the  
15 Governor, the State Board of Education, and electronically to the  
16 Legislature by December 1, 2021.

17 (2) On and after December 1, 2021, to assure that every Nebraskan is  
18 educated for success, the School Financing Review Commission shall:

19 (a) Review the mission of providing Nebraskans the opportunity to  
20 acquire the necessary skills and knowledge to be productive individuals;

21 (b) Review, make recommendations on, and report on the progress of  
22 any goals established by the Legislature and the State Department of  
23 Education related to such mission. The committee may solicit comments,  
24 concerns, and case studies from all sizes of schools in Nebraska and  
25 develop best practices for implementing and achieving such goals; and

26 (c) Review the implementation of the Tax Equity and Educational  
27 Opportunities Support Act and the implementation of any recommendations  
28 contained in reports issued under subsection (1) of this section.

29 (3) On or before July 1 of each even-numbered year beginning in 2022  
30 and ending in 2028, the School Financing Review Commission shall report  
31 to the Governor, to the State Board of Education, and electronically to

1 the Legislature on the adequacy of school funding sources.

2       Sec. 3. Section 79-1001, Revised Statutes Cumulative Supplement,  
3 2018, is amended to read:

4       79-1001 Sections 79-1001 to 79-1033 and section 4 of this act shall  
5 be known and may be cited as the Tax Equity and Educational Opportunities  
6 Support Act.

7       Sec. 4. (1) For school fiscal year 2020-21 and each school fiscal  
8 year thereafter, the department shall determine the basic funding aid to  
9 be paid to each school district.

10       (2) Basic funding aid for each school district for each such school  
11 fiscal year shall equal seven and one-half percent of the basic funding  
12 calculated pursuant to section 79-1007.16 for such school district.

13       (3) For school fiscal years 2020-21 and 2021-22, a basic funding aid  
14 adjustment equal to the basic funding aid shall be included in the  
15 calculation of formula need pursuant to section 79-1007.11 for each  
16 school district.

17       (4) For each school fiscal year for which basic funding aid is  
18 calculated pursuant to this section, a basic funding aid allowance equal  
19 to the basic funding aid shall be included in the calculation of formula  
20 need pursuant to section 79-1007.11.

21       (5) For each school fiscal year for which basic funding aid is  
22 calculated pursuant to this section, basic funding aid shall be included  
23 as a formula resource pursuant to section 79-1017.01 for each school  
24 district.

25       (6) It is the intent of the Legislature that if any actions are  
26 taken to decrease the amount of state aid to be certified pursuant to  
27 section 79-1022, basic funding aid pursuant to this section shall be  
28 reduced prior to any action that would reduce the amount of equalization  
29 aid to be paid.

30       Sec. 5. Section 79-1007.11, Revised Statutes Cumulative Supplement,  
31 2018, is amended to read:

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

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

26           (1) ~~(3)~~ Except as otherwise provided in this section, for school  
27 fiscal years 2017-18 and 2018-19, each school district's formula need  
28 shall equal the difference of the sum of the school district's basic  
29 funding, poverty allowance, poverty allowance adjustment, limited English  
30 proficiency allowance, focus school and program allowance, summer school  
31 allowance, special receipts allowance, transportation allowance,

1 elementary site allowance, distance education and telecommunications  
2 allowance, averaging adjustment, new community achievement plan  
3 adjustment, student growth adjustment, any positive student growth  
4 adjustment correction, and new school adjustment minus the sum of the  
5 limited English proficiency allowance correction, poverty allowance  
6 correction, and any negative student growth adjustment correction.

7 (2) ~~(4)~~ Except as otherwise provided in this section, for school  
8 fiscal year 2019-20 ~~and each school fiscal year thereafter~~, each school  
9 district's formula need shall equal the difference of the sum of the  
10 school district's basic funding, poverty allowance, limited English  
11 proficiency allowance, focus school and program allowance, summer school  
12 allowance, special receipts allowance, transportation allowance,  
13 elementary site allowance, distance education and telecommunications  
14 allowance, community achievement plan allowance, averaging adjustment,  
15 new community achievement plan adjustment, student growth adjustment, any  
16 positive student growth adjustment correction, and new school adjustment  
17 minus the sum of the limited English proficiency allowance correction,  
18 poverty allowance correction, and any negative student growth adjustment  
19 correction.

20 (3) Except as otherwise provided in this section, for school fiscal  
21 years 2020-21 and 2021-22, each school district's formula need shall  
22 equal the difference of the sum of the school district's basic funding,  
23 poverty allowance, limited English proficiency allowance, focus school  
24 and program allowance, summer school allowance, special receipts  
25 allowance, transportation allowance, elementary site allowance, distance  
26 education and telecommunications allowance, community achievement plan  
27 allowance, basic funding aid allowance, basic funding aid adjustment,  
28 averaging adjustment, new community achievement plan adjustment, student  
29 growth adjustment, positive student growth adjustment correction, and new  
30 school adjustment minus the sum of the limited English proficiency  
31 allowance correction, poverty allowance correction, and negative student

1 growth adjustment correction.

2       (4) Except as otherwise provided in this section, for school fiscal  
3 year 2022-23 and each school fiscal year thereafter, each school  
4 district's formula need shall equal the difference of the sum of the  
5 school district's basic funding, poverty allowance, limited English  
6 proficiency allowance, focus school and program allowance, summer school  
7 allowance, special receipts allowance, transportation allowance,  
8 elementary site allowance, distance education and telecommunications  
9 allowance, community achievement plan allowance, basic funding aid  
10 allowance, averaging adjustment, new community achievement plan  
11 adjustment, student growth adjustment, positive student growth adjustment  
12 correction, and new school adjustment minus the sum of the limited  
13 English proficiency allowance correction, poverty allowance correction,  
14 and negative student growth adjustment correction.

15       (5) If the formula need calculated for a school district pursuant to  
16 subsections (1) through (4) of this section is less than one hundred  
17 percent of the formula need for such district for the school fiscal year  
18 immediately preceding the school fiscal year for which aid is being  
19 calculated, the formula need for such district shall equal one hundred  
20 percent of the formula need for such district for the school fiscal year  
21 immediately preceding the school fiscal year for which aid is being  
22 calculated.

23       (6) If the formula need calculated for a school district pursuant to  
24 subsections (1) through (4) of this section is more than one hundred  
25 twelve percent of the formula need for such district for the school  
26 fiscal year immediately preceding the school fiscal year for which aid is  
27 being calculated, the formula need for such district shall equal one  
28 hundred twelve percent of the formula need for such district for the  
29 school fiscal year immediately preceding the school fiscal year for which  
30 aid is being calculated, except that the formula need shall not be  
31 reduced pursuant to this subsection for any district receiving a student

1 growth adjustment for the school fiscal year for which aid is being  
2 calculated.

3 (7) For purposes of subsections (5) and (6) of this section, the  
4 formula need for the school fiscal year immediately preceding the school  
5 fiscal year for which aid is being calculated shall be the formula need  
6 used in the final calculation of aid pursuant to section 79-1065 and for  
7 districts that were affected by a reorganization with an effective date  
8 in the calendar year preceding the calendar year in which aid is  
9 certified for the school fiscal year for which aid is being calculated,  
10 the formula need for the school fiscal year immediately preceding the  
11 school fiscal year for which aid is being calculated shall be attributed  
12 to the affected school districts based on information provided to the  
13 department by the school districts or proportionally based on the  
14 adjusted valuation transferred if sufficient information has not been  
15 provided to the department.

16 Sec. 6. Section 79-1015.01, Revised Statutes Cumulative Supplement,  
17 2018, is amended to read:

18 79-1015.01 (1) Local system formula resources shall include local  
19 effort rate yield which shall be computed as prescribed in this section.

20 (2) For each school fiscal year 2019-20 ~~except school fiscal years~~  
21 ~~2017-18 and 2018-19~~: (a) For state aid certified pursuant to section  
22 79-1022, the local effort rate shall be the maximum levy, for the school  
23 fiscal year for which aid is being certified, authorized pursuant to  
24 subdivision (2)(a) of section 77-3442 less five cents; (b) for the final  
25 calculation of state aid pursuant to section 79-1065, the local effort  
26 rate shall be the rate which, when multiplied by the total adjusted  
27 valuation of all taxable property in local systems receiving equalization  
28 aid pursuant to the Tax Equity and Educational Opportunities Support Act,  
29 will produce the amount needed to support the total formula need of such  
30 local systems when added to state aid appropriated by the Legislature and  
31 other actual receipts of local systems described in section 79-1018.01;

1 and (c) the local effort rate yield for such school fiscal years shall be  
2 determined by multiplying each local system's total adjusted valuation by  
3 the local effort rate.

4 (3) For school fiscal year 2020-21 and each school fiscal year  
5 thereafter: (a) For state aid certified pursuant to section 79-1022, the  
6 local effort rate shall be the maximum levy, for the school fiscal year  
7 for which aid is being certified, authorized pursuant to subdivision (2)  
8 (a) of section 77-3442 less six cents; (b) for the final calculation of  
9 state aid pursuant to section 79-1065, the local effort rate shall be the  
10 rate which, when multiplied by the total adjusted valuation of all  
11 taxable property in local systems receiving equalization aid pursuant to  
12 the Tax Equity and Educational Opportunities Support Act, will produce  
13 the amount needed to support the total formula need of such local systems  
14 when added to state aid appropriated by the Legislature and other actual  
15 receipts of local systems described in section 79-1018.01; and (c) the  
16 local effort rate yield for such school fiscal years shall be determined  
17 by multiplying each local system's total adjusted valuation by the local  
18 effort rate.

19 ~~(3) For school fiscal years 2017-18 and 2018-19: (a) For state aid~~  
20 ~~certified pursuant to section 79-1022, the local effort rate shall be the~~  
21 ~~maximum levy, for the school fiscal year for which aid is being~~  
22 ~~certified, authorized pursuant to subdivision (2)(a) of section 77-3442~~  
23 ~~less two and ninety-seven hundredths cents; (b) for the final calculation~~  
24 ~~of state aid pursuant to section 79-1065, the local effort rate shall be~~  
25 ~~the rate which, when multiplied by the total adjusted valuation of all~~  
26 ~~taxable property in local systems receiving equalization aid pursuant to~~  
27 ~~the Tax Equity and Educational Opportunities Support Act, will produce~~  
28 ~~the amount needed to support the total formula need of such local systems~~  
29 ~~when added to state aid appropriated by the Legislature and other actual~~  
30 ~~receipts of local systems described in section 79-1018.01; and (c) the~~  
31 ~~local effort rate yield for such school fiscal years shall be determined~~

1 ~~by multiplying each local system's total adjusted valuation by the local~~  
2 ~~effort rate.~~

3       Sec. 7. Section 79-1016, Revised Statutes Cumulative Supplement,  
4 2018, is amended to read:

5       79-1016 (1) On or before August 20, the county assessor shall  
6 certify to the Property Tax Administrator the total taxable value by  
7 school district in the county for the current assessment year on forms  
8 prescribed by the Tax Commissioner. The county assessor may amend the  
9 filing for changes made to the taxable valuation of the school district  
10 in the county if corrections or errors on the original certification are  
11 discovered. Amendments shall be certified to the Property Tax  
12 Administrator on or before August 31.

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

1 purposes.

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

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

5 (b) For agricultural and horticultural land, (i) for school fiscal  
6 years prior to school fiscal year 2020-21, seventy-two percent of actual  
7 value as provided in sections 77-1359 to 77-1363 and (ii) for school  
8 fiscal year 2020-21 and each school fiscal year thereafter, fifty-two  
9 percent of actual value as provided in sections 77-1359 to 77-1363; -

10 (c) For agricultural and horticultural land that receives special  
11 valuation pursuant to section 77-1344, (i) for school fiscal years prior  
12 to school fiscal year 2020-21, seventy-two percent of special valuation  
13 as defined in section 77-1343 and (ii) for school fiscal year 2020-21 and  
14 each school fiscal year thereafter, fifty-two percent of special  
15 valuation as defined in section 77-1343; and

16 (d) ~~(e)~~ For personal property, the net book value as defined in  
17 section 77-120.

18 (4) On or before November 10, any local system may file with the Tax  
19 Commissioner written objections to the adjusted valuations prepared by  
20 the Property Tax Administrator, stating the reasons why such adjusted  
21 valuations are not the valuations required by subsection (3) of this  
22 section. The Tax Commissioner shall fix a time for a hearing. Either  
23 party shall be permitted to introduce any evidence in reference thereto.  
24 On or before January 1, the Tax Commissioner shall enter a written order  
25 modifying or declining to modify, in whole or in part, the adjusted  
26 valuations and shall certify the order to the State Department of  
27 Education. Modification by the Tax Commissioner shall be based upon the  
28 evidence introduced at hearing and shall not be limited to the  
29 modification requested in the written objections or at hearing. A copy of  
30 the written order shall be mailed to the local system within seven days  
31 after the date of the order. The written order of the Tax Commissioner

1 may be appealed within thirty days after the date of the order to the Tax  
2 Equalization and Review Commission in accordance with section 77-5013.

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

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

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

30 (8) A school district whose state aid is to be calculated pursuant  
31 to subsection (5) of this section and whose state aid payment is

1 postponed as a result of failure to calculate state aid pursuant to such  
2 subsection may apply to the state board for lump-sum payment of such  
3 postponed state aid. Such application may be for any amount up to one  
4 hundred percent of the postponed state aid. The state board may grant the  
5 entire amount applied for or any portion of such amount. The state board  
6 shall notify the Director of Administrative Services of the amount of  
7 funds to be paid in a lump sum and the reduced amount of the monthly  
8 payments. The Director of Administrative Services shall, at the time of  
9 the next state aid payment made pursuant to section 79-1022, draw a  
10 warrant for the lump-sum amount from appropriated funds and forward such  
11 warrant to the district.

12 Sec. 8. Section 79-1017.01, Revised Statutes Supplement, 2019, is  
13 amended to read:

14 79-1017.01 For state aid calculated for each school fiscal year,  
15 local system formula resources includes other actual receipts determined  
16 pursuant to section 79-1018.01, net option funding determined pursuant to  
17 section 79-1009, allocated income tax funds determined pursuant to  
18 section 79-1005.01, ~~and~~ community achievement plan aid determined  
19 pursuant to section 79-1005, and, for school fiscal year 2020-21 and each  
20 school fiscal year thereafter, basic funding aid determined pursuant to  
21 section 4 of this act, and is reduced by amounts paid by the district in  
22 the most recently available complete data year as property tax refunds  
23 pursuant to or in the manner prescribed by section 77-1736.06.

24 Sec. 9. Section 79-1022, Revised Statutes Supplement, 2019, is  
25 amended to read:

26 79-1022 (1) On or before May 1, 2020 ~~June 10, 2019~~, and on or before  
27 March 1 of each year thereafter, the department shall determine the  
28 amounts to be distributed to each local system for the ensuing school  
29 fiscal year pursuant to the Tax Equity and Educational Opportunities  
30 Support Act and shall certify the amounts to the Director of  
31 Administrative Services, the Auditor of Public Accounts, and each local

1 system. On or before May 1, 2020 ~~June 10, 2019~~, and on or before March 1  
2 of each year thereafter, the department shall report the necessary  
3 funding level for the ensuing school fiscal year to the Governor, the  
4 Appropriations Committee of the Legislature, and the Education Committee  
5 of the Legislature. The report submitted to the committees of the  
6 Legislature shall be submitted electronically. Except as otherwise  
7 provided in this subsection, certified state aid amounts, including  
8 adjustments pursuant to section 79-1065.02, shall be shown as budgeted  
9 non-property-tax receipts and deducted prior to calculating the property  
10 tax request in the local system's general fund budget statement as  
11 provided to the Auditor of Public Accounts pursuant to section 79-1024.

12 (2) Except as provided in this subsection, subsection (8) of section  
13 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts  
14 certified pursuant to subsection (1) of this section shall be distributed  
15 in ten as nearly as possible equal payments on the last business day of  
16 each month beginning in September of each ensuing school fiscal year and  
17 ending in June of the following year, except that when a local system is  
18 to receive a monthly payment of less than one thousand dollars, such  
19 payment shall be one lump-sum payment on the last business day of  
20 December during the ensuing school fiscal year.

21 Sec. 10. Section 79-1022.02, Revised Statutes Supplement, 2019, is  
22 amended to read:

23 79-1022.02 Notwithstanding any other provision of law, any  
24 certification of state aid pursuant to section 79-1022, certification of  
25 budget authority pursuant to section 79-1023, and certification of  
26 applicable allowable reserve percentages pursuant to section 79-1027  
27 completed prior to the effective date of this act ~~March 1, 2019~~, for  
28 school fiscal year 2020-21 ~~are 2019-20~~ is null and void.

29 Sec. 11. Section 79-1023, Revised Statutes Supplement, 2019, is  
30 amended to read:

31 79-1023 (1) On or before May 1, 2020 ~~June 10, 2019~~, and on or before

1 March 1 of each year thereafter, the department shall determine and  
2 certify to each school district budget authority for the general fund  
3 budget of expenditures for the ensuing school fiscal year.

4 (2) Except as provided in sections 79-1028.01, 79-1029, 79-1030, and  
5 81-829.51, each school district shall have budget authority for the  
6 general fund budget of expenditures equal to the greater of (a) the  
7 general fund budget of expenditures for the immediately preceding school  
8 fiscal year minus exclusions pursuant to subsection (1) of section  
9 79-1028.01 for such school fiscal year with the difference increased by  
10 the basic allowable growth rate for the school fiscal year for which  
11 budget authority is being calculated, (b) the general fund budget of  
12 expenditures for the immediately preceding school fiscal year minus  
13 exclusions pursuant to subsection (1) of section 79-1028.01 for such  
14 school fiscal year with the difference increased by an amount equal to  
15 any student growth adjustment calculated for the school fiscal year for  
16 which budget authority is being calculated, or (c) one hundred ten  
17 percent of formula need for the school fiscal year for which budget  
18 authority is being calculated minus the special education budget of  
19 expenditures as filed on the school district budget statement on or  
20 before September 20 for the immediately preceding school fiscal year,  
21 which special education budget of expenditures is increased by the basic  
22 allowable growth rate for the school fiscal year for which budget  
23 authority is being calculated.

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

30 Sec. 12. Section 79-1027, Revised Statutes Supplement, 2019, is  
31 amended to read:

1           79-1027 No district shall adopt a budget, which includes total  
2 requirements of depreciation funds, necessary employee benefit fund cash  
3 reserves, and necessary general fund cash reserves, exceeding the  
4 applicable allowable reserve percentages of total general fund budget of  
5 expenditures as specified in the schedule set forth in this section.

6	Average daily	Allowable
7	membership of	reserve
8	district	percentage
9	0 - 471	45
10	471.01 - 3,044	35
11	3,044.01 - 10,000	25
12	10,000.01 and over	20

13           On or before May 1, 2020 ~~June 10, 2019~~, and on or before March 1  
14 each year thereafter, the department shall determine and certify each  
15 district's applicable allowable reserve percentage for the ensuing school  
16 fiscal year.

17           Each district with combined necessary general fund cash reserves,  
18 total requirements of depreciation funds, and necessary employee benefit  
19 fund cash reserves less than the applicable allowable reserve percentage  
20 specified in this section may, notwithstanding the district's applicable  
21 allowable growth rate, increase its necessary general fund cash reserves  
22 such that the total necessary general fund cash reserves, total  
23 requirements of depreciation funds, and necessary employee benefit fund  
24 cash reserves do not exceed such applicable allowable reserve percentage.

25           Sec. 13. Section 79-1031.01, Revised Statutes Supplement, 2019, is  
26 amended to read:

27           79-1031.01 The Appropriations Committee of the Legislature shall  
28 annually include the amount necessary to fund the state aid that will be  
29 certified to school districts on or before May 1, 2020 ~~June 10, 2019~~, and  
30 on or before March 1 of each year thereafter for each ensuing school  
31 fiscal year in its recommendations to the Legislature to carry out the

1 requirements of the Tax Equity and Educational Opportunities Support Act.

2       Sec. 14. Original sections 79-1001, 79-1007.11, 79-1015.01, and  
3 79-1016, Revised Statutes Cumulative Supplement, 2018, and sections  
4 79-1017.01, 79-1022, 79-1022.02, 79-1023, 79-1027, and 79-1031.01,  
5 Revised Statutes Supplement, 2019, are repealed.

6       Sec. 15. Since an emergency exists, this act takes effect when  
7 passed and approved according to law.