LEGISLATURE OF NEBRASKA
ONE HUNDRED SIXTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 974

Introduced by Revenue Committee: Linehan, 39, Chairperson; Briese, 41; Friesen, 34; Groene, 42; Kolterman, 24; Lindstrom, 18.

Read first time January 13, 2020

Committee: Revenue

1 A BILL FOR AN ACT relating to school funding; to amend sections 77-201, 77-1391, 77-5023, 79-1025, and 79-1082, Reissue Revised Statutes of Nebraska, sections 79-1001, 79-1007.11, 79-1007.18, 79-1009, 79-1015.01, 79-1016, 79-1030, 79-1098, 79-10,100, 79-10,101, 79-10,120, and 79-10,126, Revised Statutes Cumulative Supplement, 2018, and sections 77-3442, 77-3446, 79-1003, 79-1005.01, 79-1017.01, 79-1022, 79-1022.02, 79-1023, 79-1027, and 79-1031.01, Revised Statutes Supplement, 2019; to change the valuation of property for taxes levied by school districts and multiple-district school systems; to change provisions relating to levy limitations, the base limitation, and acceptable ranges for property valuation; to change the Tax Equity and Educational Opportunities Support Act; to change provisions relating to certain school taxes and special funds; to provide for transition aid; to harmonize provisions; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,
Section 1. Section 77-201, Reissue Revised Statutes of Nebraska, is amended to read:

77-201 (1) Except as provided in subsections (2) through (4) of this section, all real property in this state, not expressly exempt therefrom, shall be subject to taxation and shall be valued as follows: at its actual value.

(a) For tax years prior to tax year 2020, such real property shall be valued at its actual value;

(b) For tax year 2020, such real property shall be valued at ninety-five percent of its actual value for purposes of taxes levied by school districts and multiple-district school systems and at its actual value for purposes of taxes levied by any other political subdivision;

(c) For tax year 2021, such real property shall be valued at ninety percent of its actual value for purposes of taxes levied by school districts and multiple-district school systems and at its actual value for purposes of taxes levied by any other political subdivision; and

(d) For tax year 2022 and each tax year thereafter, such real property shall be valued at eighty-five percent of its actual value for purposes of taxes levied by school districts and multiple-district school systems and at its actual value for purposes of taxes levied by any other political subdivision.

(2) Agricultural land and horticultural land as defined in section 77-1359 shall constitute a separate and distinct class of property for purposes of property taxation, shall be subject to taxation, unless expressly exempt from taxation, and shall be valued as follows: at seventy-five percent of its actual value.

(a) For tax years prior to tax year 2020, such real property shall be valued at seventy-five percent of its actual value;

(b) For tax year 2020, such real property shall be valued at sixty-five percent of its actual value for purposes of taxes levied by school districts and multiple-district school systems and at seventy-five percent of its actual value for purposes of taxes levied by any other political subdivision;
percent of its actual value for purposes of taxes levied by any other political subdivision; and

(c) For tax year 2021 and each tax year thereafter, such real property shall be valued at fifty-five percent of its actual value for purposes of taxes levied by school districts and multiple-district school systems and at seventy-five percent of its actual value for purposes of taxes levied by any other political subdivision.

(3) Agricultural land and horticultural land actively devoted to agricultural or horticultural purposes which has value for purposes other than agricultural or horticultural uses and which meets the qualifications for special valuation under section 77-1344 shall constitute a separate and distinct class of property for purposes of property taxation, shall be subject to taxation, and shall be valued for taxation as follows: at seventy-five percent of its special value as defined in section 77-1343.

(a) For tax years prior to tax year 2020, such real property shall be valued at seventy-five percent of its special valuation as defined in section 77-1343;

(b) For tax year 2020, such real property shall be valued at sixty-five percent of its special valuation as defined in section 77-1343 for purposes of taxes levied by school districts and multiple-district school systems and at seventy-five percent of its special valuation as defined in section 77-1343 for purposes of taxes levied by any other political subdivision; and

(c) For tax year 2021 and each tax year thereafter, such real property shall be valued at fifty-five percent of its special valuation as defined in section 77-1343 for purposes of taxes levied by school districts and multiple-district school systems and at seventy-five percent of its special valuation as defined in section 77-1343 for purposes of taxes levied by any other political subdivision.

(4) Historically significant real property which meets the
qualifications for historic rehabilitation valuation under sections 77-1385 to 77-1394 shall be valued for taxation as provided in such sections.

(5) Tangible personal property, not including motor vehicles, trailers, and semitrailers registered for operation on the highways of this state, shall constitute a separate and distinct class of property for purposes of property taxation, shall be subject to taxation, unless expressly exempt from taxation, and shall be valued at its net book value. Tangible personal property transferred as a gift or devise or as part of a transaction which is not a purchase shall be subject to taxation based upon the date the property was acquired by the previous owner and at the previous owner's Nebraska adjusted basis. Tangible personal property acquired as replacement property for converted property shall be subject to taxation based upon the date the converted property was acquired and at the Nebraska adjusted basis of the converted property unless insurance proceeds are payable by reason of the conversion. For purposes of this subsection, (a) converted property means tangible personal property which is compulsorily or involuntarily converted as a result of its destruction in whole or in part, theft, seizure, requisition, or condemnation, or the threat or imminence thereof, and no gain or loss is recognized for federal or state income tax purposes by the holder of the property as a result of the conversion and (b) replacement property means tangible personal property acquired within two years after the close of the calendar year in which tangible personal property was converted and which is, except for date of construction or manufacture, substantially the same as the converted property.

Sec. 2. Section 77-1391, Reissue Revised Statutes of Nebraska, is
amended to read:

77-1391 (1) Commencing January 1, 2006, for all real property for which a final certificate of rehabilitation has been issued, the valuation for purposes of assessment shall be no more than the base-year valuation for eight years following issuance of the final certificate of rehabilitation.

(2) For the four years following the expiration of the eight-year period specified in subsection (1) of this section, the valuation for purposes of the assessment shall be as follows:

(a) For the first year, the base-year valuation plus twenty-five percent of the difference in the base-year valuation and the current year assessed actual value;

(b) For the second year, the base-year valuation plus fifty percent of the difference in the base-year valuation and the current year assessed actual value;

(c) For the third year, the base-year valuation plus seventy-five percent of the difference in the base-year valuation and the current year assessed actual value; and

(d) For the fourth year, the current year assessed actual value.

(3) For purposes of sections 77-1385 to 77-1394, base-year valuation means the assessed valuation of the historically significant real property in the assessment year the preliminary certificate of rehabilitation was issued as certified in subdivision (1)(c) of section 77-1388 or as finally determined if appealed.

(4) If, during the eight-year period and the four-year period specified in subsections (1) and (2) of this section, the State Historic Preservation Officer determines that historically significant real property for which a final certificate of rehabilitation has been issued (a) has been the subject of repair, renovation, remodeling, or improvement but not in accordance with the Standards for Rehabilitation as described in 36 C.F.R. 67.7, as such regulation existed on January 1,
2005, (b) is no longer of historical significance to a qualified historic
district, or (c) no longer possesses the qualifications for listing in
the National Register of Historic Places, he or she shall revoke the
final certificate of rehabilitation by written notice to the owner and
transmit a copy of the revocation to the county assessor.

(5) Upon disqualification of any real property receiving base-year
valuation under sections 77-1385 to 77-1394, the county assessor shall
change the value of such property to its assessed actual value in the
assessment year following the revocation of the final certificate of
rehabilitation.

Sec. 3. Section 77-3442, Revised Statutes Supplement, 2019, is
amended to read:

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

(2)(a) Except as provided in subdivisions (2)(b) and (2)(e) of this
section:

(i) For fiscal years prior to fiscal year 2023-24, school districts
and multiple-district school systems may levy a maximum levy of one
dollar and five cents per one hundred dollars of taxable valuation of
property subject to the levy; and

(ii) For school fiscal year 2023-24 and each school fiscal year
thereafter, school districts and multiple-district school systems may
levy a maximum levy equal to six cents per one hundred dollars of taxable
valuation of property subject to the levy plus a levy rate which, when
applied to taxable valuation of property subject to the levy, generates
an amount equal to the local formula contribution for such fiscal year
calculated pursuant to section 79-1015.01.

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

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

(d) Excluded from the limitations in subdivisions (2)(a) and (2)(c)
of this section are (i) amounts levied to pay for current and future sums
agreed to be paid by a school district to certificated employees in
exchange for a voluntary termination of employment occurring prior to
September 1, 2017, (ii) amounts levied by a school district otherwise at
the maximum levy pursuant to subdivision (2)(a) of this section to pay
for current and future qualified voluntary termination incentives for
certificated teachers pursuant to subsection (3) of section 79-8,142 that
are not otherwise included in an exclusion pursuant to subdivision (2)(d)
of this section, (iii) amounts levied by a school district otherwise at
the maximum levy pursuant to subdivision (2)(a) of this section to pay
for seventy-five percent of the current and future sums agreed to be paid
to certificated employees in exchange for a voluntary termination of
employment occurring between September 1, 2017, and August 31, 2018, as a
result of a collective-bargaining agreement in force and effect on
September 1, 2017, that are not otherwise included in an exclusion
pursuant to subdivision (2)(d) of this section, (iv) amounts levied by a
school district otherwise at the maximum levy pursuant to subdivision (2)
(a) of this section to pay for fifty percent of the current and future
splits agreed to be paid to certificated employees in exchange for a voluntary termination of employment occurring between September 1, 2018, and August 31, 2019, as a result of a collective-bargaining agreement in force and effect on September 1, 2017, that are not otherwise included in an exclusion pursuant to subdivision (2)(d) of this section, (v) amounts levied by a school district otherwise at the maximum levy pursuant to subdivision (2)(a) of this section to pay for twenty-five percent of the current and future sums agreed to be paid to certificated employees in exchange for a voluntary termination of employment occurring between September 1, 2019, and August 31, 2020, as a result of a collective-bargaining agreement in force and effect on September 1, 2017, that are not otherwise included in an exclusion pursuant to subdivision (2)(d) of this section, (vi) amounts levied in compliance with sections 79-10,110 and 79-10,110.02, (vii) for fiscal year 2021-22 and each fiscal year thereafter, amounts levied by a school district, with the approval of at least two-thirds of the elected members of the school board of such school district, up to seventy-five percent of any positive difference resulting from subtracting the aid certified pursuant to section 79-1022 for such fiscal year from the January estimate of aid provided pursuant to such section for such fiscal year, and (viii) (vii) amounts levied to pay for special building funds and sinking funds established for projects commenced prior to the effective date of this act April 1, 1996, for construction, expansion, or alteration of school district buildings up to the amount that would be generated by a levy rate equal to the levy rate for such project for the 2019-20 fiscal year. For purposes of this subsection, commenced means any action taken by the school board on the record which commits the board to expend district funds in planning, constructing, or carrying out the project.

(e) Federal aid school districts may exceed the maximum levy prescribed by subdivision (2)(a) or (2)(c) of this section only to the extent necessary to qualify to receive federal aid pursuant to 20 U.S.C.
7701 et seq., as such sections existed on January 1, 2020 Title VIII of Public Law 103-382, as such title existed on September 1, 2001. For purposes of this subdivision, federal aid school district means any school district which receives ten percent or more of the revenue for its general fund budget from federal government sources pursuant to 20 U.S.C. 7701 et seq., as such sections existed on January 1, 2020 Title VIII of Public Law 103-382, as such title existed on September 1, 2001.

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

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

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

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

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

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

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

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

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

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

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

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

(10) Beginning July 1, 2016, rural and suburban fire protection districts may levy a maximum levy of ten and one-half cents per one hundred dollars of taxable valuation of property subject to the levy if (a) such district is located in a county that had a levy pursuant to subsection (8) of this section in the previous year of at least forty cents per one hundred dollars of taxable valuation of property subject to
the levy or (b) such district had a levy request pursuant to section
77-3443 in any of the three previous years and the county board of the
county in which the greatest portion of the valuation of such district is
located did not authorize any levy authority to such district in such
year.

(11) A regional metropolitan transit authority may levy a maximum
levy of ten cents per one hundred dollars of taxable valuation of
property subject to the levy for each fiscal year that commences on the
January 1 that follows the effective date of the conversion of the
transit authority established under the Transit Authority Law into the
regional metropolitan transit authority.

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

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

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

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

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

Sec. 4. Section 77-3446, Revised Statutes Supplement, 2019, is
amended to read:

77-3446 Base limitation means the budget limitation rate applicable
to school districts and the limitation on growth of restricted funds
applicable to other political subdivisions prior to any increases in the
rate as a result of special actions taken by a supermajority of any
governing board or of any exception allowed by law. The base limitation
is two and one-half percent until adjusted, except that the base
limitation for school districts for school fiscal years 2017-18 and
2018-19 is one and one-half percent, the base limitation for school
districts and for school fiscal year 2019-20 is two percent, and the base
limitation for school districts for school fiscal year 2020-21 and each
school fiscal year thereafter is the inflation rate for such school fiscal
years.
fiscal year as certified by the Tax Commissioner pursuant to section 13
of this act, including any adjustment pursuant to subsection (3) or (4)
of such section. The base limitation may be adjusted annually by the
Legislature to reflect changes in the prices of services and products
used by school districts and political subdivisions.

Sec. 5. Section 77-5023, Reissue Revised Statutes of Nebraska, is
amended to read:

77-5023 (1) Pursuant to section 77-5022, the commission shall have
the power to increase or decrease the value of a class or subclass of
real property in any county or taxing authority or of real property
valued by the state so that all classes or subclasses of real property in
all counties fall within an acceptable range.

(2)(a) (2) An acceptable range is the percentage of variation from a
standard for valuation as measured by an established indicator of central
tendency of assessment. Acceptable ranges are: (a) For agricultural land
and horticultural land as defined in section 77-1359, sixty-nine to
seventy-five percent of actual value; (b) for lands receiving special
valuation, sixty-nine to seventy-five percent of special valuation as
derived in section 77-1343; and (c) for all other real property, ninety-
two to one hundred percent of actual value.

(b) The acceptable ranges for agricultural land and horticultural
land not receiving special valuation are:

(i) For tax years prior to tax year 2020, sixty-nine to seventy-five
percent of actual value;

(ii) For tax year 2020, fifty-nine to sixty-five percent of actual
value for purposes of taxes levied by school districts and multiple-
district school systems and sixty-nine to seventy-five percent of actual
value for purposes of taxes levied by any other political subdivision;

and

(iii) For tax year 2021 and each tax year thereafter, forty-nine to
fifty-five percent of actual value for purposes of taxes levied by school
districts and multiple-district school systems and sixty-nine to seventy-five percent of actual value for purposes of taxes levied by any other political subdivision.

(c) The acceptable ranges for agricultural land and horticultural land receiving special valuation are:

(i) For tax years prior to tax year 2020, sixty-nine to seventy-five percent of special valuation;

(ii) For tax year 2020, fifty-nine to sixty-five percent of special valuation for purposes of taxes levied by school districts and multiple-district school systems and sixty-nine to seventy-five percent of special valuation for purposes of taxes levied by any other political subdivision; and

(iii) For tax year 2021 and each tax year thereafter, forty-nine to fifty-five percent of special valuation for purposes of taxes levied by school districts and multiple-district school systems and sixty-nine to seventy-five percent of special valuation for purposes of taxes levied by any other political subdivision.

(d) The acceptable ranges for all other real property are:

(i) For tax years prior to tax year 2020, ninety-two to one hundred percent of actual value;

(ii) For tax year 2020, eighty-seven to ninety-five percent of actual value for purposes of taxes levied by school districts and multiple-district school systems and ninety-two to one hundred percent of actual value for purposes of taxes levied by any other political subdivision;

(iii) For tax year 2021, eighty-two to ninety percent of actual value for purposes of taxes levied by school districts and multiple-district school systems and ninety-two to one hundred percent of actual value for purposes of taxes levied by any other political subdivision; and

(iv) For tax year 2022 and each tax year thereafter, seventy-seven
to eighty-five percent of actual value for purposes of taxes levied by
school districts and multiple-district school systems and ninety-two to
one hundred percent of actual value for purposes of taxes levied by any
other political subdivision.

(e) For purposes of this subsection:

(i) Agricultural land and horticultural land has the same meaning as
in section 77-1359;

(ii) Special valuation has the same meaning as in section 77-1343;

and

(iii) Taxes levied by school districts and multiple-district school
systems has the same meaning as in section 77-201.

(3) Any increase or decrease shall cause the level of value
determined by the commission to be at the midpoint of the applicable
acceptable range.

(4) Any decrease or increase to a subclass of property shall also
cause the level of value determined by the commission for the class from
which the subclass is drawn to be within the applicable acceptable range.

(5) Whether or not the level of value determined by the commission
falls within an acceptable range or at the midpoint of an acceptable
range may be determined to a reasonable degree of certainty relying upon
generally accepted mass appraisal techniques.

Sec. 6. Section 79-1001, Revised Statutes Cumulative Supplement,
2018, is amended to read:

79-1001 Sections 79-1001 to 79-1033 and sections 9 and 13 of this
act shall be known and may be cited as the Tax Equity and Educational
Opportunities Support Act.

Sec. 7. Section 79-1003, Revised Statutes Supplement, 2019, is
amended to read:

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

(1) Adjusted general fund operating expenditures means (a) for
school fiscal years 2013-14 through 2015-16, the difference of the
general fund operating expenditures as calculated pursuant to subdivision
(23) of this section increased by the cost growth factor calculated
pursuant to section 79-1007.10, minus the transportation allowance,
special receipts allowance, poverty allowance, limited English
proficiency allowance, distance education and telecommunications
allowance, elementary site allowance, summer school allowance,
instructional time allowance, teacher education allowance, and focus
school and program allowance, (b) for school fiscal years 2016-17 through
2018-19, the difference of the general fund operating expenditures as
calculated pursuant to subdivision (23) of this section increased by the
cost growth factor calculated pursuant to section 79-1007.10, minus the
transportation allowance, special receipts allowance, poverty allowance,
limited English proficiency allowance, distance education and
telecommunications allowance, elementary site allowance, summer school
allowance, and focus school and program allowance, and (b) (c) for school
fiscal year 2019-20 and each school fiscal year thereafter, the
difference of the general fund operating expenditures as calculated
pursuant to subdivision (23) of this section increased by the cost growth
factor calculated pursuant to section 79-1007.10, minus the
transportation allowance, special receipts allowance, poverty allowance,
limited English proficiency allowance, distance education and
telecommunications allowance, elementary site allowance, summer school
allowance, community achievement plan allowance, and focus school and
program allowance;

(2) Adjusted valuation means the assessed valuation of taxable
property of each local system in the state, adjusted pursuant to the
adjustment factors described in section 79-1016. Adjusted valuation means
the adjusted valuation for the property tax year ending during the school
fiscal year immediately preceding the school fiscal year in which the aid
based upon that value is to be paid. For purposes of determining (a) for
school fiscal years prior to school fiscal year 2023-24, the local effort
rate yield or (b) for school fiscal year 2023-24 and each school fiscal
year thereafter, the local formula contribution pursuant to section
79-1015.01, adjusted valuation does not include the value of any property
which a court, by a final judgment from which no appeal is taken, has
declared to be nontaxable or exempt from taxation;

(3) Allocated income tax funds means the amount of assistance paid
to a local system pursuant to section 79-1005.01 for school fiscal years
prior to school fiscal year 2020-21;

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

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

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

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

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

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

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

(11) Cost index means the Consumer Price Index for All Urban Consumers: U.S. city average, not seasonally adjusted, as prepared by the United States Department of Labor, Bureau of Labor Statistics, and released in October of each year;

(12) Department means the State Department of Education;

(13) District means any school district or unified system as defined in section 79-4,108;

(14) Ensigning school fiscal year means the school fiscal year following the current school fiscal year;

(15) Equalization aid means the amount of assistance calculated to be paid to a local system pursuant to section 79-1008.01;

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

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

(18) Formula students means:

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

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

(19) (18) Free lunch and free milk calculated students means, using
the most recent data available on November 1 of the school fiscal year
immediately preceding the school fiscal year in which aid is to be paid,
(a) for schools that did not provide free meals to all students pursuant
to the community eligibility provision, students who individually
qualified for free lunches or free milk pursuant to the federal Richard
B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the
federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts
and sections existed on January 1, 2015, and rules and regulations
adopted thereunder, plus (b) for schools that provided free meals to all
students pursuant to the community eligibility provision, (i) for school
fiscal year 2016-17, the product of the students who attended such school
multiplied by the identified student percentage calculated pursuant to
such federal provision or (ii) for school fiscal year 2017-18 and each
school fiscal year thereafter, the greater of the number of students in
such school who individually qualified for free lunch or free milk using
the most recent school fiscal year for which the school did not provide free meals to all students pursuant to the community eligibility provision or one hundred ten percent of the product of the students who qualified for free meals at such school pursuant to the community eligibility provision multiplied by the identified student percentage calculated pursuant to such federal provision, except that the free lunch and free milk students calculated for any school pursuant to subdivision (19)(b)(ii) (18)(b)(ii) of this section shall not exceed one hundred percent of the students qualified for free meals at such school pursuant to the community eligibility provision;

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

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

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

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

(24) (23) General fund operating expenditures means for state aid calculated for school fiscal years 2012-13 and each school fiscal year thereafter, as reported on the annual financial report for the second school fiscal year immediately preceding the school fiscal year in which aid is to be paid, the total general fund expenditures minus (a) the amount of all receipts to the general fund, to the extent that such
receipts are not included in local system formula resources, from early childhood education tuition, summer school tuition, educational entities as defined in section 79-1201.01 for providing distance education courses through the Educational Service Unit Coordinating Council to such educational entities, private foundations, individuals, associations, charitable organizations, the textbook loan program authorized by section 79-734, federal impact aid, and levy override elections pursuant to section 77-3444, (b) the amount of expenditures for categorical funds, tuition paid, transportation fees paid to other districts, adult education, community services, redemption of the principal portion of general fund debt service, retirement incentive plans authorized by section 79-855, and staff development assistance authorized by section 79-856, (c) the amount of any transfers from the general fund to any bond fund and transfers from other funds into the general fund, (d) any legal expenses in excess of fifteen-hundredths of one percent of the formula need for the school fiscal year in which the expenses occurred, (e)(i) for state aid calculated for school fiscal years prior to school fiscal year 2018-19, expenditures to pay for sums agreed to be paid by a school district to certificated employees in exchange for a voluntary termination occurring prior to July 1, 2009, occurring on or after the last day of the 2010-11 school year and prior to the first day of the 2013-14 school year, or, to the extent that a district has demonstrated to the State Board of Education pursuant to section 79-1028.01 that the agreement will result in a net savings in salary and benefit costs to the school district over a five-year period, occurring on or after the first day of the 2013-14 school year or (ii) for state aid calculated for school fiscal year 2018-19 and each school fiscal year thereafter, expenditures to pay for incentives agreed to be paid by a school district to certificated employees in exchange for a voluntary termination of employment for which the State Board of Education approved an exclusion pursuant to subdivision (1)(h), (i), (j), or (k) of section 79-1028.01,
(f)(i) expenditures to pay for employer contributions pursuant to subsection (2) of section 79-958 to the School Employees Retirement System of the State of Nebraska to the extent that such expenditures exceed the employer contributions under such subsection that would have been made at a contribution rate of seven and thirty-five hundredths percent or (ii) expenditures to pay for school district contributions pursuant to subdivision (1)(c)(i) or (1)(d)(i) of section 79-9,113 to the retirement system established pursuant to the Class V School Employees Retirement Act to the extent that such expenditures exceed the school district contributions under such subdivision that would have been made at a contribution rate of seven and thirty-seven hundredths percent, and (g) any amounts paid by the district for lobbyist fees and expenses reported to the Clerk of the Legislature pursuant to section 49-1483, and (h) for state aid calculated for school fiscal year 2021-22 and each school fiscal year thereafter, any amount received pursuant to subdivision (2)(d)(vii) of section 77-3442.

For purposes of this subdivision (24) (23) of this section, receipts from levy override elections shall equal ninety-nine percent of the difference of the total general fund levy minus the maximum levy permitted under subdivision (2)(a) of section 77-3442 for such local system a levy of one dollar and five cents per one hundred dollars of taxable valuation multiplied by the assessed valuation for school districts that have voted pursuant to section 77-3444 to override the maximum levy provided pursuant to section 77-3442;

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

(26) (25) Income tax receipts means the amount of income tax collected pursuant to the Nebraska Revenue Act of 1967 less all nonrefundable credits earned and refunds made;
(27) Inflation rate means the inflation rate certified by the Tax Commissioner pursuant to section 13 of this act for each school fiscal year, including any adjustments pursuant to subsection (3) or (4) of such section;

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

(29) Local formula contribution means the amount included in formula resources pursuant to section 79-1015.01;

(30) Local formula contribution inflation rate means the local formula contribution inflation rate certified by the Tax Commissioner pursuant to section 13 of this act as determined pursuant to subsection (5) of such section for each school fiscal year;

(31) Local system means a unified system or a school district;

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

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

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

(35) (31) Poverty students means (a) for school fiscal years prior
to 2016-17, the number of low-income students or the number of students
who are free lunch and free milk students in a district plus the
difference of the number of low-income students or the number of students
who are free lunch and free milk students in a district, whichever is
greater, minus the average number of poverty students for such district,
prior to such addition, for the three immediately preceding school fiscal
years if such difference is greater than zero and (b) for school fiscal
year 2016-17 and each school fiscal year thereafter, the unadjusted
poverty students plus the difference of such unadjusted poverty students
minus the average number of poverty students for such district, prior to
such addition, for the three immediately preceding school fiscal years if such difference is greater than zero;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 8. Section 79-1005.01, Revised Statutes Supplement, 2019, is amended to read:

79-1005.01 (1) Not later than November 15 of each year through 2019, the Tax Commissioner shall certify to the department for the preceding tax year the income tax liability of resident individuals for each local system.

(2) For school fiscal years prior to 2017-18, one hundred two million two hundred eighty-nine thousand eight hundred seventeen dollars which is equal to the amount appropriated to the School District Income Tax Fund for distribution in school fiscal year 1992-93 shall be disbursed as option payments as determined under section 79-1009 and as
allocated income tax funds as determined in this section and sections 79-1008.01, 79-1015.01, 79-1017.01, and 79-1018.01. For school fiscal years prior to school fiscal year 2017-18, funds not distributed as allocated income tax funds due to minimum levy adjustments shall not increase the amount available to local systems for distribution as allocated income tax funds.

(3) Using the data certified by the Tax Commissioner pursuant to subsection (1) of this section, the department shall calculate the allocation percentage and each local system’s allocated income tax funds. The allocation percentage shall be the amount stated in subsection (2) of this section minus the total amount paid for option students pursuant to section 79-1009, with the difference divided by the aggregate statewide income tax liability of all resident individuals certified pursuant to subsection (1) of this section. Each local system’s allocated income tax funds shall be calculated by multiplying the allocation percentage times the local system’s income tax liability certified pursuant to subsection (1) of this section.

(2) (4) For school fiscal years 2017-18, 2018-19, and 2019-20 and each school fiscal year thereafter, each local system’s allocated income tax funds shall be calculated by multiplying the local system’s income tax liability certified pursuant to subsection (1) of this section by two and twenty-three hundredths percent.

Sec. 9. (1)(a) On or before April 15, 2020, for the calculation of aid for school fiscal year 2020-21, the Tax Commissioner shall certify to the department:

(i) The aggregate net income tax collections under the Nebraska Revenue Act of 1967 for the tax year ending or deemed to have ended on December 31, 2018;

(ii) The aggregate net corporate tax collections under the Nebraska Revenue Act of 1967 for the tax year ending or deemed to have ended on December 31, 2018; and
(iii) The aggregate net state sales and use tax collections under the Nebraska Revenue Act of 1967 for calendar year 2018.

(b) On or before November 15, 2020, and on or before November 15 of each year thereafter, for the calculation of aid for the following school fiscal year, the Tax Commissioner shall certify to the department:

(i) The aggregate net income tax collections under the Nebraska Revenue Act of 1967 for the most recently completed tax year;

(ii) The aggregate net corporate tax collections under the Nebraska Revenue Act of 1967 for the most recently completed tax year; and

(iii) The aggregate net state sales and use tax collections under the Nebraska Revenue Act of 1967 for the most recently completed calendar year.

(2) For school fiscal year 2020-21, the department shall calculate the foundation aid to be paid to each local system for such school fiscal year. The foundation aid for each local system shall equal (a) the (i) fall membership for the certification of state aid pursuant to section 79-1022 or (ii) average daily membership for the final calculation of state aid pursuant to section 79-1065 for such local system multiplied by (b) the ratio of five percent of the sum of the amounts certified pursuant to subsection (1) of this section divided by the statewide (i) fall membership for the certification of state aid pursuant to section 79-1022 or (ii) average daily membership for the final calculation of state aid pursuant to section 79-1065.

(3) For school fiscal year 2021-22, the department shall calculate the foundation aid to be paid to each local system for such school fiscal year. The foundation aid for each local system shall equal (a) the (i) fall membership for the certification of state aid pursuant to section 79-1022 or (ii) average daily membership for the final calculation of state aid pursuant to section 79-1065 for such local system multiplied by (b) the ratio of ten percent of the sum of the amounts certified pursuant to subsection (1) of this section divided by the statewide (i) fall membership for the certification of state aid pursuant to section 79-1022 or (ii) average daily membership for the final calculation of state aid pursuant to section 79-1065.
membership for the certification of state aid pursuant to section 79-1022 or (ii) average daily membership for the final calculation of state aid pursuant to section 79-1065.

(4)(a) For school fiscal year 2022-23 and each school fiscal year thereafter, the department shall calculate the foundation aid to be paid to each local system for such school fiscal year. Except as otherwise provided in subdivision (4)(b) of this section, the foundation aid for each local system shall equal (i) the (A) fall membership for the certification of state aid pursuant to section 79-1022 or (B) average daily membership for the final calculation of state aid pursuant to section 79-1065 for such local system multiplied by (ii) the ratio of fifteen percent of the sum of the amounts certified pursuant to subsection (1) of this section divided by the statewide (A) fall membership for the certification of state aid pursuant to section 79-1022 or (B) average daily membership for the final calculation of state aid pursuant to section 79-1065.

(b) If foundation aid calculated pursuant to subdivision (4)(a) of this section for any local system is not equal to or greater than fifteen percent of the basic funding calculated for such local system for such school fiscal year, such foundation aid shall be increased to equal fifteen percent of such basic funding.

Sec. 10. Section 79-1007.11, Revised Statutes Cumulative Supplement, 2018, is amended to read:

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

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

(3) Except as otherwise provided in this section, for school fiscal
years 2017-18 and 2018-19, each school district's formula need shall equal the
difference of the sum of the school district's basic funding, poverty
allowance, poverty allowance adjustment, limited English
proficiency allowance, focus school and program allowance, summer school
allowance, special receipts allowance, transportation allowance,
elementary site allowance, distance education and telecommunications
allowance, averaging adjustment, new community achievement plan
adjustment, student growth adjustment, any positive student growth
adjustment correction, and new school adjustment minus the sum of the
limited English proficiency allowance correction, poverty allowance
correction, and any negative student growth adjustment correction.

(1) (4) Except as otherwise provided in this section, for school
fiscal year 2019-20 and 2020-21 and each school fiscal year thereafter,
each school district's formula need shall equal the difference of the sum1
of the school district’s basic funding, poverty allowance, limited2
English proficiency allowance, focus school and program allowance, summer3
school allowance, special receipts allowance, transportation allowance,4
elementary site allowance, distance education and telecommunications5
allowance, community achievement plan allowance, averaging adjustment,6
new community achievement plan adjustment, student growth adjustment, any7
positive student growth adjustment correction, and new school adjustment8
minus the sum of the limited English proficiency allowance correction,9
poverty allowance correction, and any negative student growth adjustment10
correction.

(2) Except as otherwise provided in this section, for school fiscal12
year 2021-22 and each school fiscal year thereafter, each school13
district's formula need shall equal the difference of the sum of the14
school district's basic funding, poverty allowance, limited English15
proficiency allowance, focus school and program allowance, summer school16
allowance, special receipts allowance, transportation allowance,17
elementary site allowance, distance education and telecommunications18
allowance, community achievement plan allowance, new community19
achievement plan adjustment, student growth adjustment, any positive20
student growth adjustment correction, and new school adjustment minus the21
sum of the limited English proficiency allowance correction, poverty22
allowance correction, and any negative student growth adjustment23
correction.

(3) If the formula need calculated for a school district25
pursuant to subsections (1) and (2) through (4) of this section is less26
than one hundred percent of the formula need for such district for the27
school fiscal year immediately preceding the school fiscal year for which28
aid is being calculated, the formula need for such district shall equal29
one hundred percent of the formula need for such district for the school30
fiscal year immediately preceding the school fiscal year for which aid is31
being calculated.

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

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

Sec. 11. Section 79-1007.18, Revised Statutes Cumulative Supplement, 2018, is amended to read:

79-1007.18 (1) For school fiscal years prior to school fiscal year 2017-18:

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

(b) The averaging adjustment threshold shall equal the aggregate basic funding for all districts with nine hundred or more formula students divided by the aggregate formula students for all districts with nine hundred or more formula students for the school fiscal year for which aid is being calculated; and

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

(i) If such levy was at least one dollar per one hundred dollars of taxable valuation but less than one dollar and one cent per one hundred dollars of taxable valuation, the percentage shall be fifty percent;

(ii) If such levy was at least one dollar and one cent per one hundred dollars of taxable valuation but less than one dollar and two cents per one hundred dollars of taxable valuation, the percentage shall be sixty percent;

(iii) If such levy was at least one dollar and two cents per one hundred dollars of taxable valuation but less than one dollar and three
cents per one hundred dollars of taxable valuation, the percentage shall be seventy percent;

(iv) If such levy was at least one dollar and three cents per one hundred dollars of taxable valuation but less than one dollar and four cents per one hundred dollars of taxable valuation, the percentage shall be eighty percent; and

(v) If such levy was at least one dollar and four cents per one hundred dollars of taxable valuation, the percentage shall be ninety percent.

(2) For school fiscal years year 2017-18 through 2020-21 and each school fiscal year thereafter, the department shall calculate an averaging adjustment for districts with at least nine hundred formula students if the basic funding per formula student is less than the averaging adjustment threshold. The averaging adjustment shall equal the district's formula students multiplied by ninety percent of the difference of the averaging adjustment threshold minus such district's basic funding per formula student. The averaging adjustment threshold shall equal the aggregate basic funding for all districts with nine hundred or more formula students divided by the aggregate formula students for all districts with nine hundred or more formula students for the school fiscal year for which aid is being calculated.

Sec. 12. Section 79-1009, Revised Statutes Cumulative Supplement, 2018, is amended to read:

79-1009 (1)(a) A district shall receive net option funding if (i) option students as defined in section 79-233 were actually enrolled in the school year immediately preceding the school year in which the aid is to be paid, (ii) option students as defined in such section will be enrolled in the school year in which the aid is to be paid as converted contract option students, or (iii) for the calculation of aid for school fiscal year 2017-18 for school districts that are members of a learning community, open enrollment students were actually enrolled for school
(b) The determination of the net number of option students shall be based on (i) the number of students enrolled in the district as option students and the number of students residing in the district but enrolled in another district as option students as of the day of the fall membership count pursuant to section 79-528, for the school fiscal year immediately preceding the school fiscal year in which aid is to be paid, (ii) the number of option students that will be enrolled in the district or enrolled in another district as converted contract option students for the fiscal year in which the aid is to be paid, and (iii) for the calculation of aid for school fiscal year 2017-18 for school districts that are members of a learning community, the number of students enrolled in the district as open enrollment students and the number of students residing in the district but enrolled in another district as open enrollment students as of the day of the fall membership count pursuant to section 79-528 for school fiscal year 2016-17.

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

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

(b) For school fiscal year 2019-20 and 2020-21, net option funding shall be the product of the net number of option students multiplied by the statewide average basic funding per formula student.

(c) For school fiscal year 2021-22 and each school fiscal year thereafter, net option funding shall be the product of the net number of option students multiplied by the statewide average general fund property taxes per formula student. The statewide average general fund property taxes per formula student shall be calculated by dividing (i) the aggregate receipts for all school districts for the most recently available complete data year from general fund property tax levies, the Property Tax Credit Cash Fund, homestead exemption reimbursements, and personal property tax exemption reimbursements by (ii) the aggregate formula students for all local systems for the school fiscal year for which aid is being calculated.

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

Payments made under this section for school fiscal years prior to school fiscal year 2017-18 shall be made from the funds to be disbursed under section 79-1005.01.

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

Sec. 13. (1) On or before April 15, 2020, on or before November 15, 2020, and on or before November 15 of each year thereafter, the Tax Commissioner shall calculate and certify to the department the inflation rate and, beginning in 2020, the local formula contribution inflation rate for the immediately following school fiscal year.

(2) Except as otherwise provided in subsection (3) or (4) of this
section, the inflation rate for each school fiscal year shall be calculated by (a) subtracting the cost index, as defined in section 79-1003, immediately preceding the most recent cost index from the most recent cost index and (b) dividing the difference by the cost index immediately preceding the most recent cost index. The most recent cost index for each school fiscal year is the most recent cost index available at the time of the certification pursuant to this subsection.

(3) If the inflation rate calculated pursuant to subsection (2) of this section is greater than two and one-half percent, the inflation rate shall equal two and one-half percent.

(4) If the inflation rate calculated pursuant to subsection (2) of this section is less than zero percent, the inflation rate shall equal zero percent.

(5) The local formula contribution inflation rate shall equal the inflation rate calculated pursuant to subsection (2) of this section with any adjustment pursuant to subsection (4) of this section, but without any adjustment pursuant to subsection (3) of this section.

Sec. 14. Section 79-1015.01, Revised Statutes Cumulative Supplement, 2018, is amended to read:

79-1015.01 (1) Local system formula resources for each local system shall include (a) for school fiscal years prior to 2023-24, the local effort rate yield or (b) for school fiscal year 2023-24 and each school fiscal year thereafter, the local formula contribution which shall be computed as prescribed in this section.

(2) For each school fiscal year except school fiscal years 2019-20, 2020-21, 2021-22, and 2022-23 2017-18 and 2018-19: (a) For state aid certified pursuant to section 79-1022, the local effort rate shall be the maximum levy, for the school fiscal year for which aid is being certified, authorized pursuant to subdivision (2)(a) of section 77-3442 less five cents; (b) for the final calculation of state aid pursuant to section 79-1065, the local effort rate shall be the rate which, when
multiplied by the total adjusted valuation of all taxable property in
local systems receiving equalization aid pursuant to the Tax Equity and
Educational Opportunities Support Act, will produce the amount needed to
support the total formula need of such local systems when added to state
aid appropriated by the Legislature and other actual receipts of local
systems described in section 79-1018.01; and (c) the local effort rate
yield for such school fiscal years shall be determined by multiplying
each local system's total adjusted valuation by the local effort rate.

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

(4)(a) For school fiscal year 2023-24 and each school fiscal year
thereafter, for both state aid certified pursuant to section 79-1022 and
for the final calculation of state aid pursuant to section 79-1065, the
local formula contribution for each local system shall equal the lesser
of the local effort rate yield or the inflation rate yield.

(b) The local effort rate yield for each local system shall equal
the product of the local system's total adjusted valuation multiplied by
a local effort rate of one dollar per one hundred dollars of adjusted
valuation.

(c) The inflation rate yield for each local system shall equal the
sum of (i) the local formula contribution for such local system for the
school fiscal year immediately preceding the school fiscal year for which
aid is being calculated adjusted by the local formula contribution
inflation rate certified pursuant to section 13 of this act plus (ii) the
product of the local system's adjusted valuation for the total real
property growth value multiplied by a local effort rate of one dollar per
one hundred dollars of adjusted valuation.

Sec. 15. Section 79-1016, Revised Statutes Cumulative Supplement,
2018, is amended to read:

79-1016 (1) On or before August 20 of each year, the county assessor
shall certify to the Property Tax Administrator the total taxable value
and, beginning in 2022, the total real property growth value by school
district in the county for the current assessment year on forms
prescribed by the Tax Commissioner. The county assessor may amend the
filing for changes made to the taxable valuation of the school district
in the county if corrections or errors on the original certification are
discovered. Amendments shall be certified to the Property Tax
Administrator on or before August 31.

(2) On or before April 15, 2020, October 10, 2020, and each October
thereafter, the Property Tax Administrator shall compute and certify
to the State Department of Education the adjusted valuation to be used
for the calculation of aid for the immediately following school fiscal
year for each class of property and, beginning in 2022, for the total real property growth value in each school district
and each local system. The adjusted valuation of property for each school
district and each local system, for purposes of determining state aid
pursuant to the Tax Equity and Educational Opportunities Support Act,
shall reflect as nearly as possible state aid value as defined in
subsection (3) of this section. The Property Tax Administrator shall
notify each school district and each local system of its adjusted valuation for the current assessment year by class of property on or before October 10. Establishment of the adjusted valuation shall be based on the taxable value certified by the county assessor for each school district in the county adjusted by the determination of the level of value for each school district from an analysis of the comprehensive assessment ratio study or other studies developed by the Property Tax Administrator, in compliance with professionally accepted mass appraisal techniques, as required by section 77-1327. The Tax Commissioner shall adopt and promulgate rules and regulations setting forth standards for the determination of level of value and for the determination of total real property growth value for state aid purposes.

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

(a) For real property other than agricultural and horticultural land, (i) for school fiscal years prior to school fiscal year 2020-21, ninety-six percent of actual value, (ii) for school fiscal year 2020-21, ninety-one percent of actual value, (iii) for school fiscal year 2021-22, eighty-six percent of actual value, and (iv) for school fiscal year 2022-23 and each school fiscal year thereafter, eighty-one percent of actual value;

(b) For agricultural and horticultural land, (i) for school fiscal years prior to school fiscal year 2020-21, seventy-two percent of actual value as provided in sections 77-1359 and 77-1363, (ii) for school fiscal year 2020-21, sixty-two percent of actual value as provided in sections 77-1359 and 77-1363, and (iii) for school fiscal year 2021-22 and each school fiscal year thereafter, fifty-two percent of actual value as provided in sections 77-1359 and 77-1363;

(c) For agricultural and horticultural land that receives special valuation pursuant to section 77-1344, (i) for school fiscal years prior to school fiscal year 2020-21, seventy-two percent of special valuation as defined in section 77-1343, (ii) for school fiscal year 2020-21,
sixty-two percent of special valuation as defined in section 77-1343, and

(iii) for school fiscal year 2021-22 and each school fiscal year
thereafter, fifty-two percent of special valuation as defined in section
77-1343; and

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

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

(5) On or before November 10, any local system or county official
may file with the Tax Commissioner a written request for a nonappealable
correction of an the adjusted valuation due to clerical error as defined
in section 77-128 or, for agricultural and horticultural land, assessed
value changes by reason of land qualified or disqualified for special use
valuation pursuant to sections 77-1343 to 77-1347.01. On or before the
following January 1, the Tax Commissioner shall approve or deny the
request and, if approved, certify the corrected adjusted valuations
resulting from such action to the State Department of Education.
(6) On or before May 31 of the year following the certification of adjusted valuations pursuant to subsection (2) of this section, any local system or county official may file with the Tax Commissioner a written request for a nonappealable correction of an the adjusted valuation due to changes to the tax list that change the assessed value of taxable property. Upon the filing of the written request, the Tax Commissioner shall require the county assessor to recertify the taxable valuation and, beginning in 2022, total real property growth value by school district in the county on forms prescribed by the Tax Commissioner. The recertified valuations shall be the valuations that were certified on the tax list, pursuant to section 77-1613, increased or decreased by changes to the tax list that change the assessed value of taxable property or, beginning in 2022, the total real property growth value in the school district in the county in the prior assessment year. On or before the following July 31, the Tax Commissioner shall approve or deny the request and, if approved, certify the corrected adjusted valuations resulting from such action to the State Department of Education.

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

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

Sec. 16. Section 79-1017.01, Revised Statutes Supplement, 2019, is amended to read:

79-1017.01 (1) For state aid calculated for each school fiscal years prior to school fiscal year 2020-21 year, local system formula resources includes other actual receipts determined pursuant to section 79-1018.01, net option funding determined pursuant to section 79-1009, allocated income tax funds determined pursuant to section 79-1005.01, and community achievement plan aid determined pursuant to section 79-1005, and is reduced by amounts paid by the district in the most recently available complete data year as property tax refunds pursuant to or in the manner prescribed by section 77-1736.06.

(2) For state aid calculated for school fiscal year 2020-21 and each school fiscal year thereafter, local system formula resources includes other actual receipts determined pursuant to section 79-1018.01, net option funding determined pursuant to section 79-1009, foundation aid determined pursuant to section 9 of this act, and community achievement plan aid determined pursuant to section 79-1005, and is reduced by amounts paid by any school district in the local system in the most recently available complete data year as property tax refunds pursuant to or in the manner prescribed by section 77-1736.06.

Sec. 17. Section 79-1022, Revised Statutes Supplement, 2019, is amended to read:

79-1022 (1)(a) (1) On or before May 1, 2020 June 10, 2019, and on or before March 1 of each year thereafter, the department shall determine the amounts to be distributed to each local system for the ensuing school fiscal year pursuant to the Tax Equity and Educational Opportunities Support Act and shall certify the amounts to the Director of Administrative Services, the Auditor of Public Accounts, and each local system.
(b) For school fiscal year 2020-21 and each school fiscal year thereafter, except as provided in subdivision (1)(c) of this section, the amount to be distributed to each local system shall equal the sum of the equalization aid determined pursuant to section 79-1008.01, net option funding determined pursuant to section 79-1009, foundation aid determined pursuant to section 9 of this act, and community achievement plan aid determined pursuant to section 79-1005.

(c) The department shall certify the amounts to be distributed as determined pursuant to this subsection to the Director of Administrative Services, the Auditor of Public Accounts, and each district.

(d) On or before May 1, 2020 June 10, 2019, and on or before March 1 of each year thereafter, the department shall report the necessary funding level for the ensuing school fiscal year to the Governor, the Appropriations Committee of the Legislature, and the Education Committee of the Legislature. The report submitted to the committees of the Legislature shall be submitted electronically.

(e) Except as otherwise provided in this subsection, certified state aid amounts, including adjustments pursuant to section 79-1065.02, shall be shown as budgeted non-property-tax receipts and deducted prior to calculating the property tax request in the local system's general fund budget statement as provided to the Auditor of Public Accounts pursuant to section 79-1024.

(2) Except as provided in this subsection, subsection (8) of section 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts certified pursuant to subsection (1) of this section shall be distributed in ten as nearly as possible equal payments on the last business day of each month beginning in September of each ensuing school fiscal year and ending in June of the following year, except that when a local system is to receive a monthly payment of less than one thousand dollars, such payment shall be one lump-sum payment on the last business day of December during the ensuing school fiscal year.
(3) In January of each year, the department shall provide an estimate of the amount to be certified pursuant to this section for the immediately following school fiscal year to each school district.

Sec. 18. Section 79-1022.02, Revised Statutes Supplement, 2019, is amended to read:

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

Sec. 19. Section 79-1023, Revised Statutes Supplement, 2019, is amended to read:

79-1023 (1) On or before May 1, 2020 June 10, 2019, and on or before March 1 of each year thereafter, the department shall determine and certify to each school district budget authority for the general fund budget of expenditures for the ensuing school fiscal year.

(2) Except as provided in subsection (3) of this section for school fiscal year 2020-21 and in sections 79-1028.01, 79-1029, 79-1030, and 81-829.51, each school district shall have budget authority for the general fund budget of expenditures equal to the greater of (a) the general fund budget of expenditures for the immediately preceding school fiscal year minus exclusions pursuant to subsection (1) of section 79-1028.01 for such school fiscal year with the difference increased by the basic allowable growth rate for the school fiscal year for which budget authority is being calculated, (b) the general fund budget of expenditures for the immediately preceding school fiscal year minus exclusions pursuant to subsection (1) of section 79-1028.01 for such school fiscal year with the difference increased by an amount equal to any student growth adjustment calculated for the school fiscal year for which budget authority is being calculated, or (c) one hundred ten
percent of formula need for the school fiscal year for which budget authority is being calculated minus the special education budget of expenditures as filed on the school district budget statement on or before September 20 for the immediately preceding school fiscal year, which special education budget of expenditures is increased by the basic allowable growth rate for the school fiscal year for which budget authority is being calculated.

(3) For school fiscal year 2020-21, except as provided in sections 79-1028.01, 79-1029, 79-1030, and 81-829.51, each school district shall have budget authority for the general fund budget of expenditures equal to the lesser of (a) the budget authority for the general fund budget of expenditures calculated pursuant to subsection (2) of this section or (b) the greater of (i) the general fund expenditures for school fiscal year 2018-19 minus any expenditures that qualified for an exclusion from the budget authority for the general fund budget of expenditures pursuant to subsection (1) of section 79-1028.01 for such school fiscal year with the difference increased by the basic allowable growth rate for school fiscal year 2020-21 pursuant to section 79-1025, (ii) the general fund expenditures for school fiscal year 2019-20 minus any expenditures that qualified for an exclusion from the budget authority for the general fund budget of expenditures pursuant to subsection (1) of section 79-1028.01 for such school fiscal year with the difference increased (A) by the basic allowable growth rate for school fiscal year 2019-20 pursuant to section 79-1025 and then (B) by an amount equal to any student growth adjustment calculated for school fiscal year 2020-21, or (iii) one hundred ten percent of formula need for school fiscal year 2020-21 minus the special education expenditures for school fiscal year 2018-19 with such special education expenditures increased by the basic allowable growth rate for school fiscal year 2020-21 pursuant to section 79-1025.

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

Sec. 20. Section 79-1025, Reissue Revised Statutes of Nebraska, is
amended to read:

79-1025 The basic allowable growth rate for general fund
expenditures and all other purposes under the Tax Equity and Educational
Opportunities Support Act other than expenditures for special education
and the determination of budget authority pursuant to section 79-1023 for
school fiscal year 2020-21 shall be the base limitation established under
section 77-3446. The budget authority for special education for all
classes of school districts shall be the actual anticipated expenditures
for special education subject to the approval of the state board. Such
budget authority and funds generated pursuant to such budget authority
shall be used only for special education expenditures. The basic
allowable growth rate for purposes of the determination of budget
authority pursuant to section 79-1023 for school fiscal year 2019-20
shall be two percent.

Sec. 21. Section 79-1027, Revised Statutes Supplement, 2019, is
amended to read:

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

<table>
<thead>
<tr>
<th>Average daily membership of district</th>
<th>Allowable reserve percentage</th>
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<tr>
<td>0 - 471</td>
<td>45</td>
</tr>
<tr>
<td>471.01 - 3,044</td>
<td>35</td>
</tr>
</tbody>
</table>
On or before **May 1, 2020** June 10, 2019, and on or before March 1 each year thereafter, the department shall determine and certify each district's applicable allowable reserve percentage for the ensuing school fiscal year.

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

Sec. 22. Section 79-1030, Revised Statutes Cumulative Supplement, 2018, is amended to read:

79-1030 (1) For school fiscal years prior to school fiscal year 2020-21, a school district may choose not to increase its general fund budget of expenditures by the full amount of budget authority for the general fund budget of expenditures as calculated pursuant to section 79-1023. In such cases, the department shall calculate the amount of unused budget authority which shall be carried forward to future budget years. The amount of unused budget authority that may be used by a district in a single school fiscal year to increase its general fund budget of expenditures above the budget authority for the general fund budget of expenditures as calculated pursuant to section 79-1023 shall be limited to two percent of the difference of the general fund budget of expenditures minus the sum of special grant funds, the special education budget of expenditures, and exceptions pursuant to subsection (1) of section 79-1028.01 for the immediately preceding school fiscal year.

(2) For school fiscal year 2020-21 and each school fiscal year
thereafter, a school district may choose not to increase its general fund budget of expenditures by the full amount of budget authority for the general fund budget of expenditures as calculated pursuant to section 79-1023. In such cases, the department shall calculate the amount of unused budget authority which shall be carried forward to future budget years. Unused budget authority calculated pursuant to this subsection shall not include any unused budget authority from school fiscal years prior to school fiscal year 2020-21.

Sec. 23. Section 79-1031.01, Revised Statutes Supplement, 2019, is amended to read:

79-1031.01 The Appropriations Committee of the Legislature shall annually include the amount necessary to fund the state aid that will be certified to school districts on or before May 1, 2020 June 10, 2019, and on or before March 1 of each year thereafter for each ensuing school fiscal year in its recommendations to the Legislature to carry out the requirements of the Tax Equity and Educational Opportunities Support Act.

Sec. 24. Section 79-1082, Reissue Revised Statutes of Nebraska, is amended to read:

79-1082 The aggregate school tax for a Class V school district, including the levy for the site and building fund as authorized by section 79-10,120, shall be subject to the limits provided in section 77-3442.

Sec. 25. Section 79-1098, Revised Statutes Cumulative Supplement, 2018, is amended to read:

79-1098 Except as otherwise provided in sections 10-701 to 10-716 for the issuance of bonds, whenever the school board or board of education of any school district determines that an annual levy authorized pursuant to subsection (3) of section 79-10,120 is necessary or that the annual levy authorized pursuant to subsection (1) or (2) of section 79-10,120 is insufficient for the purposes authorized in such subsection, such school board or board of education may whenever it is...
deemed necessary (1) to erect a schoolhouse or school building or an
addition or additions and improvements to any existing schoolhouse or (2) to purchase equipment for such schoolhouse or school buildings, in any
school district in this state the school board may and, upon petition of
not less than one-fourth of the legal voters of the school district,
shall submit to the people of the school district at the next statewide
primary or general election or special election a proposition to vote a
special annual tax. Such annual tax, when combined with any annual tax
imposed pursuant to section 79-10,120, shall not exceed fourteen for that
purpose of not to exceed seventeen and five-tenths cents on each one
hundred dollars of upon the taxable value and shall not exceed of all the
taxable property in such district for a term of not to exceed ten years.

Sec. 26. Section 79-10,100, Revised Statutes Cumulative Supplement, 2018, is amended to read:

79-10,100 The school board or board of education, upon being satisfied that all the requirements of section 79-1098 have been substantially complied with and that a majority fifty-five percent of all votes cast at the election under such section are in favor of such tax, shall enter such proposition and all the proceedings had thereon upon the records of the school district and shall certify the special tax levy to the county clerk in the same manner as other tax levies.

Sec. 27. Section 79-10,101, Revised Statutes Cumulative Supplement, 2018, is amended to read:

79-10,101 The sum levied and collected under section 79-10,100 shall (1) constitute a special fund for the purposes for which it was voted, (2) not be used for any other purpose unless otherwise authorized by a fifty-five percent majority vote of the legal voters of the school district cast at the election under section 79-1098, (3) be paid over to
the county treasurer of the county in which the administrative office of such school district is located, (4) except as provided in subsection (6) of section 79-10,120, be kept by the county treasurer and treasurer of the school district separate and apart from other school district funds, and (5) be subject to withdrawal as provided in section 79-587 or, for Class V school districts, section 79-584. Any portion of such sum so levied and collected, the expenditure of which is not required to effectuate the purposes for which such sum was voted, may be transferred by the school board, at any regular or special meeting by the vote of a majority of the members attending, to the general fund of the district. All funds received by the school district treasurer for such purpose shall be immediately invested by such treasurer in United States Government bonds or in such securities in which the state investment officer may invest the permanent school funds during the accumulation of such sinking fund.

Sec. 28. Section 79-10,120, Revised Statutes Cumulative Supplement, 2018, is amended to read:

79-10,120 (1) Prior to the effective date of this act, the school board or board of education of any school district may establish a special fund for purposes of acquiring sites for school buildings or teacherages, purchasing existing buildings for use as school buildings or teacherages, including the sites upon which such buildings are located, and the erection, alteration, equipping, and furnishing of school buildings or teacherages and additions to school buildings for elementary and high school grades and for no other purpose. The fund shall be established from the proceeds of an annual tax levy, to be determined by the board, of not to exceed the rate authorized pursuant to subsection (4) of this section. Such tax fourteen cents on each one hundred dollars upon the taxable value of all taxable property in the district which shall be in addition to any other taxes authorized to be levied for school purposes. Such tax shall be levied and collected as are other
(2)(a) On and after the effective date of this act, the school board or board of education of any school district may establish a special fund pursuant to this subsection only for purposes of:

(i) Acquiring sites for school buildings or teacherages;

(ii) Purchasing existing buildings for use as teacherages, including the sites upon which such buildings are located;

(iii) Purchasing or entering into a lease-purchase agreement for relocatable classroom buildings;

(iv) Major replacement repairs on existing structures owned or leased by the school district; and

(v) The alteration, equipping, and furnishing of school buildings or teacherages.

(b) Any fund established under this subsection shall be established from the proceeds of an annual tax levy, to be determined by the board, not to exceed six cents on each one hundred dollars of taxable value of all taxable property in the district. Such tax shall be in addition to any other taxes authorized to be levied for school purposes and shall be within the limits contained in sections 77-3442 and 79-1098. Such tax shall be levied and collected in the same manner as other taxes levied for school purposes.

(3)(a) On and after the effective date of this act, the school board or board of education of any school district may, only after a vote pursuant to section 79-1098, establish a special fund for purposes of erecting, purchasing, or entering into a lease-purchase agreement for a new school building or an addition to a school building for elementary and high school grades.

(b) Any fund established under this subsection shall be established from the proceeds of an annual tax levy approved by the people of the school district pursuant to section 79-1098 for such purpose not to exceed fourteen cents on each one hundred dollars of taxable value of all
taxable property in the school district. Such tax shall be in addition to any other taxes authorized to be levied for school purposes and shall be within the limits contained in sections 77-3442 and 79-1098. Such tax shall be levied and collected in the same manner as other taxes levied for school purposes.

(4) The school board or board of education of any school district may continue an annual tax established pursuant to this section prior to the effective date of this act through school fiscal year 2026-27 for any project commenced prior to the effective date of this act. Any annual tax continued pursuant to this subsection shall not exceed the rate levied for such project for school fiscal year 2019-20. The proceeds of any such annual tax shall only be used for the project for which the tax was levied. For purposes of this subsection, commenced means any action taken by the school board on the record which commits the board to expend district funds in planning, constructing, or carrying out the project. Any tax authorized pursuant to this subsection shall not exceed fourteen cents on each one hundred dollars of taxable value when combined with all other taxes imposed pursuant to this section.

(5) On or before October 1, 2020, the school board or board of education of any school district that levied an annual tax pursuant to this section for school fiscal year 2019-20 shall file with the Auditor of Public Accounts a statement describing any projects for which an annual tax may be continued pursuant to subsection (4) of this section, the rate levied for school fiscal year 2019-20 attributable to each such project, and the anticipated completion date for each such project.

(6) The proceeds of any annual tax imposed pursuant to this section shall be kept separate and apart from other school district funds, except that such proceeds may be combined with amounts levied and collected under sections 79-1098 to 79-10,101 for the same project.
For school fiscal year 2017-18 and each school fiscal year thereafter, each Class V school district shall establish (1) for the general operation of the schools, such fund as will result from an annual levy of such rate of tax upon the taxable value of all the taxable property in such school district as the board of education determines to be necessary for such purpose, (2) funds a fund resulting from an annual levies amount of tax to be determined by the board of education pursuant to sections 79-1098 to 79-10,101 and 79-10,120 of not to exceed fourteen cents on each one hundred dollars upon the taxable value of all the taxable property in the district for the purpose of acquiring sites of school buildings and the erection, alteration, equipping, and furnishing of school buildings and additions to school buildings, which tax levies levy shall be used for no other purposes, and (3) a further fund resulting from an annual amount of tax to be determined by the board of education to pay interest on and retiring, funding, or servicing of bonded indebtedness of the district.

Sec. 30. (1) On or before October 31, 2020, on or before October 31, 2021, and on or before October 31, 2022, a school district may apply to the State Department of Education for transition aid pursuant to this section for the then current school fiscal year if such school district:

(a) Has a levy pursuant to subsection (2) of section 77-3442 of one dollar and five cents per one hundred dollars of taxable valuation of property subject to the levy for the then current fiscal year; and

(b) Has a total budget of disbursements and transfers for the then current school fiscal year that is less than the total budget of disbursements and transfers for the immediately preceding school fiscal year for such school district by a difference of at least one percent of such total budget of disbursements and transfers for the immediately preceding school fiscal year.

(2) The department shall calculate and disburse transition aid for each applicant school district described in subsection (1) of this
section equal to the difference of the total budget of disbursements and
transfers for the immediately preceding school fiscal year minus the
total budget of disbursements and transfers for the then current school
fiscal year multiplied by (a) one hundred percent for school fiscal year
2020-21, (b) seventy-five percent for school fiscal year 2021-22, and (c)
fifty percent for school fiscal year 2022-23.

(3) If the total amount of transition aid for all applicant school
districts for any school fiscal year for which transition aid is
calculated is greater than the amount appropriated by the Legislature for
such purpose, the transition aid for each applicant school district shall
be reduced proportionally such that the total transition aid to be paid
to all applicant school districts equals the amount appropriated by the
Legislature for such purpose.

(4) If the transition aid calculated for any school district is
greater than five hundred thousand dollars, transition aid for such
school district shall be paid in one lump-sum payment on the last
business day of November. All other transition aid shall be paid to
school districts in eight monthly payments on the last business day of
each month beginning in November of such school fiscal year. Transition
aid shall be paid from the appropriation made for such purpose.

Sec. 31. Original sections 77-201, 77-1391, 77-5023, 79-1025, and
79-1082, Reissue Revised Statutes of Nebraska, sections 79-1001,
79-1007.11, 79-1007.18, 79-1009, 79-1015.01, 79-1016, 79-1030, 79-1098,
79-10,100, 79-10,101, 79-10,120, and 79-10,126, Revised Statutes
Cumulative Supplement, 2018, and sections 77-3442, 77-3446, 79-1003,
79-1005.01, 79-1017.01, 79-1022, 79-1022.02, 79-1023, 79-1027, and
79-1031.01, Revised Statutes Supplement, 2019, are repealed.

Sec. 32. Since an emergency exists, this act takes effect when
passed and approved according to law.