

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 518

Introduced by Walz, 15.

Read first time January 17, 2023

Committee: Education

1 A BILL FOR AN ACT relating to school funding; to amend section 9-1204,
2 Reissue Revised Statutes of Nebraska, and sections 79-1001, 79-1003,
3 and 79-1022, Revised Statutes Cumulative Supplement, 2022; to adopt
4 the Reducing Education Risk Factors and Property Tax Relief Act; to
5 change the distribution of certain tax proceeds; to define terms,
6 provide certain aid, and create a fund under the Tax Equity and
7 Educational Opportunities Support Act; to harmonize provisions; and
8 to repeal the original sections.
9 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 6 of this act shall be known and may be
2 cited as the Reducing Education Risk Factors and Property Tax Relief Act.

3 Sec. 2. For purposes of the Reducing Education Risk Factors and
4 Property Tax Relief Act:

5 (1) Eligible student means a student attending a public elementary
6 or secondary school who meets one or more of the following criteria:

7 (a) The student is not meeting the requirements necessary for
8 promotion to the next grade or is failing subjects or courses of study;

9 (b) The student is not meeting the requirements necessary for
10 graduation from high school or has the potential to drop out of school;

11 (c) The student has insufficient mastery of skills or is not meeting
12 state standards;

13 (d) The student is repeating a grade;

14 (e) The student has a high rate of absenteeism;

15 (f) The student has repeated suspensions or expulsions from school;

16 (g) The student is homeless or migrant;

17 (h) The student is identified as an English language learner;

18 (i) The student has social and emotional needs that cause the
19 student to be unsuccessful in school; or

20 (j) The student is identified as having dyslexia or characteristics
21 of dyslexia;

22 (2) Evidence-based means based on any educational research or
23 metrics of school, teacher, or student performance;

24 (3) Evidence-based instruction means an educational delivery system
25 based on peer-reviewed research that consistently produces better student
26 outcomes over a five-year period than would otherwise be achieved;

27 (4) Provisional reducing risk factors education program means an
28 evidenced-based reducing risk factors education program identified or
29 developed by a school district as producing or likely to produce
30 measurable success that has been submitted to the state board for review;

31 (5) Reducing risk factors education program means a program or

1 service that provides additional opportunities, interventions, and
2 evidence-based instruction to eligible students;

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

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

5 (8) State board means the State Board of Education.

6 Sec. 3. (1) The state board shall identify and approve reducing
7 risk factors education programs that may be offered by school districts.

8 The state board may approve a program under this section if the program:

9 (a) Provides evidenced-based instruction and support services to
10 eligible students inside and outside of the school setting; and

11 (b) Evaluates outcome data for eligible students, including, but not
12 limited to, school attendance, academic progress, graduation rates, and
13 pursuit of post-secondary education or career advancement.

14 (2) The state board shall provide a list of approved reducing risk
15 factors education programs to each school district.

16 Sec. 4. (1) Each school district shall implement a reducing risk
17 factors education program that has been approved by the state board under
18 section 3 of this act or a provisional reducing risk factors education
19 program.

20 (2) The implementation of such a program may be accomplished through
21 any of the following:

22 (a) Extended school year;

23 (b) Before-school programs and services;

24 (c) After-school programs and services;

25 (d) Summer school;

26 (e) Extra support within a class;

27 (f) Tutorial assistance; or

28 (g) Offering a class within a class.

29 Sec. 5. (1) The school board of each school district shall
30 establish a reducing education risk factors and property tax relief aid
31 fund that shall consist of all money deposited therein or transferred

1 thereto according to law. The expenses of a school district directly
2 attributable to providing a reducing risk factors education program shall
3 be paid from the reducing education risk factors and property tax relief
4 aid fund.

5 (2) Any balance remaining in the reducing education risk factors and
6 property tax relief aid fund at the end of a budget year shall be carried
7 forward into the fund for succeeding budget years.

8 (3) Expenditures from the reducing education risk factors and
9 property tax relief aid fund of a school district shall only be made for:

10 (a) Reducing risk factors education programs that have been approved
11 by the state board under section 3 of this act and provisional reducing
12 risk factors education programs;

13 (b) Personnel providing educational services in conjunction with
14 such programs;

15 (c) Support for instructional classroom personnel to provide
16 training for evidence-based best practices relating to such programs; or

17 (d) Services contracted for by the school district to provide such
18 programs.

19 Sec. 6. Each year the school board of each school district shall
20 prepare and submit to the state board a report on the reducing risk
21 factors education programs and provisional reducing risk factors
22 education programs provided by the school district. Such report shall
23 include:

24 (1) The number of eligible students who were served or provided
25 assistance;

26 (2) The type of reducing risk factors education program or
27 provisional reducing risk factors education program provided, including
28 the number of eligible students provided assistance under each type of
29 program;

30 (3) The data and research the school district utilized in
31 determining what programs and services were needed to implement the

1 reducing risk factors education program or provisional reducing risk
2 factors education program; and
3 (4) Any other information required by the state board.

4 Sec. 7. Section 9-1204, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 9-1204 Of the tax imposed by section 9-1203, seventy-five percent
7 shall be remitted to the State Treasurer for credit as follows: Two and
8 one-half percent to the Compulsive Gamblers Assistance Fund, two and one-
9 half percent to the General Fund, thirty-five ~~and seventy~~ percent to the
10 Reducing Education Risk Factors and Property Tax Relief Aid Trust Fund,
11 and thirty-five percent to the Property Tax Credit Cash Fund. The
12 remaining twenty-five percent of the tax shall be remitted to the county
13 treasurer of the county in which the licensed racetrack enclosure is
14 located to be distributed as follows: (1) If the licensed racetrack
15 enclosure is located completely within an unincorporated area of a
16 county, the remaining twenty-five percent shall be distributed to the
17 county in which such licensed racetrack enclosure is located; or (2) if
18 the licensed racetrack enclosure is located at least partially within the
19 limits of a city or village in such county, one-half of the remaining
20 twenty-five percent shall be distributed to such county and one-half of
21 the remaining twenty-five percent to the city or village in which such
22 licensed racetrack enclosure is at least partially located.

23 Sec. 8. Section 79-1001, Revised Statutes Cumulative Supplement,
24 2022, is amended to read:

25 79-1001 Sections 79-1001 to 79-1033 and sections 11 and 12 of this
26 act shall be known and may be cited as the Tax Equity and Educational
27 Opportunities Support Act.

28 Sec. 9. Section 79-1003, Revised Statutes Cumulative Supplement,
29 2022, is amended to read:

30 79-1003 For purposes of the Tax Equity and Educational Opportunities
31 Support Act:

1 (1) Adjusted general fund operating expenditures means the
2 difference of the general fund operating expenditures increased by the
3 cost growth factor calculated pursuant to section 79-1007.10, minus the
4 transportation allowance, special receipts allowance, poverty allowance,
5 limited English proficiency allowance, distance education and
6 telecommunications allowance, elementary site allowance, summer school
7 allowance, community achievement plan allowance, and focus school and
8 program allowance;

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

19 (3) Allocated income tax funds means the amount of assistance paid
20 to a local system pursuant to section 79-1005.01;

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

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

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

30 (7) Categorical funds means funds limited to a specific purpose by
31 federal or state law, including, but not limited to, Title I funds, Title

1 VI funds, federal career and technical education funds, federal school
2 lunch funds, Indian education funds, Head Start funds, and funds received
3 prior to July 1, 2022, from the Nebraska Education Improvement Fund;

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

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

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

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

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

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

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

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

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

3 (17) Formula students means:

4 (a) For state aid certified pursuant to section 79-1022, the sum of
5 the product of fall membership from the school fiscal year immediately
6 preceding the school fiscal year in which the aid is to be paid
7 multiplied by the average ratio of average daily membership to fall
8 membership for the second school fiscal year immediately preceding the
9 school fiscal year in which the aid is to be paid and the prior two
10 school fiscal years plus sixty percent of the qualified early childhood
11 education fall membership plus tuitioned students from the school fiscal
12 year immediately preceding the school fiscal year in which aid is to be
13 paid minus the product of the number of students enrolled in kindergarten
14 that is not full-day kindergarten from the fall membership multiplied by
15 0.5; and

16 (b) For the final calculation of state aid pursuant to section
17 79-1065, the sum of average daily membership plus sixty percent of the
18 qualified early childhood education average daily membership plus
19 tuitioned students minus the product of the number of students enrolled
20 in kindergarten that is not full-day kindergarten from the average daily
21 membership multiplied by 0.5 from the school fiscal year immediately
22 preceding the school fiscal year in which aid was paid;

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

26 (a) for schools that did not provide free meals to all students pursuant
27 to the community eligibility provision, students who individually
28 qualified for free lunches or free milk pursuant to the federal Richard
29 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the
30 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts
31 and sections existed on January 1, 2021, and rules and regulations

1 adopted thereunder, plus (b) for schools that provided free meals to all
2 students pursuant to the community eligibility provision, the greater of
3 the number of students in such school who individually qualified for free
4 lunch or free milk using the most recent school fiscal year for which the
5 school did not provide free meals to all students pursuant to the
6 community eligibility provision or one hundred ten percent of the product
7 of the students who qualified for free meals at such school pursuant to
8 the community eligibility provision multiplied by the identified student
9 percentage calculated pursuant to such federal provision, except that the
10 free lunch and free milk calculated students for any school pursuant to
11 subdivision (18)(b) of this section shall not exceed one hundred percent
12 of the students qualified for free meals at such school pursuant to the
13 community eligibility provision;

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

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

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

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

1 distance education courses through the Educational Service Unit
2 Coordinating Council to such educational entities, private foundations,
3 individuals, associations, charitable organizations, the textbook loan
4 program authorized by section 79-734, federal impact aid, and levy
5 override elections pursuant to section 77-3444, (b) the amount of
6 expenditures for categorical funds, tuition paid to other school
7 districts, tuition paid to postsecondary institutions for college credit,
8 transportation fees paid to other districts, adult education, community
9 services, redemption of the principal portion of general fund debt
10 service, retirement incentive plans authorized by section 79-855, and
11 staff development assistance authorized by section 79-856, (c) the amount
12 of any transfers from the general fund to any bond fund and transfers
13 from other funds into the general fund, (d) any legal expenses in excess
14 of fifteen-hundredths of one percent of the formula need for the school
15 fiscal year in which the expenses occurred, (e) expenditures to pay for
16 incentives agreed to be paid by a school district to certificated
17 employees in exchange for a voluntary termination of employment for which
18 the State Board of Education approved an exclusion pursuant to
19 subdivision (1)(h), (i), (j), or (k) of section 79-1028.01, (f)(i)
20 expenditures to pay for employer contributions pursuant to subsection (2)
21 of section 79-958 to the School Employees Retirement System of the State
22 of Nebraska to the extent that such expenditures exceed the employer
23 contributions under such subsection that would have been made at a
24 contribution rate of seven and thirty-five hundredths percent or (ii)
25 expenditures to pay for school district contributions pursuant to
26 subdivision (1)(c)(i) or (1)(d)(i) of section 79-9,113 to the retirement
27 system established pursuant to the Class V School Employees Retirement
28 Act to the extent that such expenditures exceed the school district
29 contributions under such subdivision that would have been made at a
30 contribution rate of seven and thirty-seven hundredths percent, and (g)
31 any amounts paid by the district for lobbyist fees and expenses reported

1 to the Clerk of the Legislature pursuant to section 49-1483.

2 For purposes of this subdivision (22) of this section, receipts from
3 levy override elections shall equal ninety-nine percent of the difference
4 of the total general fund levy minus a levy of one dollar and five cents
5 per one hundred dollars of taxable valuation multiplied by the assessed
6 valuation for school districts that have voted pursuant to section
7 77-3444 to override the maximum levy provided pursuant to section
8 77-3442;

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

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

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

23 (26) Local system means a unified system or a school district;

24 (27) Low-income child means a child under nineteen years of age
25 living in a household having an annual adjusted gross income for the
26 second calendar year preceding the beginning of the school fiscal year
27 for which aid is being calculated equal to or less than the maximum
28 household income pursuant to sections 9(b)(1) and 17(c)(4) of the Richard
29 B. Russell National School Lunch Act, 42 U.S.C. 1758(b)(1) and 42 U.S.C.
30 1766(c)(4), respectively, and sections 3(a)(6) and 4(e)(1)(A) of the
31 Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6) and 42 U.S.C. 1773(e)

1 (1)(A), respectively, as such acts and sections existed on January 1,
2 2021, for a household of that size that would have allowed the child to
3 meet the income qualifications for free meals during the school fiscal
4 year immediately preceding the school fiscal year for which aid is being
5 calculated;

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

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

16 (30) Poverty students means the unadjusted poverty students plus the
17 difference of such unadjusted poverty students minus the average number
18 of poverty students for such district, prior to such addition, for the
19 three immediately preceding school fiscal years if such difference is
20 greater than zero;

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

1 including any such students in portions of any of such programs receiving
2 an expansion grant;

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

16 (33) Reducing risk factors formula students means the free lunch and
17 free milk calculated students plus the formula students from a sparse
18 local system plus the formula students from a very sparse local system;

19 (34) Reducing risk factors weighted formula students means the
20 reducing risk factors formula students multiplied by three-tenths;

21 (35) ~~(33)~~ Regular route transportation means the transportation of
22 students on regularly scheduled daily routes to and from the schools such
23 students attend;

24 (36) ~~(34)~~ Reorganized district means any district involved in a
25 consolidation and currently educating students following consolidation;

26 (37) ~~(35)~~ School year or school fiscal year means the fiscal year of
27 a school district as defined in section 79-1091;

28 (38) ~~(36)~~ Sparse local system means a local system that is not a
29 very sparse local system but which meets the following criteria:

30 (a)(i) Less than two students per square mile in the county in which
31 each high school is located, based on the school district census, (ii)

1 less than one formula student per square mile in the local system, and
2 (iii) more than ten miles between each high school and the next closest
3 high school on paved roads;

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

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

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

14 ~~(39)~~ ~~(37)~~ Special education means specially designed kindergarten
15 through grade twelve instruction pursuant to section 79-1125, and
16 includes special education transportation;

17 ~~(40)~~ ~~(38)~~ Special grant funds means the budgeted receipts for
18 grants, including, but not limited to, categorical funds, reimbursements
19 for wards of the court, short-term borrowings including, but not limited
20 to, registered warrants and tax anticipation notes, interfund loans,
21 insurance settlements, and reimbursements to county government for
22 previous overpayment. The state board shall approve a listing of grants
23 that qualify as special grant funds;

24 ~~(41)~~ ~~(39)~~ State aid means the amount of assistance paid to a
25 district pursuant to the Tax Equity and Educational Opportunities Support
26 Act;

27 ~~(42)~~ ~~(40)~~ State board means the State Board of Education;

28 ~~(43)~~ ~~(41)~~ State support means all funds provided to districts by the
29 State of Nebraska for the general fund support of elementary and
30 secondary education;

31 ~~(44)~~ ~~(42)~~ Statewide average basic funding per formula student means

1 the statewide total basic funding for all districts divided by the
2 statewide total formula students for all districts;

3 (45) ~~(43)~~ Statewide average general fund operating expenditures per
4 formula student means the statewide total general fund operating
5 expenditures for all districts divided by the statewide total formula
6 students for all districts;

7 (46) ~~(44)~~ Teacher has the definition found in section 79-101;

8 (47) ~~(45)~~ Tuition receipts from converted contracts means tuition
9 receipts received by a district from another district in the most
10 recently available complete data year pursuant to a converted contract
11 prior to the expiration of the contract;

12 (48) ~~(46)~~ Tuitioned students means students in kindergarten through
13 grade twelve of the district whose tuition is paid by the district to
14 some other district or education agency;

15 (49) ~~(47)~~ Unadjusted poverty students means the greater of the
16 number of low-income students or the free lunch and free milk calculated
17 students in a district; and

18 (50) ~~(48)~~ Very sparse local system means a local system that has:

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

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

28 Sec. 10. Section 79-1022, Revised Statutes Cumulative Supplement,
29 2022, is amended to read:

30 79-1022 (1) On or before May 1, 2020, and on or before March 1 of
31 each year thereafter, the department shall determine the amounts to be

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

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

25 (3) Upon a school district's receipt of state aid, the portion of
26 such state aid that is reducing education risk factors and property tax
27 relief aid shall be transferred to the school district's reducing
28 education risk factors and property tax relief aid fund established
29 pursuant to section 5 of this act.

30 Sec. 11. (1) For school fiscal year 2024-25 and each school fiscal
31 year thereafter, the department shall determine the reducing education

1 risk factors and property tax relief aid to be paid to each school
2 district from money transferred to the Reducing Education Risk Factors
3 and Property Tax Relief Aid Trust Fund.

4 (2) The reducing education risk factors and property tax relief aid
5 shall equal the reducing risk factors weighted formula students
6 multiplied by the statewide average basic funding per formula student.

7 (3) For each school fiscal year, if the total reducing education
8 risk factors and property tax relief aid for all school districts is less
9 than the total amount transferred to the Reducing Education Risk Factors
10 and Property Tax Relief Aid Trust Fund during the state fiscal year
11 immediately preceding the state fiscal year during which the calculation
12 is being made, such difference shall be reserved in the fund for future
13 reducing education risk factors and property tax relief aid payments.

14 (4) For each school fiscal year, if the total reducing education
15 risk factors and property tax relief aid for all school districts is
16 greater than the total amount transferred to the Reducing Education Risk
17 Factors and Property Tax Relief Aid Trust Fund during the state fiscal
18 year immediately preceding the state fiscal year during which the
19 calculation is being made:

20 (a) Any money in the Reducing Education Risk Factors and Property
21 Tax Relief Aid Trust Fund reserved for future payments pursuant to
22 subsection (3) of this section shall be used to, if possible, fund
23 reducing education risk factors and property tax relief aid as calculated
24 pursuant to subsection (2) of this section; and

25 (b) If there is not enough money in the Reducing Education Risk
26 Factors and Property Tax Relief Aid Trust Fund to fund reducing education
27 risk factors and property tax relief aid as calculated pursuant to
28 subsection (2) of this section, the department shall, using funds
29 available in the Reducing Education Risk Factors and Property Tax Relief
30 Aid Trust Fund, calculate the allocation percentage to apply to each
31 local system's reducing education risk factors and property tax relief

1 aid. The allocation percentage shall be equal to the funds available in
2 the Reducing Education Risk Factors and Property Tax Relief Aid Trust
3 Fund divided by the aggregate reducing education risk factors and
4 property tax relief aid as calculated pursuant to subsection (2) of this
5 section. Each local system's reducing education risk factors and property
6 tax relief aid shall be calculated by multiplying the allocation
7 percentage times the local system's reducing education risk factors and
8 property tax relief aid as calculated pursuant to subsection (2) of this
9 section.

10 (5) Reducing education risk factors and property tax relief aid
11 shall be paid as part of the distributions described in section 79-1022
12 and shall not be included in local system formula resources.

13 Sec. 12. (1) The Reducing Education Risk Factors and Property Tax
14 Relief Aid Trust Fund is created.

15 (2) Every year beginning in 2023, the Department of Revenue shall
16 certify to the State Treasurer the amount of credits that remain
17 unclaimed under the Nebraska Property Tax Incentive Act for the tax year
18 completed two years prior. The State Treasurer shall transfer such amount
19 from the General Fund to the Reducing Education Risk Factors and Property
20 Tax Relief Aid Trust Fund, and all such money shall be held in trust
21 solely for the purposes described in this section. The fund shall also
22 include amounts transferred pursuant to section 9-1204.

23 (3) The State Treasurer shall disburse money from the Reducing
24 Education Risk Factors and Property Tax Relief Aid Trust Fund to the
25 State Department of Education monthly as appropriated by the Legislature
26 to provide reducing education risk factors and property tax relief aid
27 pursuant to section 11 of this act. Any excess money in the fund shall be
28 reserved for future payments of reducing education risk factors and
29 property tax relief aid.

30 (4) Any money in the Reducing Education Risk Factors and Property
31 Tax Relief Aid Trust Fund available for investment shall be invested by

1 the state investment officer pursuant to the Nebraska Capital Expansion
2 Act and the Nebraska State Funds Investment Act, and the earnings, if
3 any, shall be credited to the fund.

4 Sec. 13. Original section 9-1204, Reissue Revised Statutes of
5 Nebraska, and sections 79-1001, 79-1003, and 79-1022, Revised Statutes
6 Cumulative Supplement, 2022, are repealed.